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Subjects: (tick box)	Project	Synopsis	Portfolio	Thesis	Written Assignment
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Study programme:	DIR		
Semester:	10th semester		
Exam Title:	MASTER THESIS		
Name, Date of birth/ Names, Dates of birth of group members:	Name(s)	Study number	Date of birth (not CPR number – only 6 numbers: dd/mm/yy)
	VERONIKA KURBELOVA	20132348	26.5.1990
Hand in date:	23.7.2015		
Project title /Synopsis Title/Thesis Title	SOUTH KOREAN ENGAGEMENT WITH THE UNITED STATES AND CHINA UNDER PARK GEUN-HYE: CREATING AN ENVIRONMENT CONDUCTIVE TO KOREAN UNIFICATION		
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**South Korean engagement with the United States and  
China under Park Geun-hye: creating an environment  
conducive to Korean unification**

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Master Thesis, July 2015

## **Abstract**

The division of Korea occurred in 1945 after World War II. Since then, the reunification process has more or less been an official government policy of North Korea and South Korea, with both governments having a widely different view on what a unified Korea would look like. Despite the enormous challenges encompassing the concept of Korean unification, Park Geun-hye, current leader of Republic of Korea, presents this notion to be a key policy goal of her administration. In this context, the aim of the thesis is to evaluate the effort of President Park concerning the idea of one Korea. Furthermore, the research explores how the new wave of South Korean policies has led to the rising involvement of the United States and China regarding unification ambitions in the Korean peninsula.

While it may seem on the surface as though there is a new wave of power politics on the Korean peninsula, it is still a factor of history that has a significant impact on present times. Hence, the paper entails a historical aspect that examines the evolution of the alliance between the United States and South Korea, the rapprochement of the China-Republic of Korea relationship, and the inter-Korean relations over last half century.

In this thesis, the analysis of Park Geun-hye's unification policies is made using two international relation theories; the theory of institutionalism and the strategic triangle theory. The discussion has features that can be identified by the explanation of both indicated theories. In particular, it is the pattern of 'Ménage à Trois' deriving from Lowell Dittmer's theory while the other view of power politics is interpreted by theory of neo-institutionalism. Dividing the research into geoeconomics and geopolitics shows that the potential of amity within the triangle of ROK-China-US is accompanied by the nature of self-interest that might be legitimate executed through institutions which all three players take a part in.

The question addressed in the thesis requires investigating how the time tested commitment of the South Korean relationship with Washington meets the rising interoperations of President Park Geun-hye and Chinese current leader Xi Jinping. As a unified Korea is the main factor in Park's policy makings, it is questionable if ROK comes out of the situation with benefits. In that respect, to receive a thorough understanding of the problem, an analysis encompasses the fact that the reunification also requires a change in the North Korean system that seems to already be underway in certain sectors.

Overall, the final examination shows that the economic elements favor Park Geun-hye's unification agenda, but the geopolitical elements regarding trust and security are still too rigid to make President Obama and Xi Jinping undertake decisive steps towards Kim Jong-un's regime.

**Key words:** unification, US-ROK-China relations, Park Geun-hye, North Korea, triangle relationship, institutionalism

## List of Abbreviations

AAIB	Asian Infrastructure Investment Bank
APEC	Asia-Pacific Economic Cooperation
CFC	Combined Forces Command
CPC	Communist Party of China
CSIS	Center for Strategic and International Studies
DPRK	Democratic People's Republic of Korea
IAEA	International Atomic Energy Agency
INNS	Institute for National Security Strategy
KIEP	Korea Institute of International Economic Policy
KINU	Korea Institute for National Unification
KORUS FTA	U.S. - Korea Free Trade Agreement
NAFTA	North American Free Trade Agreement
OPCON	Operation Control
PRC	People's Republic of Korea
ROK	Republic of Korea
THAAD	Terminal High Altitude Area Defense
TPP	Trans-Pacific Partnership
UN	United Nations
US	The United States
USFK	United States Forces Korea
USSR	The Union of Soviet Socialist Republics

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# 1. Introduction

## 1.2. Motivation and Main Focus

Over the past two years, South Korean politics have been dominated by a conservative spectrum of Park Geun-hye's government. In the role of the first woman president of the Republic of Korea as well as being the daughter of a former controversial president, the Park administration has faced a certain challenge in order to meet the expectations of the Korean electorate: in her inauguration speech she pledged to "*open a new era*"<sup>1</sup> on the peninsula, which in hindsight, opens debate for evaluation of these resolutions.

By targeting the president's foreign policy, there have been the rising assumptions that South Korea has entered a new period for changing geopolitical positioning. With the agenda of Korean Unification in mind, it might be claimed that South Korean politics confront a new model of power relations that still requires enlightenment. Observing this, I found it of scientific interest to elaborate on the issue more deeply.

I will address my research to the formula of so called "bridging strategy" towards the major world powers – the United States and the People's Republic of China – that the current president of the Republic of Korea has been persuading, likely in order to reach one of the key South Korean policy objectives – Korean unification. The paper will discuss the recent concurrent growth of the ROK–China and ROK–U.S. economic and geostrategic collaborations under the governance of Park Geun-hye, in the context of the tendencies to establish an environment conducive for unification. This thesis will focus on the South Korean aspect of these relationships. Judging from the historical experience of the Korean Peninsula, I presume that the Republic of Korea should be aware that the possible failure in the tactics to keep a balance between Washington and Beijing could have perilous consequences. I believe that the institutionalized environment that has been replacing the anarchy of joint actions within Northeast Asia in last decades might be effective in this context. The South Korean trading and political agreements with the two world powers demonstrate this. This conclusion, coupled with the literary evidence and the relevant statistics, led me to the decision to base my research on the framework of

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<sup>1</sup> 'Full text of Park's inauguration speech', 25 February 2013, Available from Yonhap News Agency, (accessed 3 March 2015)

institutional theoretical posture, as one of two theoretical concepts shaping my paper. Certainly, the agenda of reunification will be considered.

Robert O. Keohane, a leading liberal institutionalist, argues that “*world politics are consistent with the formation of institutionalized arrangements, containing rules and principles, which promote cooperation. Institutionalism is the rationalistic, utilitarian theory*”<sup>2</sup> On these principles I suppose that more utilized policy on Korean Peninsula, for the benefits of China and the US as well as the Republic of Korea itself can be hardly overemphasized.

The discourse in U.S. and Chinese policy vision for the Asia-Pacific region leads these powers to search for a partner who shares its interests and goals. South Korea does have a working relationship with China and with the United States and thus may be a key partner for addressing the U.S. policy concept relating to China and the other way around. Accordingly, The Republic of Korea could serve as a mediator between the two often competing political powerhouses.

The linkage of aforementioned relations called the “strategic triangle” was in general terms first characterized by the work of Lowell Dittmer in 1981. With the purpose to find the most applicable theoretical background for the topic of my paper, I will implement a “strategic triangle” approach to the relationship among Seoul, Washington, and Beijing and their actions linked to South Korean aspiration for a Unified Korea. Building on Dittmer’s assertion that “*states experience needs that cannot be adequately satisfied at the domestic level, leading them to enter into contact with those countries that dispose of the pertinent values*”<sup>3</sup>, the South Korean case will be investigated.

The development of already featured commercial arrangements is an integral part in the process of monitoring the new model relations within the triangle of China, the Republic of Korea and the United States. Korea's market attractiveness has increased dramatically due to the recently adopted Korea-China FTA. Furthermore, under the FTA, the Kaesong Industrial Complex has been recognized as ROK's external processing zone what is by South Korean leadership considered to be a step forward in regards to the North Korean issue.<sup>4</sup>

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<sup>2</sup> Robert Owen Keohane, 1984, *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton, Princeton University Press, p.133-241.

<sup>3</sup> L. Dittmer, 1981, 'The Strategic Triangle: An Elementary Game-Theoretical', *World Politics*, Vol. 33, No. 4, pp. 485-515.

<sup>4</sup> 'Full text of Trade, Industry and Energy Minister Yoon Sang-jick at the Foreign Investors Forum 2015', 13 March 2015, Available from The Korea Times, (accessed 15 March 2015).



In this context, the Democratic People's Republic of Korea, located in the center of Northeast Asia, is an eminent center of attention. Despite the fact that there are various opportunities associated with the possible fusion of two Korean states, a more complex view needs to be introduced. Based on my exploration I could state that the interest of China and the United States in the unified Korea do not fully overlap with the Park's vision, not to mention dispute in Sino-American relations as well.

Nonetheless, in the case of China, the evidence of the aberration from standard geopolitical politics has been indicated. Chinese Foreign Minister Wang demonstrated these assumptions on a visit to the ROK in May 2014, noting that the ROK-China ties are *"their best since the establishment of diplomatic relations in 1992."*<sup>5</sup> According to Kim Kyuryoon and Park Jae-Jeok from Korea Institute for National Unification, the hub of research on North and South Korean unification, China under Xi Jinping disapproves North Korea's nuclear program and DPRK's policy of self-sufficiency. Hence, I theorize why it should not consider a policy shift? Despite all these facts, to continue with KINU's assertions, North Korean leadership still turns to Beijing and the other way around it stands that there have not been the resolute signs of abandoning DPRK by now.

On the other hand, it is obvious that the ROK has grown into China's largest trading partner. South Korean trade with Peoples Republic of China has already surpassed that of the U.S. Therefore, it is likely that the ROK is turning increasingly to the cabinet of Xi Jinping for both, its economic development and its North Korea policy. These points are a possible means of understanding the US's attempts to activate business operations with South Korea. The United States has been bolstering the existing trade cooperation KORUS along with supporting Korean entry to Trans-Pacific Partnership. Besides, the US's position as the world's largest economy could be compromised by the Chinese tentative persuasion of the ROK to become a founding member of the China-led Asian Infrastructure Investment Bank. The bank intends to provide infrastructural capital to markets in the Asia-Pacific region.

Concerning security, Beijing may look at South Korea's military ententes with the U.S. as a threat directed at China, not North Korea, especially due to the technological superiority of the

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<sup>5</sup> 'Outcome of an ROK-China Foreign Ministers', Korean Ministry of Foreign Affairs, May 2014, [http://www.mofa.go.kr/webmodule/htsboard/template/read/engreadboard.jsp?boardid=302&typeID=12&tableName=TYPE\\_ENGLISH&seqno=313787](http://www.mofa.go.kr/webmodule/htsboard/template/read/engreadboard.jsp?boardid=302&typeID=12&tableName=TYPE_ENGLISH&seqno=313787), (accessed 5 March 2015).

US. In this relation, it is significant to scan how Park's office deals with the strengthening efforts for the deployment of the US Terminal High Altitude Area Defense system and at the same time keeping the best conditions for reunification.

Eventually, referring to the above outlined points that my thesis will rest on, I assume that this research will be beneficial for predicting the future evolution of two Korean states as well as the stability of alliances that South Korean leadership vitally depends on. Even this theme was examined to a large extent by many experts, the value to my work is given by the fact that it will capture up-to-date information and thus the affairs not fully revealed yet.

However, the obstacle in the long-term application of my study is a postulate that the successor to President Park Geun-hye as well as the head of states of the two world leading powers might take different path of governing.

In order to provide an answer to the problems being presented in this thesis, several partial questions must be investigated:

- *Why a deeper economic cooperation with People's Republic of China and the United States might put the South Korean leadership in a better position for Korean Unification?*
- *Is the Republic of Korea moving too close to China and away from the US-ROK alliance?*
- *By what means does the US adapt to the change of geopolitics in North East Asia?*
- *What prospects could be identified from North Korea under Kim Jong-un on account of Park's foreign policy on reunification?*

## **1.2. Problem formulation**

On the basis of the empirical data that my thesis will be referring, I am going to respond to the following question I now ask:

- *Might the ongoing upturn of the rivalry in the ROK-China and ROK-US geo-economical and geopolitical engagement effectively affect the efforts of President Park Geun-hye to accelerate the process of Korean Unification?*

## **2. Methodology**

### **2.1. Thesis Structure**

To answer the questions proposed above I will begin by offering empirical knowledge and theory outlining.

The empirical presentation will start out by giving an overview of relations of Republic of Korea towards the United States and China in light of Korean Unification. Firstly, the U.S.-ROK alliance dating from the period of Second World War will be interpreted. I aim to clarify here that the position of the US in Korea and Northeast Asia generally stands on strong historical pillars and was constructed long before China's current global rise became a challenge for US. Secondly, the rapprochement of Sino-Korean relations will be elaborated. Despite other crucial historical events, the focus of my thesis will be on the period since the Republic of Korea and the People's Republic of China normalized their diplomatic relations in August 1992 only. Lastly, to adequately cover the theme of the paper, I will examine the pivotal moments in the development of inter-Korean relations.

In the theoretical section, initially I will provide general information of the theories chosen to be implied in this research, namely the institutionalism and the strategic triangle theory. The following subchapters will unveil whether or not the particular theories are in conformity with my topic and provide the eligible foundation for later analysis.

Primarily, the institutional theory of international relations will be presented. I am of the opinion that the institutionalism, in particular the neoliberal institutionalism, is an approach in place relevant to the scheme of the topic. To prove it, I will build on the general interpretations of prominent neoliberal institutionalist Robert Owen Keohane along with the contemporary neoinstitutionalist case study situated in the Northeast Asia region, written by Tsuneo Akaha. Further, the theory of the strategic triangle will be reviewed to detect whether or not it has an explanatory value in regards to my problem formulation. In detail, I will study four kinds of patterns sequentially - *Ménage à Trois*, unit-veto, stable marriage and romantic triangle, eventually pointing out the pattern most applicable to the relationship status of China, South Korea and the US.

The analytical section, as the core of paper, will detect the president Park Geun-hye's coexisting bilateral dialogue with the US and China and its interface with the desire of South Korean leadership for unification. I will combine the theoretical ground of institutionalism and strategic

triangles with empirical data in order to arrive at the analyses that best answer the research question I posed.

In Chapter 4, the one providing the investigation will be divided into two subchapters covering individually geoeconomics and geopolitics. In first subchapter I will discuss the background of already operating as well as just emerging commercial treaties with the US and China under the Park's administration and their connection to reunification tendencies. In particular, this section will provide information about the recently reached strategic trading partnership between China and ROK (FTA). Simultaneously, the calls for Seoul to join the China-led Asian development bank will be explored.

For comparison, under the same panel, I will evaluate the lasting United States-Korea Free Trade Agreement together with the ROK's options for participating in the Trans-Pacific Partnership. The placement of these business pacts in the framework of possible Unified Korea will be perceived.

My object is to dedicate the second part of analysis, the second subchapter, to political and strategic concerns about the inducing change in South Korea's policies on Korean Unification issue. In particular, the valuation of all over presented rapprochement in China-ROK relations will be the subject of discussion. Correspondingly, the associated consequences for America's parallel alliance arrangements on the Korean Peninsula will be explored. Based on this, I will try to solve how Park Geun-hye may get the most out of the situation and accelerate her vision of once united Korea.

Though the reunification concept cannot be researched without the North Korean side involved, the prospects flowing from Kim Jong-un's regime on collaboration with Park Geun-hye will be specified in last subchapter. On the whole, I will theorize where the great powers stand on this issue.

## **2.2. Source of data**

Considering the frequently changing situation framing the topic of my thesis, with the intention to keep the study up-to-date, I will mostly refer to recent statistics from relevant institutions, think tanks, journals and governmental services. Moreover, in order to maintain the objectivity I will cite sources from the Republic of Korea, China and the United States. To a lesser extent, the data from worldwide research will be used.

To cover the empirical segment, and thus to present the background for the following analysis, I aim to refer to already known facts from recent history. The books focusing on the American and Chinese engagement with Republic of Korea, namely “Brothers at War: The Unending Conflict in Korea” and “China and Korea: Dynamic Relations” will establish the foundation for my empirical exploration. Further, the title “The Korean war” by Carter Malkasian will be the starting point I will build on in the description of inter-Korean relationship.

Within the theoretical chapter, a segment dealing with the theory of institutionalism will rest essentially on the texts of Robert Owen Keohane, the author widely associated with his contributions to the new institutionalism. The study of Tsuneo Akaha, a specialist in the Asia Pacific region and the director of Center for East Asian Studies at Middlebury Institute at Monterey, will be implemented as well. Since his work “An Institutional Approach to Security in East Asia: From the Perspective of Neoliberalism” is addressed directly to the Northeast Asia region it fits well within the framework of this study. The second theory of strategic triangles will largely refer to Lowell Dittmer, a professor of political science at the University of California, and his paper “The Strategic Triangle: An Elementary Game-Theoretical Analysis, World Politics”. In like manner, I will link the study of the triangular relationship to the frame of my research by adding in the key players - Washington, Seoul and Beijing.

In the analysis I will utilize my personal experience, when while interring at Hanns Seidel Foundation in Seoul, in the second half of 2014, I attended conferences hosted by well recognized institutions and at the same time I had a chance to network with experts on the North Korean problem who I will reference to. I will cite The Institute for National Security Strategy, Korea Institute of International Economic Policy or the Korea Institute for National Unification. Additionally, I will scan the data issued by the South Korean Ministry of Unification as well as the office of the White House and the President of the People’s Republic of China Xi Jinping. From independent, nonpartisan sources I am about to reproduce data published by the Council on Foreign Relations and certainly, the Yonhap-South Korean news agency, the Korea Times and the Korea Herald as the largest English media providing information on Korea.

In addition, I found the outcomes of Mr. Victor Cha’s publications very accurate. As the former director for Asian affairs on the National Security Council at the White House and the current senior advisor at the Center for Strategic and International Studies, his texts have much to offer. Hence, his knowledge will interfere largely with my investigation.

Admittedly, the sheer extensiveness of sources might take its toll on the scope of paper. Namely, to estimate the worthiness of collected data was often confusing along with the selection of reliable sources. Furthermore, the language barrier may be an impediment to the neutrality of my research since the Korean and Chinese sources offering English terminology are limited and not as explicate as they might be found in their national language. It also needs to be noticed that changes have occurred during the period of writing this thesis as it concerns a contemporary issue.

### **3. Evolution of South Korean strategic relations**

In the 21<sup>st</sup> century, with all of the changes in international relations and ongoing progressive geopolitics taking place, it appears that the strategic alliances are no longer formed with a precise definition of who the enemies are. The Korean case epitomizes this concept. One thing to be noted, however, is that despite the evidence that modernity is the leading element in South Korean politics and society, the problem belonging to the basic question such as the formation of one Korean state has not been resolved yet. The Republic of Korea, in particular the current administration of President Park Geun-hye, seems to mould the new external networks that might facilitate unification talks on the Korean Peninsula. By this means, Seoul declared to keep the traditional alliance with the U.S. along with its increasingly important relationship with China.

In addition, as a general rule it stands that the modern logic of geopolitical balance is trapped in the memory of politics. Hence, the new wave of world powers in Korea is, and it may be supposed that it always will be, influenced by historical experience. Accordingly, the historical background to such realities will be presented bellow. Additionally, this historical development will be linked to the North Korean issue that has continually subjected the domestic and foreign policy of the ROK and its partners to multiple security maneuvering.

#### **3.1. US-ROK alliance**

Although the intention is to target the pillars of US-ROK cooperation dating from the period of Second World War, the context of this chapter requires also mentioning the Japanese occupation of Korean peninsula that forewent the origin of the Republic of Korea.

The Japanese reign is still an unresolved historical event that makes personally aggrieved majority of Koreans. Seoul and Tokyo have not overcome the controversy from a century ago

that is greatly reflected in their still rugged communication. However, concentrating here on the US and ROK joint cooperation, it needs to be emphasized that for the decades of Japanese rule in Korea, the Korea-US ties were severed.<sup>6</sup> The secret agreement made between the US army secretary William H. Taft and Japanese Premier Katsura in 1905 simply demonstrated that “*Theodore Roosevelt gave Korea to Japan.*”<sup>7</sup>

Looking at the facts mentioned above, it should be highlighted that “the very special friendship”, as the United States and South Korea relationship tends to be called nowadays, was not always ranked by this means.

The year 2015 is the year of celebrations worldwide, in Korea especially. The whole world celebrated the 70<sup>th</sup> anniversary of the end of Second World War, Koreans in addition their liberation from the Japanese colonial rule. Following historical explanation captures how the situation evolved for South Korean nation since then and how the realities resulted in so durable American involvement in the region.

In 1943, after the turning point in the Second World War, US President Roosevelt, British Prime Minister Churchill and the leader of the Chinese Kuomintang, Chiang Kai-shek, met at the Cairo Conference to discuss joint actions and combat operations against the Japanese army.<sup>8</sup> Among other things, the conference for the first time addressed the issue of a post-war future for the Asian countries, including Korea. It vaguely indicated that the Korean peninsula after the war would fall under the guardianship of other countries.<sup>9</sup> The formal decision about the allocation of territory between the external supervisors, namely the United States and the Soviet Union, was adopted at the Potsdam conference in 1945.<sup>10</sup> It was probably understandable that the involvement of world powers in the region during the war had naturally led to demands on the Korean peninsula.

In September 1945 American troops arrived in the southern part of Korea and began to implement a military administration.<sup>11</sup> By these means, the inception of future ROK-US alliance was established. Following the division of peninsula along the 38th parallel into Soviet north and

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<sup>6</sup> J. Kim, *Crisis and change*, Seoul, Ewha Womans University Press, 2005, pp. 140-150.

<sup>7</sup> S. Millies, ‘What they don’t want you to know’, *Workers World*, 23 June 2010, [http://www.workers.org/2010/world/korea\\_0701](http://www.workers.org/2010/world/korea_0701), (accessed 3 March 2015).

<sup>8</sup> Kim, pp. 140-150.

<sup>9</sup> *ibid.*

<sup>10</sup> *The Treaty of Portsmouth*, 1945, article II.

<sup>11</sup> Kim, pp. 155-160.

American south, the US reinforced its position in Northeast Asia. They acted to prevent all of Korea from becoming a Soviet satellite state.<sup>12</sup>

Nevertheless, the disruption in cooperation between the US and USSR on the Korean Peninsula led the United States to transfer the handling of the Korean question to the United Nations. Based on expansive UN actions, in 1948 The Republic of Korea and subsequently Democratic People's Republic of Korea were inaugurated.<sup>13</sup>

To continue with the United States involvement, on June 25, 1950 when Korean War broke out, the US took a stance against the North Korean invasion.<sup>14</sup> Although it was the United Nations that led the mobilization and management of the war, the allied armies were commanded by American General MacArthur.<sup>15</sup> The US forces took over the operational right of the Korean armed forces and hence, paraphrasing the White Paper of South Korean Ministry of Defense, Americans assumed a leading role in the war.<sup>16</sup>

Since the warfare ended in an armistice<sup>17</sup> and a peace treaty has never been signed, the asset of the United States linked to the South Korean nation in the period of Korean War cannot be fully measured by final achievements. Nevertheless, stated by numbers, The White House spent by over 18 billion dollars by the end of the war and more than 34 000 US soldiers had been killed in action.<sup>18</sup>

Recalling that the 1950-53 Korean War ended with only an armistice agreement, Korea and the United States concluded the ROK-US Mutual Defense Treaty in October 1953, thereby they established a close security cooperation targeting the North Korean potential offense.<sup>19</sup> Signed by President Eisenhower, the US nominated itself to fight to defend its ally if war broke out on the Korean Peninsula. It was passed under the following terms: "*the Republic of Korea grants, and the United States of America accepts, the right to dispose United States land, air and sea forces in and about the territory of the Republic of Korea as determined by mutual agreement.*"<sup>20</sup> The essence of the treaty was based on the US military power since the South Korean ragged army,

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<sup>12</sup> K. S. Kwak, *The US-ROK Alliance, 1953-2004: Alliance Institutionalization*, Ann Arbor, ProQuest, 2006, pp. 24-55.

<sup>13</sup> *ibid.*

<sup>14</sup> R. Reece, *The Korean war*, Minneapolis, ABDO, 2011, pp. 61-68.

<sup>15</sup> *ibid.*

<sup>16</sup> *Defense White Paper 1992-1993*, Seoul, Ministry of National Defense, 1993, pp. 136-139.

<sup>17</sup> The Armistice Agreement was signed at Panmunjom, about thirty miles north of Seoul, on July 27, 1953.

<sup>18</sup> *ibid.*

<sup>19</sup> *Mutual Defense Treaty*, Article IV, 1 October 1953, p.1.

<sup>20</sup> *Mutual Defense Treaty*, Article IV, 1 October 1953, p.2.



still afraid of a repeat attack by the North, was unable to defend the country without outside help. Besides, the ROK had to deal with the aftermath of war what resulted in an oppressive restoration period in the political and economy arenas. Other way around, Korea still played a puzzle in larger security issues that Americans followed in East Asia. Here lies the essence of the mutual pact that both sides were interested in, for their common as well as their own individual concerns. In the light of this assertion, since 1950s the ROK-US alliance had gone through different transitional periods influenced by the development of a South Korean state, American foreign policy orientation and above all, the North Korean issue.

On the subject of North Korea, the thing to be clarified is that in the several decades that followed the Korean War, there were almost nonexistent contacts between the two Koreas. After the war the inter-Korean tensions reached their highest point in 1960s, which in turn led to a strengthening of the ROK-US partnership. Specifically, the two incidents which are considered to be the milestones that affected the Soul-Washington relations the most will be elaborated next.

The year 1968 tested the stability of the mutual cooperation as well as brought the Korean peninsula closest to reentering an armed conflict. Firstly, on January 17, 1968 an incident known as the Blue House Raid occurred.<sup>21</sup> North Korean agents, camouflaged as South Korean soldiers and civilians, tried to infiltrate President Park Chung Hee's official office, The Blue House. The operation was aimed to assassinate the head of Republic of Korea in what Kim Il Sung hoped may lead to the national instability. However, the action failed since the members of offensive commando were detected before an assassination attempt could be made.<sup>22</sup>

Secondly, tension erupted on January 23, when the USS Pueblo, the American naval intelligence vessel, was attacked close to the DPRK's coast while collecting signals in international waters.<sup>23</sup> North Koreans, claiming that their national territorial waters were crossed, turned their guns on the ship and demanded its surrender. The crew of 83 American men was captured and transported to Pyongyang, where they were charged with spying within the territorial limit of 12 nautical miles belonging to DPRK.<sup>24</sup> The US authorities refused to use armed forces against North Korea

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<sup>21</sup> 'North Korean Calculations behind the Blue House Raid and the USS Pueblo Incident', *Wilson Center*, 2012, <http://wilsoncenter.org/event/north-korean-calculations-behind-the-blue-house-raid-and-the-uss-pueblo-incident> (accessed 15 March 2015)

<sup>22</sup> *ibid.*

<sup>23</sup> Kwang Sub Kwak, *The US-ROK Alliance, 1953-2004: Alliance Institutionalization*, Ann Arbor, ProQuest, 2006, pp. 24-55.

<sup>24</sup> *ibid.*

as a means to protect the crew members from harm.<sup>25</sup> In larger geopolitical context it is likely that the American participation in the Vietnam War played its role too.

South Koreans, the government and public alike, did not approve the soft approach over the incidents.<sup>26</sup> Hence, the usefulness of the presence of American forces on South Korean territory started to be questioned. The dissatisfaction turned into demonstrations directed toward administration of then president Lyndon B. Johnson. Furthermore, the aversion was multiplied by the US decision to negotiate with Kim Il-Sung without the involvement of the Republic of Korea.<sup>27</sup>

Ever since the Korean War in the 1950s, South Korea had assumed a resistant stance towards the North because of the support from the US. Though, South Korean leader Park Chung-hee, whose regime is considered to be highly authoritarian, after being rejected by Washington for military intervention, started to be wary of the patronage that the United States brought.<sup>28</sup> On the other side, Americans tend to claim that in this specific situation, *“the South Koreans were more emotional than rational”*.<sup>29</sup>

After all, in the wake of the South Korean contribution to Vietnam War and long lasting partnership, the US appeased the ROK by providing economic benefits. Coupled with letters of explanation that President Johnson sent to South Korean authorities, the disputes had been generally quelled. Nevertheless, according to Yang Seongcheol and Mun Jeongin from Kyongnam University, the Korean Crisis in 1968 advertised how the US did not, in fact, like to be dragged in for all Korean problems.<sup>30</sup>

The North-South relations continued on an up-and-down track over the next several years. In 1998, South Korean President Kim Dae-jung adopted a so called "sunshine policy"- a new type of engagement policy of South Korea towards North Korea, in which Kim's successor Roh Moo-

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<sup>25</sup> *ibid.*

<sup>26</sup> 'Moments in U.S. Diplomatic History', *The Association for Diplomatic Studies and Training*, <http://adst.org/2013/01/the-uss-pueblo-incident-assassins-in-seoul-a-spy-ship-captured/>, (accessed 31 March 2015).

<sup>27</sup> Sheila M. Jager, *Brothers at War: The Unending Conflict in Korea*, London, Profile Books, 2013, pp. 414-446.

<sup>28</sup> L. Choi, *The Foreign Policy of Park Chunghee: 1968- 1979*, PhD Thesis, The London School of Economics and Political Science, 2012, pp.45-50.

<sup>29</sup> 'Moments in U.S. Diplomatic History', *The Association for Diplomatic Studies and Training*, <http://adst.org/2013/01/the-uss-pueblo-incident-assassins-in-seoul-a-spy-ship-captured/>, (accessed 31 March 2015).

<sup>30</sup> Y. Seongcheol, and M. Jeongin, 'The Renewed Discussion on Security Relationship between Korea and US: Pueblo" incident and crisis', *Institute for Far Eastern Studies, Kyongnam University*, 1988, pp. 61-66.

hyun continued.<sup>31</sup> The Clinton's administration moved relatively in accordance with the sunshine policy, in inter-Korean relations and the US–North Korean relations in parallel. Throughout the Bush reign, the US–North Korean relations returned to the tumultuous point that they had been during the Cold War. Because inter-Korean relations were poor, in like manner the potential contradictions between U.S. and South Korean interests related to DPRK were not exposed. Subsequently, within the officially announced foreign policy goals of President Barak Obama, the last two of Obama's administrations have put the priority on North Korea's denuclearization. The Park Geun-hye's standpoint claiming that “*a nuclear North Korea can never be accepted and that trust-building with Pyongyang will be impossible if North Korea cannot keep the agreements made with South Korea and the international community*”<sup>32</sup> shows the similarity in Obama's policy.

Proceeding further in the scope of this paper's topic, it is necessary to emphasize that from economic perspective, since the 1960s South Korea had undergone an enormous change. However, as Mr. Jung and Mr. Hwang signal in their analysis- “*initial rapid growth of the economy was achieved at the expense of democracy and human rights under successive military regimes.*”<sup>33</sup> In late 1980s Republic of Korea became a prosperous state, generally known and ranked as one of the “Asian Tiger” nations. Whereas, the Seoul-Washington alliance once focused explicitly on keeping the North Korean aggressiveness under control had evolved into close-knit partnership covering not only national security but also the economy, culture and political values.

Economically, South Korean financial dependency on United States, that it relied on in postwar period, had been transformed into an independent self-sufficient trade market. The Republic of Korea became a competitor for the United States - advocates of American policy on Korean peninsula named it even “the equal partnership”. However, ROK and the US had started to quarrel about tariffs, imports of agricultural products, service and investment barriers. The talks came climaxed by the ratification of The United States-Korea Free Trade Agreement. KORUS FTA entered into force on March 15, 2012, meaning that almost 80 percent of U.S. industrial

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<sup>31</sup> Young Ch. Cho, 'Collective identity formation on the Korean Peninsula: United States' different North Korea policies, Kim Dae-Jung's Sunshine Policy, and United States–South Korea–North Korea relations', *International Relations of the Asia-Pacific*, 2009, vol. 10, pp.99-110.

<sup>32</sup> Congressional Research Service, *U.S.-South Korea Relations*, 24 June 2014, p.2, <https://www.fas.org/sgp/crs/row/R41481.pdf>, (accessed 12 April 2015).

<sup>33</sup> Y. Jung and J. Hwang, 'Where Does Inequality Come From? An Analysis of the Korea-United States Status of Forces Agreement', *American University International Law Review*, vol.18, no. 5, article 2, 2003, s. 1110.

goods exports to Korea are duty-free.<sup>34</sup> It was the United States' largest trade free pact since the NAFTA, strongly beneficial for the state budget income on both sides.<sup>35</sup> A larger impact of KORUS FTA on geoeconomics in light of South Korean national interests along with the Korea's participation in the American transpacific project-the Trans-Pacific Partnership will be investigated below, in the analytical part of this paper.

Although the Republic of Korea established a self-sufficient economy, the US support was still indispensable for the ROK's national defense. However, the period of change affected also the ROK-US security engagement that has gained a different dimension.

In 1978 the integrant headquarters of The South Korea-US Combined Forces Command were established meaning that joint ground, air and naval divisions called The United States Forces Korea were created.<sup>36</sup> In other words, the US Forces Korea was integrated with ROK forces into a Combined Forces Command.

Regardless the fact that the size and role of US forces in Korea were many times questioned by the US congress administration as well as the previous Korean leaderships, *"the service members of the United States and the Republic of Korea have stood together for more than 60 years maintaining the armistice and setting the conditions for stability and prosperity in the Republic of Korea."*<sup>37</sup> Currently, the major U.S. units in the ROK contain the Eighth U.S. Army and Seventh Air Force.<sup>38</sup> The CFC expanded to more than 600,000 active-duty military personnel of all services.<sup>39</sup> In wartime, there are also 3.5 million ROK reservists ready to interfere along with the additional U.S. forces deployed from outside the ROK.<sup>40</sup> To clarify the competencies between two countries, it is a four-star U.S. general that the CFC is commanded by, while a four-star ROK Army general serves as a deputy commander. Whereas according to a declaration by present commander of USFK- General Curtis M. Scaparroti *"despite the impression of total American control, the Korean units are independent forces. Only during time of war, do the Korean units*

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<sup>34</sup> *The U.S.—Korea Free Trade Agreement (KORUS)*, Final Text.

<sup>35</sup> *ibid.*

<sup>36</sup> United States Forces Korea,, <http://www.usfk.mil/usfk/command.usfk.welcome.27>, (accessed 27 March 2015).

<sup>37</sup> *ibid.*

<sup>38</sup> *ibid.*

<sup>39</sup> *ibid.*

<sup>40</sup> S. Smallwood, 'South Korea's Armed Forces to Remain Fully under US Military Command', *Center for Research on Globalization*, 2014, <http://www.globalresearch.ca/south-koreas-armed-forces-to-remain-fully-under-us-military-command/5410849>, (accessed 28 March 2015).

*subject itself to the CFC. Otherwise, Korean military operate independent of CFC in peacetime*“<sup>41</sup>

The plans for reorganization of allied forces were postponed in October 2014 until the mid-2020s.<sup>42</sup> The plans had called for the power of the wartime operational control-OPCON to be transferred to Seoul's military leaders in 2015 but the current conservative government of Park Geun-hye has delayed the transfer in response to its concerns about North Korea's growing military threat manifested by 1.2 million troops.<sup>43</sup>

Looking at the American presence in Korea, in the postwar period, based on results of opinion polls conducted in the 1950's and 60's, Korean people strongly approved the occupation by U.S. forces on their territory. Nonetheless, with the unequal development of mutual issues and the South Korean state itself, a widespread anti-Americanism appeared among the public and by political opposition as well.<sup>44</sup> This occurrence fully stands for the second decade of the 21st century too, which leads to conclusion that the split in opinion about the US presence in the Republic of Korea seems to be a timeless issue.

### **3.2. Rapprochement of ROK-China relations**

The implications for South Korean policy making could be also significantly found in its collaboration with the People's Republic of China.

After the Cold War period, China started to move globalization and capitalist agenda forward, though paradoxically The Communist Party of China still holds the power in the People's Republic of China. A similar attitude towards global engagement was seen from the South Korean foreign policy-making, in this case under the spread of democratization tendencies in the 1980s.<sup>45</sup> The South Korean reconsolidation period from Korean War was accomplished successfully and the Republic of Korea grew into an economic and trade authority. A flourishing recovery from a war damaged country into an "Asian economic tiger" allowed the government to focus on wider and more strategic policy goals. In this light, Seoul moved *"from managing*

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<sup>41</sup> United States Forces Korea, <http://www.usfk.mil/usfk/command.usfk.welcome.27>, (accessed 27 March 2015).

<sup>42</sup> S. Smallwood, 'South Korea's Armed Forces to Remain Fully under US Military Command', *Center for Research on Globalization*, 2014, <http://www.globalresearch.ca/south-koreas-armed-forces-to-remain-fully-under-us-military-command/5410849>, (accessed 28 March 2015).

<sup>43</sup> *ibid.*

<sup>44</sup> Jung and Hwang.

<sup>45</sup> H. Tien and T. Cheng, 'The Security Environment in Asia- Pacific', *Studies of the Institute for National Policy Research*, 2000, pp.228-234.

*division to preparing for unification*"<sup>46</sup>. To maximize the opportunities in the vision of a unified Korea, the ROK apparently reconsidered its diplomatic strategies, especially its relationship with China.

China played a significant part in early Korean history. Since the division of the Korean Peninsula, followed by Chinese aggression in the Korean War, for nearly five decades China and South Korea had non-official relations. A long lasting "One Korea" policy, targeting the Democratic People's Republic of Korea, was conducted by the Chinese state.<sup>47</sup>

In May 1983 the first government contact between Seoul and Beijing appeared due to a hijacked Chinese civilian plane that landed on South Korean soil.<sup>48</sup> During a routine flight from Shenyang to Shanghai, six armed Chinese civilians attacked the crew members and forced the pilot to land near Chunchon, the US military base located nearby Seoul. In due course, Beijing sent its delegates to ROK to launch direct negotiation in order to preserve the safety of the 105 passengers on board.<sup>49</sup> Following the resolution of this event, political quarrels commenced. China and Korea both demanded different convictions for the six hijackers, defending themselves by their own law regulations. Finally, the South Korean Foreign Minister Gong agreed with his Chinese counterpart Shen and the ROK permitted the handling of the aircraft along with the six violators by Chinese government. These measures were solidified by a memorandum signed between the Republic of Korea and People's Republic of China about future cooperation in similar travesties. At this moment the historical disputes are slowly starting to be forgotten. Chinese arrival was welcomed in South Korean political and public circles and similarly, the Chinese nation appreciated the prompt Korean activity in favor of their citizens.<sup>50</sup> Coming after, Roh Tae Woo, the South Korean president in 1980s, started to prioritize achieving diplomatic relations with the Asian hegemony. Whereas the social and economic background was favourable, PRC was not so uniform in its actions towards the Republic of Korea, stressing that nothing had been decided yet. Paraphrasing the Chinese Foreign Ministry Affairs' statement from 1988, "*China did not plan to enter diplomatic relations with South Korea seeing that the Sino-*

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<sup>46</sup> Ch. Jinwook, 'US-China Relations and Korean Unification: Grand plan for Korean unification', Seoul, *Korea Institute for National Unification*, 2012, p. 17.

<sup>47</sup> Tien, and Cheng, pp.235-239.

<sup>48</sup> Jae H. Chung, 'Between Ally and Partner: Korea-China Relations and the United States', *The China Journal*, No. 58 (Jul., 2007), pp. 221-223, <http://www.jstor.org/stable/20066352>, (accessed 8 April 2015).

<sup>49</sup> CH. Lee and D. Park, *China and Korea: Dynamic Relations*, Stanford, Hoover Press, 1996, p. 105-122.

<sup>50</sup> *ibid.*

*Korean trade was being conducted through nongovernmental channels*"<sup>51</sup>. In other words, it reflected that market operations are not a political concern.

In the meantime, in an agreement to exchange the resident trade office between Peking and Seoul was signed by The Chinese Chamber of International Commerce and Korea Trade Promotion Corporation.<sup>52</sup> Since universally it applies that the economy goes hand in hand with the politics and the other way around, despite previous Chinese proclamations, in 1991 the foreign ministers of both countries held an initiative meeting in New York to discuss bilateral relations. These negotiations culminated in a declaration which was signed by Foreign Minister Qian Qichen of China and his South Korean counterpart. Eventually, on August 24, 1992 both countries launched a diplomatic partnership. The Republic of Korea accepted to recognize a government representing all of China.<sup>53</sup> On this occasion, President Roh was quoted by the Reuters news agency as saying: *"The normalization of ties between our two countries marks a significant turning point in world history in that it heralds the beginning of the end of the cold war in East Asia, which remains as the last legacy of the cold war era."*<sup>54</sup> He added that the new relationship would contribute to a peaceful unification of the Korean Peninsula.

In light of Roh Tae Woo's opening policy towards North Korea, according to scholars, China recognized the jeopardy of its national interests. Chinese authorities were calculating with the scenario that the involvement of the ROK in North Korea might positively link North Korean officials to Washington.<sup>55</sup> Chae-Jin Lee and Doo-Bok Park, in their book touching the Sino-Korean relations, indicate that in order to gain a pivotal role in this process, China played a mediator in diplomatic communication between the DPRK and the US.<sup>56</sup> Therefore, direct interaction between Pyongyang and the White House was avoided. Additionally, during the Cold War, the PRC saw North Korea as fully in the Sino-Soviet sphere.

After all, China managed to maintain a relatively traditional framework of relations with North Korea along with an entrance to the new economic and diplomatic partnership with South Korea. China's desire to sustain the peace in the region and affable ties with neighbouring countries were

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<sup>51</sup> *ibid*, p.113.

<sup>52</sup> Chung, p. 222.

<sup>53</sup> South Korea's diplomatic recognition of the People's Republic of China (PRC) on August 24, 1992 was accompanied by Seoul's agreement to break relations with Taipei

<sup>54</sup> Lee and Park, p.126.

<sup>55</sup> D. Shambaugh, China and the Korean Peninsula: Playing for the Long Term, The Washington Quarterly, 2003, pp.48-52, [http://oldsite.nautilus.org/archives/pub/ftp/napsnet/special\\_reports/shambaugh.pdf](http://oldsite.nautilus.org/archives/pub/ftp/napsnet/special_reports/shambaugh.pdf) , , (accessed 9 April 2015).

<sup>56</sup> Lee and Park, pp.105-122.

part of its national policy platform to avoid any conflict in the region and thus keep up its economic boom.

Acknowledging the importance of common historical, territorial and cultural proximity, normalization of nexus between the Republic of Korea and the People's Republic of China has proved to be beneficial for both actors. A mutual partnership was developed into more comprehensive and robust connections, with the prevailing economic element. *"Between 1992 and 2008, China's export to South Korea grew by over 30 times while import grew by over 40 times. By 2008, the bilateral trade volume accounted for 7.2% of China's total trade and 22.1% of South Korean overall."*<sup>57</sup> Adding to that, recently at the APEC summit in 2014, South Korea and China announced a conclusion of their bilateral FTA debate that began in May 2012. The settlement was reached due to the lack of protections granted by standard trade law acts. This free trade agreement in conjunction with another actual issue to be discussed-the South Korean membership in the Asia Infrastructure Investment Bank, will be investigated intensely in later research.

Surveying also the strategic collaboration, it is a matter of fact that this dimension of relations took longer to develop than market ties. The diplomatic relationship between China and South Korea was upgraded in 1998 by "ROK-China Collaborative Partnership for the 21st Century" and consequently by an agreement entitled "Comprehensive Cooperative Partnership" in 2003. The China summit in 2008 enhanced the level of combined strategic conjunctive operations.<sup>58</sup> Nonetheless, regarding the restrictions in place, namely the U.S.-ROK alliance and China-North Korea military collaboration, the unity between Beijing and Seoul is preserved only to some extent. *"Despite an economic relationship with China that is nearly 35 times larger than North Korea's, South Korea still finds that Beijing values the stability of the Kim Jong Un regime in Pyongyang over its economic relationship with Seoul."*<sup>59</sup> It is true that the Chinese Communist Party and its North Korean counterpart have had long-standing ties. However, Beijing asserts that its patience with Pyongyang has recently been tested several times. The three nuclear tests and several missile launches by the North Korean government raised the emotions. Hu Jintao, the

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<sup>57</sup> Z. Shengqi, 'Sino-South Korean Trade Relations: From Boom to Recession', *EAI Background Brief*, No. 508, 2010, <http://www.eai.nus.edu.sg/BB508.pdf>, (accessed 9 April 2015).

<sup>58</sup> Jaeho Hwang, 'Regional Formats of Military and Security Cooperation', *Berlin Conference on Asian Security*, 2010, session VI, p.2, [http://www.swpberlin.org/fileadmin/contents/products/projekt\\_papiere/Hwang\\_BCAS2010\\_web\\_ks.pdf](http://www.swpberlin.org/fileadmin/contents/products/projekt_papiere/Hwang_BCAS2010_web_ks.pdf), (accessed 5 April 2015).

<sup>59</sup> *ibid.*



leader of China between 2002 and 2012, took up a more active mediator role and presented "China's more responsible policy". Successfully, after launching the Six-Party Talks in 2003, PRC became a crucial player in diplomacy worldwide. On March 5, 2013 PRC delegation to the IAEA at a board meeting in Vienna called for the resumption of Six-Party Talks and on March 7, 2013 PRC Foreign Ministry spokesperson expressed China's support of the UN Security Council's Resolution 2094 on North Korea's third nuclear test.<sup>60</sup>

The actual stage of ROK-China relations lays on the coordinative policies of Park Geun-hye and Xi Jinping.

### **3.3. Inter-Korean relations**

In order to provide the historical background for the upcoming research it is required to mention the North Korean involvement as well. However, since the evolution of the Democratic People's Republic of Korea is largely confined to Chinese and American historical events already discussed above likewise in the following theoretical section, just a short overview of crucial moments in inter-Korean relations will be submitted.

The ongoing events in South Korea in 1948 concerning the official proclamation of The Republic of Korea did not keep the North unanswered. Under Soviet control, on 9 September 1948, the Democratic People's Republic of Korea was established.<sup>61</sup> To shed light on the situation that ensued, it was the Korean Workers' Party under the control of Kim Il-sung and his guerrilla army who took the rule over the country. Kim Il-sung was one of exiled patriots, anti-Japanese fighters who strongly supported the Soviet occupation forces. Historians agree that his charisma trumped his relatively young age and Kim surprisingly quickly gained control over North Korean ideology.<sup>62</sup>

Shortly, in 1949, Kim Il-sung began to consider an attack on South Korea.<sup>63</sup> After receiving official permission from Stalin and Chinese leader Mao, the Korean War started. Both countries, The Union of Soviet Socialist Republics and The People's Republic of China, joined the war on

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<sup>60</sup> Scott Snyder, China-Korea Relations: Seeking Alignment on North Korean Policy, Council on Foreign Relations/Pacific Forum CSIS, 2013, pp. 1-6, [http://csis.org/files/publication/1301qchina\\_korea.pdf](http://csis.org/files/publication/1301qchina_korea.pdf), (accessed 6 April 2015).

<sup>61</sup> Carter Malkasian, 'The Korean war', New York : *The Rosen publishing group*, 2009, pp. 32-44.

<sup>62</sup> Michael Seth, 'A concise history of Korea: From Neolithic period through nineteenth century'. Maryland : *The Rowman and Littlefield Publishing Group*. 2006, pp. 185-200.

<sup>63</sup> Malkasian, pp. 55-64.

behalf of the DPRK. An interesting moment affecting the later inter-Korean actions occurred when the peace negotiations were initiated. Syngman Rhee, President of the Republic of Korea, did not want to give up the idea of unification of the entire Korean peninsula. He wanted to bring the war to the very end and he tried to convince the United States to enter. Actually, on 27 July 1953 when the armistice contract was put on the table, Syngman Rhee did not sign the agreement. Despite of that, it was still enacted even without the participation of the Republic of Korea.<sup>64</sup>

In the 1950s, in the post war period, the DPRK authorities suggested an “isolation mode” asserting that their nation’s best interests were best served by keeping the affairs of other countries at a distance.<sup>65</sup> The USSR and later China were expected only to interfere enough to keep the North Korean regime relatively functional. Based on this premise, there are no official governmental economic or diplomatic networks to be reviewed in the relationship DPRK-South Korea and DPRK-United States throughout this time period. It should be noted, however, that both the US and ROK have been providing humanitarian and development aid to the DPRK for decades. They have been the leading negotiators of security issues with North too.

Eventually, on July 4, 1972 Seoul and Pyongyang announced a Joint Communiqué.<sup>66</sup> Though, it failed due to the mutual distrust between countries. The turmoil in the inter-Korean relationship continued until the period of major changes in the international environment in the second half of the eighties. In the early 1990's, the president of the Sixth Republic of Korea, Roh Tae Woo employed a new trend called "nordpolitik".<sup>67</sup> It aimed to normalize relations between two Koreas by the formation of a confederation consisting of two existing political systems on the Korean peninsula.<sup>68</sup>

The agenda that followed – the "sunshine policy" – was more likely to be realistic in comparison with the quite utopist model of nordpolitik. Implemented by Kim Dae Jung in 1998, the sunshine policy tried to separate economics from politics to ensure greater support from the north.<sup>69</sup> One of

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<sup>64</sup> Seth, pp. 150-185.

<sup>65</sup> 'Principles of International Politics', *e-Study Guide*, 2014, chapter 11, Available from: E-Book Library, <https://books.google.sk/books?id=y0dwBAAQBAJ&printsec=frontcover&hl=sk#v=onepage&q&f=false>, (accessed 20 April 2015).

<sup>66</sup> Charles Armstrong, 'Inter-Korean Relations in Historical Perspective', *International Journal of Korean Unification Studies*, Seoul : *Korea Institute for National Unification*, 2005, pp. 4-20, [http://www.kinu.or.kr/upload/neoboard/DATA03/Vol.14,%20No.2\\_Charles%20K.%20Armstrong.pdf](http://www.kinu.or.kr/upload/neoboard/DATA03/Vol.14,%20No.2_Charles%20K.%20Armstrong.pdf) (accessed 9 April 2015).

<sup>67</sup> 'Inter-Korean Relations', *Korea.net.*, 2013, <http://www.korea.net/AboutKorea/Korea-at-a-Glance/Inter-Korean-Relations>, (accessed 1 April 2015).

<sup>68</sup> *ibid.*

<sup>69</sup> Armstrong, , pp. 4-15.

the policy outcomes was the first summit of leaders of two Korean states held in Pyongyang on June 15, 2000.<sup>70</sup> Even so, the problems associated with the nuclear program and threats posed by North Korean regime had not been solved. Either the Six Party Talks did not prevent the DPRK from carrying out nuclear weapons tests in 2006, 2009 and 2013. Implying the opinion of Vilímek and Rojčík, the Democratic People's Republic of Korea has always prioritized its nuclear program and military capability, at the expense of its economy and living standards.<sup>71</sup>

A number of other incidents defined the status of relations between the two neighboring Korean states. In 1998, South Korea arrested in its waters a North Korean mini-submarine, and in 1999 seventeen North Korean citizens died in mutual shootings at sea. Plus, similar naval battles with the loss of lives occurred in 2002 and 2009.<sup>72</sup> Tension on the peninsula intensified in 2010 when international investigation found North Korea responsible for torpedoing the South Korean navy ship Cheonan with 46 crew members on board. The vessel sunk in the Yellow Sea in March 2014.<sup>73</sup>

To return to the chronology in inter-Korean policies, it is in place to notify that although Roh Moo-hyun was in favor of the existing Sunshine Policy, Lee Myung-ba, the fifth President of the Sixth Republic of Korea, strongly opposed the concept of his predecessors. He implemented a tenacious policy toward North Korea.<sup>74</sup> Contrariwise, the current presidency of Park Geun-hye is seems to be designed to promote inter-Korean reconciliation. Scrutiny of the Park administration on this issue is the upcoming topic of the research.

#### 4. Theoretical framework

This chapter will provide a general overview on two chosen theories, namely the institutionalism and the triangle theory, along with a proposal of their application to China-ROK-US relations on North Korea.

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<sup>70</sup> 'Inter-Korean Relations', *Korea.net*.

<sup>71</sup> O. Rojčík and P. Vilímek, 'Profilace jaderných zbraní: problémoví aktéři'. Brno : *Masarykova univerzita*, 2006, pp.70-95.

<sup>72</sup> 'Inter-Korean Relations', *Korea.net*.

<sup>73</sup> 'NATO ostro odsúdilo potopenie juhokórejskej lode severokórejským torpédo', *SME*, 2010, <http://www.sme.sk/c/5385105/nato-ostro-odsudilo-potopenie-juhokorejskej-lode-severokorejskym-torpedom.html>, (accessed 7 April, 2015).

<sup>74</sup> 'Inter-Korean Relations', *Korea.net*.

## 4.1. Institutionalism

In the study of international relations there are a variety of different approaches on the operation of institutions in the world political system. This thesis will apply neoliberal institutionalism viewpoints as stated by Robert Owen Keohane, professor of international affairs at Princeton University. Subsequently, when focusing on the Northeast Asia region, the paper on politics of Asia Pacific by Tsuneo Akaha from the Monterey Institute of International Studies will be decisive.

### 4.1.1. Institutionalism by course of R. Keohane and T. Akaha

Overlapping principles of modernity strongly distinguishing in the 21<sup>st</sup> century naturally increased the power of institutions, nongovernmental organizations and the complex of networks in general. These external stakeholders became the key players shaping the relations among states and determining the course of their policy-making. Hence, the governments happened to be obligated to communicate with the new actors in global geopolitics and accommodate their needs. Deriving from these premises, institutionalism as an innovative notion in international relations arose. However, neoliberal institutionalism as one of the institutionalist waves that keeps some of the 'old' realistic principles of global politics. What makes neoliberal institutionalism different from traditional realistic approach is the method of implementation and the apprehension of the axioms.

In 1984 when the concept of realism ruled in the world geopolitics, Keohane's book "After Hegemony: Cooperation and Discord in the World Political Economy" revealed new hypothesis on the basis of realism. He proposed to show that the characteristic pessimism of realism does not necessarily follow, demonstrating that "*realist assumptions about world politics are consistent with the formation of institutionalized arrangements, containing rules and principles, which promote cooperation.*"<sup>75</sup> In this way he noticed that the institutions "*make the outcomes of cooperation prominent.*"<sup>76</sup>

In conjunction with the topic of US-ROK-China relations, it is reasonable to accentuate Keohane's estimation that cooperation should not be viewed as the absence of conflict, but rather

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<sup>75</sup> Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton, Princeton University Press, 1984, p. 67.

<sup>76</sup> *ibid.*, pp.5-18.

as a reaction to conflict or potential conflict.<sup>77</sup> After all, it is a universal truth building on experience, that the institutions are the components of any lasting peace. In light of these allegations, the implementation of neo-institutionalist theory on the research paper question is in place.

Another Keohane's prose interprets the work "The promise of institutionalist theory" written in cooperation with Lisa L. Martin in 1995. The authors defend institutionalism arguing that it is concerned with the economic, political and social issues that clearly solves the question of necessity of institutions.<sup>78</sup> The article adds that although in every partnership there is a certain risk of cheating, the institutions mitigate these fears.<sup>79</sup>

However, as might be expected, the widely prevalent critique of institutionalism evolves from the fact that institutions are created by states and thus they could serve their anticipated interests. According to Lamy<sup>80</sup> who pointed to the limitations of institutionalism, all nations expect to obtain benefits from international institutions by behaving in an expected manner.<sup>81</sup> Even Keohane himself notes that when the states can benefit from cooperation it expects governments to create institution.<sup>82</sup> Then their impact on cooperation is not possible to avoid. Besides, it is likely to deduce that the status of world hegemony the effect on the unfair operations even increases. In spite of all restraints, "The promise of institutionalist theory" is concluded by the valuation that "*institutions matter*".<sup>83</sup>

Robert Keohane's hypothesis refers to neoliberal intuitionism as a rational concept. To give substance to these implications, the relevant points raised by Tsuneo Akaha's essay "An Institutional Approach to Security in East Asia: From the Perspective of Neoliberalism" are about to be implemented. On one side, he admits that the traditional concept of security specifying the sovereignty of state in the international system and its capability to counter the

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<sup>77</sup> *ibid.*

<sup>78</sup> Robert O. Keohane, Lisa L. Martin, The Promise of Institutional Theory, *International Security*, Vol. 20, No. 1, 1995, pp.46-49, <http://www.jstor.org/stable/2539214?origin=JSTOR-pdf> (accessed April 19, 2015).

<sup>79</sup> *Ibid.*

<sup>80</sup> Steven Lamy, a professor of international relations, serves on the editorial board of the Journal of Political Science Education and several book series, including Paradigm Press' International Studies Intensives and the international relations series of Cambridge University Press.

<sup>81</sup> Lamy, 'Neo-realism and Neo-liberalism' *The Globalization of World Politics: An Introduction to International Relations*, Oxford: Oxford University Press, No.2, pp. 185-194.

<sup>82</sup> Keohane and Martin, pp.46-47.

<sup>83</sup> *ibid.*, pp.50-51.

threats has been in last decades visibly superseded.<sup>84</sup> The non-state agents such as international institutions, multinational corporations, global organizations as well as civil society have partly taken over this role. They have gained an adequate influence in the world political scheme. On the other hand, he certifies that the formation and the role of international institutions are based on the characteristics originating in the vision of realism.<sup>85</sup>

In his case study dedicated to The Six Party Talks he gives rise to the important feature of new institutionalism- state-centered analysis. As a result, he designates the talks as a multilateral governmental institution dealing with security in Northeast Asia where is “*no room for non-state actors to participate or even exercise significant influence in the negotiating process*”.<sup>86</sup> It goes hand in hand with his opinion that institutionalism in East Asia has not yet reached the highly developed European model and thus it is still more disposed towards realistic standpoint of state centric approach. Drawing on these realities, Akaha signals that the construction of peaceful and stable international relations requires the shift from realism toward a neoliberal world.

#### **4.1.2. Institutionalism in US-ROK-China relations**

To implement the interpretation of institutionalism on the historical development of the Republic of Korea and its cooperation with world powers on the North Korean matter, in this text the crucial historical moments in which the intuitionist framework play a role will be highlighted. Firstly, it is the division of Korean Peninsula. The irresolvable problem of a divided Korea was in 1947 brought before the United Nations, an international organization taking actions on the issues confronting humanity and peace.<sup>87</sup> Shortly, it resulted in UN supervision over the whole affair and the war that ensued. The United Nations’ participation in the military security actions in Korean War and the essence of the organization itself might be in this context associated with Keohane’s argument that institutions are a component of any lasting peace.

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<sup>84</sup> Tsuneo Akaha, *An Institutional Approach to Security in East Asia: From the Perspective of Neoliberalism*, Available from Academia.edu, 2007, pp. 1-5, [http://www.academia.edu/12326227/An\\_Institutionalist\\_Approach\\_to\\_Security\\_in\\_East\\_Asia\\_From\\_the\\_Perspective\\_of\\_Neoliberalism](http://www.academia.edu/12326227/An_Institutionalist_Approach_to_Security_in_East_Asia_From_the_Perspective_of_Neoliberalism), (accessed May 7, 2015).

<sup>85</sup> *ibid.*, pp.1-5.

<sup>86</sup> *Ibid.*, p.9.

<sup>87</sup> Ronda Hauben, 'The Role of the UN in the Unending Korean War. "United Nations Command" As Camouflage', *Global Research*, 2013, <http://www.globalresearch.ca/the-role-of-the-un-in-the-unending-korean-war-united-nations-command-as-camouflage/5350876>, (accessed April 7, 2015).

The peace element is also possible connect to the operation of International Atomic Energy Agency, the intergovernmental forum for scientific and technical co-operation in the nuclear field, within the Korean territory. Recognizing the officially presented common interest of the US, China and South Korea in denuclearization of DPRK, it was a crucial starting point that in January 1992 North Korea signed the safeguards inspection treaty with IAEA.<sup>88</sup> In May 1992 the inspections began.<sup>89</sup> Notwithstanding, Democratic People's Republic of Korea eventually withdrew from the IAEA in March 1994 and rejected international inspections. The concern over the critical nuclear situation in North Korea escalated by the formation of multilateral forum, known as "The Six Party Talks".

Paraphrasing Akaha's article, this institutionalized forum represents greater pressure on North Korea than any other negotiations. It indicates that governments themselves have a big interest in keeping the decisive institutional power in crucial matters.<sup>90</sup> Once again referring to Akaha's claims in regard to The Six Party Talks, "*the Chinese interest within the forum is to prevent the collapse of North Korea or the outbreak of a conflict on the peninsula*"<sup>91</sup>. For these reasons, China is reluctant to support sanctions against North Korea even though it criticizes North Korea's provocative actions.<sup>92</sup>

Concerning the US and South Korea, it is observable that changes in the US and South Korean governments lead to major changes in their respective policies towards North Korea. Thus, the institutional change within The Six Party Talks forum appears.

Though the negotiations on North Korean nuclear program have been delayed and suspended numerous times, the concerning states eventually always come back to the issue. All in all, the participants see value in the talks and by expecting certain results from them they are not willing to let other international actors to take a lead.

Each of these theoretical positions deriving from both Keohane and Akaha, make an important contribution to political and security issues on the Korean Peninsula. Still, the institutional structure implies also the economic activities. Observing the economy, it is necessary to specify that in 1980s ROK significantly boosted the productivity and the institutions of modern

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<sup>88</sup> Fact Sheet on DPRK Nuclear Safeguards, Available from International Atomic Energy Agency, <https://www.iaea.org/newscenter/focus/dprk/fact-sheet-on-dprk-nuclear-safeguards>, (accessed April 16, 2015).

<sup>89</sup> *ibid.*

<sup>90</sup> Akaha, pp. 13-15

<sup>91</sup> *ibid.* p.13.

<sup>92</sup> *ibid.*, pp. 5-20.

capitalism. For this reason, Washington and Beijing started to look at South Korea in a wider market context. They actuated a close cooperation. Keohane on this matter claims that collaboration among states occurs when they share common interests. In this case, all participants were interested in economic growth. To limit the noncompliance with agreements and cheating, two characteristics that the idea of institutionalism stands on, the legitimate institutional settlements were established. Namely, the United States-Korea Free Trade Agreement and ROK-China Free Trade Agreement.

Lastly to give evidence that institutions in the ROK-China-US operation may really matter, it is true that the United States of America, the Republic of Korea as well as the People's Republic of China regularly invest capital into their function. It may be believed that among other things it is the benefit flowing for individual national governments why all concerning states adapt to the institutional framework, particularly in Northeast Asian region.

## **4.2. Triangle Theory**

Triangle theory might be perceived as a sort of game which originates on the basis of sociology and social psychology. The international relations scholars use this model in political dimension where three triangles are defined as an intimate relationship of three states.

### **4.2.1. The Triangle Theory by course of Lowell Dittmer**

One of the major sets of literature on the triangle theory comes from Lowell Dittmer, a professor of political science at the University of California, Berkeley. His study is characterized by the search for the quality of each of the three bilateral relationships. Hence, building on his article "The Strategic Triangle: An Elementary Game-Theoretical Analysis the core of triangle theory will be explained.

Although the focus of the given study rests on the U.S.-Soviet Union-China relations and thus deals with an outdated topic, this concept is no less important in understanding the dynamics within the actual geopolitical situation. In particular, in relation to United States-China-South Korea relations.

Lowell Dittmer asks why states fall in a triangle relationship in the first place. He detects that they cooperate to satisfy their own vital needs. As an example of conjunctions between players he indicates the exchanges of goods and services, flow of people through national borders or also the



circulation of information.<sup>93</sup> In due course, Dittmer emphasizes that the mutual linkage consists of both, benefits resulting in "amity" and sanctions resulting in "enmity". Adding to that, he explains that if two countries, for example, reciprocally enjoy a profit from the trade market equally "*in case of war they are affected by negative loss.*"<sup>94</sup>

The article argues that the changes among states might be symmetrical or asymmetrical what consequently shapes the durability and stability of their relationship.<sup>95</sup> To clarify this, the symmetrical exchanges do not result in a situation distinguishing between winner and loser. An asymmetrical engagement may be positive just in the case a chief beneficiary is capable to restrain the less beneficiary. If this situation is not sustained, a negative asymmetrical cross connection appears. The concept of a strategic triangle is established just on the premises featured above.

The author claims that a superpower is better equipped to provide protection for a small country and thus acquire the dominance in a certain dimension. In compliance with the article, the hegemony will use its dominance to its advantage and transform the relationship into asymmetrical one, when the smaller state may try to negotiate with another great power or "*to play the two off against each other*".<sup>96</sup> Consequently, a connection between any two participants will be influenced by their respective relationships with the third participant possibly being affected by the symmetry of the other relationship.

Further, Dittmer contrasts three possible patterns of exchange relationships, such as "Ménage à Trois," "a romantic triangle" and a "stable marriage".<sup>97</sup> The Ménage à Trios seems to be the most desirable model since it consists of symmetrical amity between all three players. However, at first sight the ideal harmony might be ruined by the fact that each player worries that a cooperative partnership between the other two players might affect its own interests. The author claims that the ideal arrangement from his own perspective is a romantic triangle in which there is the amity between the main and other players and at the same time they have the enmity relations with each other. "*Such a relationship normally leads to marriage to one of the suitors and exile or death to the*

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<sup>93</sup> Lowell Dittmer, 'The Strategic Triangle: An Elementary Game-Theoretical Analysis', *Cambridge University Press*, 1981, pp.487-500.

<sup>94</sup> *ibid.*, p. 489.

<sup>95</sup> *ibid.*, pp.487-500.

<sup>96</sup> *ibid.*, p. 489.

<sup>97</sup> Daniele Cohen, 'Retracing the Triangle: China's strategic perceptions of Japan in the Post-cold War Era', *University of Maryland*, 2005, no. 2.

other.”<sup>98</sup> This stable marriage, the third form of triangle, stands on the interest of the excluded participant to form the amity with one or both of the others in order to avoid further isolation.<sup>99</sup> This could be achieved by the third actor if positive joint cooperation between the other two actors is asymmetrical. The less beneficial might agree to create a more advantageous marriage with the excluded player.

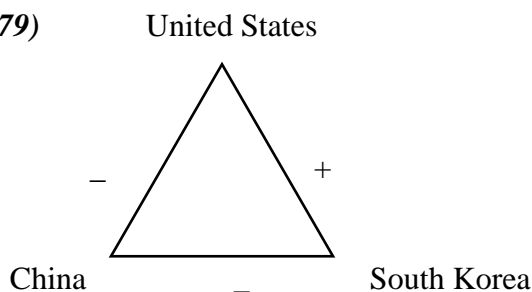
There is no doubt that the trilateral relationship of US, China and South Korea is influenced by the cooperation of two and each ones linkage to the third one. On the grounds of the North Korean issue and in the time between the Korean War until the present day, it will be shown in what kind of relationship three participants have engaged in. All three patterns proposed by Lowell Dittmer will be discussed.

Having considered the relative conformity of the strategic triangle theory to the topic of this thesis, it is also reasonable to look at the limitations it brings. When analyzing the geopolitics of 21st century, Dittmer’s analysis has some legitimate drawbacks. To be specific, his academic work reflects the period of the Cold War and hence a bipolar hegemonic system. The point is sustained by the study of Gwo-hua Chu and Chun-chig Chang, claiming that the usage of theory shaped in the 1980s might be challenged by new conditions that the sovereign nations operate in at present.<sup>100</sup>

#### 4.2.2. Strategic triangles in US-ROK-China relations

##### *Stable Marriage (1950-1979)*

*Figure 1*



In the post war period, the United States formed the backbone of the newly formed South Korean republic. With this in mind, the security alliance based on the bilateral amity between the US and

<sup>98</sup> Dittmer, p. 490.

<sup>99</sup> *ibid.*, pp.487-500.

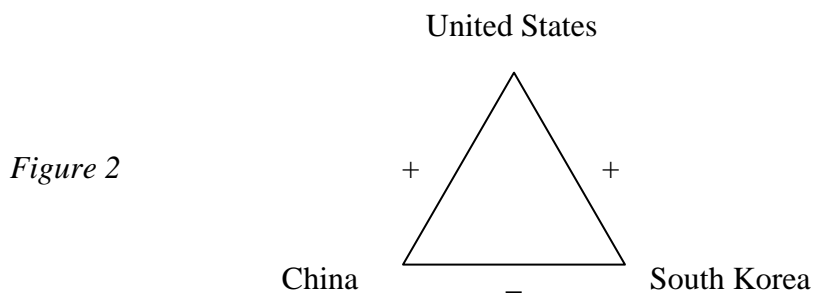
<sup>100</sup> Gwo-hua Chu ,Chun-chig Chang , 'The Strategic Triangle Theory and the Taiwanese Triangle Strategy', *Issues & Studies*, Vol.49, No.1, 2010, Taipei, Institute of International Relations, National Chengchi University, pp. 92-96.

the ROK was created. It was established because of the Korean War since the Democratic People's Republic of Korea continued to be the mutual enemy.

Equally, China's intervention in the Korean War on behalf of North Korea was not forgotten. Furthermore, originating from previous cooperation, in July 1961 the formal PRC-DPRK military alliance-the Treaty of Friendship, Cooperation, and Mutual Assistance emerged.<sup>101</sup> The situation had been exacerbated by the international embargo imposed by Washington on China. Americans even encouraged their allies to avoid any activities with Beijing.<sup>102</sup>

Summing it up, the Korean War and the period that followed reinforced both the US-South Korea and the China-North Korea relationship. In compliance with Dittmer's patterns of exchange relationships, it inclines to qualify the period between 1950-1979 as the stable marriage (see Figure 1) that consisted of amity between two players, the US and South Korea, and mutual enmity between the third, China. Eventually, China was left in the worst position of the triangle relationship and thus was expected to rethink its tactics.

### ***Romantic Triangle (1979-1992)***



In 1979 the two governments, the United States of America and People's Republic of China, established full diplomatic relations.<sup>103</sup> Washington reacted to Beijing's initiation of a so called "reform and opening" policy.<sup>104</sup> The economic exchanges between the United States and China promised great benefits for American business. When under Deng Xiaoping's leadership, the mutual affinities between DPRK and PRC began to diverge,<sup>105</sup> South Korean leaders were

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<sup>101</sup> D. Nanto, and M. Manyin , 'China-North Korea Realties', *Congresial Research Service*, 2010, p.5, <https://www.fas.org/sgp/crs/row/R41043.pdf> (accessed April 17, 2015).

<sup>102</sup> *ibid.*

<sup>103</sup> 'Chronology of US-China Relations', 1784-2000, Available from US Department of State, <https://history.state.gov/countries/issues/china-us-relations> (accessed April 17, 2015).

<sup>104</sup> Nanto and Manyin , p.1-20.

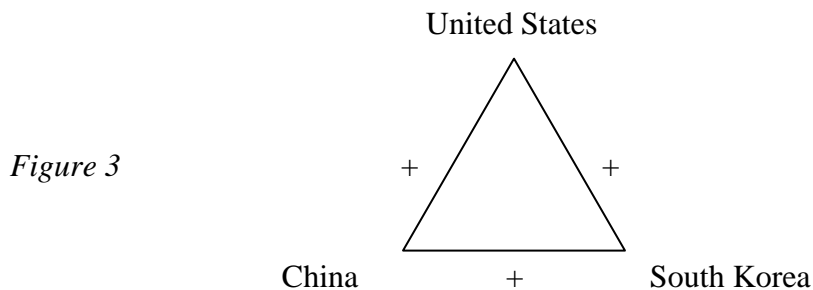
<sup>105</sup> *ibid.*

concerned that the deeper United States-China rapprochement may appear. Anyhow, strategically and ideologically the White House still perceived China as an opponent.

South Korea sustained to keep the alliance with Washington a priority. Along with that, in the 1980s it started to develop bilateral economic relations with the ROK. Still, in geopolitical field Beijing continued to stay away from mutual political recognition with South Korea.

The features mentioned above could possibly stand for Dittmer's romantic triangle (see Figure 2) that consists of amity between one "pivot"-United States and two "wing" players- China and South Korea, but with enmity between each of them.

### ***Ménage à Trois (1992-present)***



The rapid growth of the Chinese economy continued to dominate in Washington's policy towards RPC also in the 1990s. Even though important issues including human rights and geopolitics has remained unresolved in U.S.-China relations, market ties have been solidly sustained. Following its big brother, the Republic of Korea and China in 1992 eventually settled the diplomatic channels and launched enormous trade links.

Inspecting the North Korean influence on the triangle, it must be featured that despite the rapprochement with the Americans and the South Koreans, the shared interests and identities assured cordial relations between China and DPRK for decades. Due to the years of PRC assistance to Pyongyang, China is likely to be the country with the most influence over Pyongyang. Additionally, paraphrasing a Washington Times' article published in 2015, in the current international environment of relative amity between the United States, PRC and the Republic of Korea, Seoul and Washington often suggest that China should play a central role in

the Korean unification process.<sup>106</sup> Nonetheless, experts from the US Congressional Research Congress declare that the DPRK has always been seen by Chinese reign as a buffer state, crucial to its national interest.<sup>107</sup>

Regardless of the motivation behind, under the ideal conditions, the situation of these days in US-China-ROK relations may be characterized by a pattern of *Ménage à Trois* (see Figure 3). Since it optimizes the interests of all three players in the game they play, it seems to be the most desirable scenario.

## 5. Analysis

After the historic summit in Pyongyang in June 2000 Kim Dae-jung and Kim Jong-il sang the song “Our Wish is Unification” and everybody was convinced that a unified Korea was likely to happen soon.<sup>108</sup> However, it would now appear that it could be reviewed that the Korean Peninsula is not any closer to unification than it was before the first-ever inter-Korean summit 15 years ago.

Analyzing the current dynamics, in 2013 so far the last change of the reigning presidential administration in Republic of Korea occurred. President Park Geun-hye brought along with the new leadership also a new concept of unification policy that, as claimed by herself, renewed credence in a Unified Korea.<sup>109</sup> Regardless the fact that some people are likely to believe Park’s measures, laying eyes here on the unification issue in general, this study is investigating how the approach of Park Geun-hye is different from her predecessors and what effective measurements she uses in order to accelerate the process of Korean Unification.

In March 2014 President Park solemnly presented the so called Dresden Declaration, comparing South Korea to Germany. She laid out her own theory of “*unification as a bonanza*” or “*jackpot*” for the Korean Peninsula. She underscored there the contention that unification with North Korea

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<sup>106</sup> Guy Taylor, 'U.S., China, South Korea should prepare for North Korea's collapse, ex-envoy says', *The Washington Times*, 4 March 2015, <http://www.washingtontimes.com/news/2015/mar/4/us-china-south-korea-should-prepare-north-koreas-c/?page=all>, (accessed April 15, 2015).

<sup>107</sup> Nanto and Manyin, p.1-12.

<sup>108</sup> Ch. Shi-yong, 'Illusion of unification', *The Korea Herald*, 19 March 2015, <http://www.koreaherald.com/view.php?ud=20150319000418>, (accessed 20 May 2015).

<sup>109</sup> Y. Sojung, 'Unification of Korean Peninsula will contribute to world peace, security', *Korea.net*, 2014, <http://www.korea.net/NewsFocus/Policies/view?articleId=123599>, (accessed May 3, 2015).

will bring welfare to South Korea as well as great advantages to the international community.<sup>110</sup> The choice of term-'unification as bonanza', along with the touching successful German example, caught the people's attention. Anyhow, adopting here the opinion of many scholars and economic experts, likening Korean unification to the German case is not supposedly relevant since the situation taking place within the Republic of Korea and Democratic People's Republic of Korea seems to be much more challenging. It rests on very different circumstances. Be that as it may, German model is just the conjoint point that is used in President Park Geun-hye intention to make unification a top priority.

In August 2014 under the publication of "Six Keywords of Park Geun-hye Administration's Major Policies" she officially brought up the topic of unification as a major agenda.<sup>111</sup> This is a very divergent attitude in comparison to the governance of Lee Myung-bak, the president who Park took office from. Lee's position stood on the platform that Seoul's diplomacy should not solely revolve around Pyongyang, appealing that "*North Korea should be treated as just one country among the many the South deals with.*"<sup>112</sup> Park took the opposite path and has therefore often been criticized for her "obsession by unification".<sup>113</sup>

Thereby, the South Korean president elaborated on three points crucial for building a foundation for a united Korea, namely, a security posture, humanitarian activity and international cooperation.<sup>114</sup> The last point, presenting the core of this research, indicates that the unification cannot be achieved by the two Koreas only. It shows a certain association with the theorem of cooperation that international relations theories, institutionalism, and the strategic triangle concept lay on.

Building on this, as stated by the official presidential website, President Park took the opportunity to engage in sincere dialogue about unification with the key nations- the United States and the People's Republic of China.<sup>115</sup> Since US President Obama and Chinese President Xi Jinping

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<sup>110</sup> 'Full text of Park's inauguration speech', 25 February 2013, Available from Yonhap News Agency, (accessed 3 March 2015).

<sup>111</sup> 'Six Keywords of Park Geun-Hye Administration's Major Policies', *Ministry of Culture, Sport s and Tourism*, 2014, file:///C:/Users/Spravca/Downloads/SixKeywordsOfParkGeun-HyeAdministrationsMajorPolicies\_en\_0811.pdf

<sup>112</sup> A. Foster-Carter, 'President Park's Unification Obsession: Out of Control?', *The Wall Street Journal Asia*, [web blog], 22 January 2015, <http://blogs.wsj.com/korearealtime/2015/01/22/president-parks-unification-obsession-out-of-control/>, (accessed 29 April 2015).

<sup>113</sup> F. Bernando, 'Outside the Box: China, the US and Korean Reunification', *Common Sense*, 20 November 2014, <http://www.fdbetancor.com/2014/11/20/out-of-the-box-china-the-us-and-korean-reunification/>, (accessed 5 May 2015).

<sup>114</sup> Six Keywords of Park Geun-Hye Administration's Major Policies

<sup>115</sup> *ibid.*

expressed relative approval towards Park's agenda, it tends to refer to Ménage à Trois -the pattern of a strategic triangle theory discussed above. It consists of amities between all three players and thus under ideal conditions could be applicable in this case.

However, it is clear that every major power will draw a very special attachment to their strategic partner on the Korean Peninsula if the two Koreas unify to ignore the logic of power politics and its greatness would be absurd. To clarify this, the road to success for Park stands on the approach to balance between the power politics, not to replace the role of great powers. Seoul remains the United States' most important security partner while China has become its most significant economic partner and continues to grow in influence in East Asia. The US and PRC are interested in keeping the eminent position on the Korean Peninsula and judging from available data to be evaluated further in this analysis, the US-ROK-China cooperation has been on the rise lately. It relates to a strengthening of mutual formal governmental institutions in the area of geoeconomics and geopolitics. The question is if the accurate Park Geun-hye's policy administration may grasp the opportunity of being at the good place between the two powers and accelerate a process of Korean unification in its favor.

Eventually, it is required to add that all these plans and proposals cannot proceed without bringing the North Korean side to the negotiating table. Therefore Park needs to reach out with concrete and plausible outcomes.

### **5.1. Deeper strategic partnership for Korean unification through economic cooperation**

The Republic of Korea was once largely agricultural country and has developed into the high skill and capital intensive economy with the flourishing production in areas such as automobiles, heavy manufacturing, semiconductors and other electronics.<sup>116</sup> South Korea's transformation into one of the world's leading economies with a strong export-oriented industrial base helped drive the cooperation with the US and China behind traditional military affairs. Nowadays it is, along with the security issues, a multilateral trade that constitutes a field of rivalry on the Korean Peninsula. Tugging South Korea between the US-led TPP together with the already operating mutual trade agreement KORUS on one side, and China's FTAAP synchronously with the recent Chinese efforts to involve ROK in the establishment of the Asian Infrastructure Investment Bank

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<sup>116</sup> V. Cha, *Outperforming Expectations: the U.S.-ROK Alliance, Going Global: The Future of the U.S.-South Korea Alliance*, Center for New American Security, 2009, pp.7-33.

on the other side, incline to express that South Korea's active participation in major international institutions is the vital concern of all participating sites. These actualities notably correspond with the theory of institutionalism. It asserts that the 21<sup>st</sup> century naturally increased the power of institutions and their capability to determine a course of global policy-makings.

Looking at the deeper economic cooperation of the ROK with People's Republic of China, respectively, the United States, it could be deduced from Park Geun-hye's complex efforts to achieve reunification, that South Korea has already been building the financial ground for an eventually integrated Korea. Surely, The Republic of Korea is aware of the fact that the sharp-witted combination of South Korean technology and capital with North Korea's natural resources and human capital may have a powerful synergistic effect. They may overcome the grievous gap between the two Koreas. After all, it would be too costly to apply this in practice too what obviously pushes ROK to deal with the unification expenditures in advance and build itself as an economic power. It may be suggested that this can possibly be achieved by the free trade agreements with the most important actors destined to take a role in the later unification process - the United States and China. In this frame, the essential economic aggregations will be deliberated next.

Overall, it is objective to recall that though Park is very much in favor of a prosperous unified Korea, she keeps underlining the security issue above all. She claims that the abandonment of nuclear program is the indication for the Republic of Korea to lead more effectual debate with DPRK on other issues.

#### **5.1.1. ROK-US economic actions: KORUS and TPP**

As a rule, it is thought that global politics are determined by a replacement of trade supremacy over military domination. Leaning on this assumption, a long term potential of the ROK-US alliance seems to be driving by the vehicle of economics, namely the free market coalitions. The implementation of KORUS FTA and the ongoing negotiations about TPP are the two elements of commercial relations that are believed to have a large-scale impact on both countries in many areas, among others the South Korean unification efforts. This articulation goes with the recent affirmation of Mr. Byung-se Yun, the South Korean Minister of Foreign Affairs in Park Geun-hye's government, who in his latest report clearly stated that *"the KORUS FTA serves as a useful model free-trade agreement for the region, including the Trans-Pacific Partnership Agreement."*



Along this line he added how confident he is that these models of U.S.-ROK alliance “*will ultimate unification in the Korean Peninsula.*”<sup>117</sup>

Firstly, the second-largest U.S. FTA (next to NAFTA), known under the already mentioned term-KORUS FTA, will be elucidated.<sup>118</sup> In June 2007 the administration of then US President George W. Bush and the South Korean government signed the agreement about the formation of common free trade area, as both countries declared, in order to establish the mutually advantageous business norms, to reduce the investment barriers and to strengthen labor rights.<sup>119</sup> Later President Obama set the stage for its ratification. As a result, in March 2015 the 3-year anniversary of the enactment of the KORUS FTA was celebrated.

Looking at the current situation, The Office of the United States for Trade Representatives in its latest review stated that despite a slow-down in economic growth in Korea in 2012 and 2013<sup>120</sup> and thus reduced economic demand “*US-Korea goods and services trade has risen from \$126.5 billion in 2011 to \$145.2 billion in 2014.*”<sup>121</sup> Naturally, the top-ranking products of this growth are autos, heavy industry and consumer goods. Moreover, as the American report mentions, the KORUS FTA has been unlocking enhanced opportunities for more people and supporting well-paying jobs. From a different point of view, judging from non-governmental sources, it is apparent that for years the U.S. trade negotiators and exporters have identified the lack of transparency within South Korea’s trading and regulatory systems as they see it as one of the most significant barriers to trade with the Republic of Korea.<sup>122</sup>

Side by side, the agreement represents also the elevation of the U.S.-ROK relationship to wider interaction. The FTA is a refined tool to improve bilateral ties and increase trust in mutual government relationships. In these terms, KORUS plays an arbitrary body that is able to provide

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<sup>117</sup> Y. Byung-se, 'Toward a Comprehensive Global Alliance', *Global Media*, 2015, [http://gmipost.com/upload/special\\_feature/pdf/22/FA-SO%20KOR%202015-sm.pdf](http://gmipost.com/upload/special_feature/pdf/22/FA-SO%20KOR%202015-sm.pdf), (accessed 29 Jun 2015).

<sup>118</sup> The U.S.-South Korea Free Trade Agreement (KORUS FTA): Provisions and Implementation, Available from Congressional Service Research, 2014, <https://fas.org/sgp/crs/row/RL34330.pdf>, (accessed 29 Jun 2015).

<sup>119</sup> Fact Sheet: U.S.-Korea Free Trade Agreement, Available from The Office of the United States Trade Representative, 2015, <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2015/march/fact-sheet-us-korea-free-trade-agreement>, (accessed May 29 2015).

<sup>120</sup> South Korea economic growth was hurt by global slowdown (-1% and -1.7% GDP in 2012 and 2013) South Korea recorded a trade surplus of 8488 USD Million in April of 2015 and a record low balance of -4043.45 USD Million in January of 2008.

<sup>121</sup> *ibid.*

<sup>122</sup> G. Rozman, 'Asia's Slippery Slope: Triangular Tensions, Identity Gaps, Conflicting Regionalism and Diplomatic Impasse', *Joint U.S.-Korea Academic Studies*, Princeton University, vol. 25, 2014, [http://www.keia.org/sites/default/files/publications/chaper\\_3.pdf](http://www.keia.org/sites/default/files/publications/chaper_3.pdf), (accessed May 13 2015).

the state with information and prevent it from cheating, one of the most important conditions of neoliberal institutionalism. Adding to this, it is a fact that the Republic of Korea acquainted with the value of institutional politics has undertaken reforms to allow U.S.-based financial institutions operating within KORUS in Korea to process data in their regional and global offices with the aim of enhancing the efficiency and competitiveness of mutual commerce. Besides, the U.S.-Korea trade agreement is defined as the cross governmental agreement under the premise of neoliberal institutionalism that states could potentially benefit from cooperative strategies.

Further, another essential aspect of this theory may be found. It is that although the FTA affects the global entrepreneurs as well as small private businesses, the key control mechanisms stay in state power since it is too important object of interest to let non-state actors decide about it. KORUS FTA is organizationally divided into an Advisory Committees composed of experts with extensive experience in certain business field they operate in. Otherwise, on the top of this pyramid is the management of presidents Obama and Park who regulate the rules and operation of this mechanism. For all that, it can be said that the handling of KORUS goes along with the political interest that the forming governments desire.

Concerning North Korea, it is questionable if a unified Korea would really be a favorable element within KORUS, especially to the US. The rational pose to the geoeconomics tends to conclude that South Korea, no longer an island economy, would create stronger linkages to China and Russia and thus if ROK became a deeper part of the continental Asian market areas it could result in a weakening of American trade in East Asia. From different point of view, there is a South Korean argument. It says that the U.S. companies would likely find DPRK very profitable and North Korean demand for U.S. goods would be highly beneficial. Namely, *“the U.S. agricultural sales would expand as well as North Korea shifted from self-reliance in foodstuffs to specialization in manufactures and services”*<sup>123</sup>.

In the original layout of the KORUS contract is a special paragraph, called Annex 22B, dedicated to inter-Korean relations.<sup>124</sup> In this context, Annex 22B could be used to set off American action with North Korea since it provides space for eventual discussion to include products made in outward processing zones in North Korea. Principally, it applies to Kaesong, an industrial complex with a tendency to be defined as a symbol of cooperation between the two Korean

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<sup>123</sup> K. Kim and Jae-J. Park, *Korean Peninsula Division Unification –From The International Perspective*, Seoul, Korea Institute for National Unification, 2012, p.47.

<sup>124</sup> KORUS FTA Final Text.

nations.<sup>125</sup> Nevertheless, in practice the situation has generated a more complicated course. Since 2010 a planned expansion of the complex was frozen because, as maintained by the ROK, the North Korean attack on the South Korean navy ship Cheonan.<sup>126</sup> Additionally, more issues emerged during the administration of Park Geun-hye when firstly Kaesong was closed for 5 months in 2013 due to mutual Korean disputes. Secondly, the news from May 2015 revealed there were continuing arguments about the North Korean demand for a minimum wage increase of \$4/month in complex.<sup>127</sup> South Korea's Unification Ministry stated that the North Korean request came without first consulting the Republic of Korea, adding that it is even unclear what percentage of wages received from South Korean side are given by Pyongyang to the workers themselves.<sup>128</sup>

As a result of the rising economic tension on the Korean Peninsula it is compelling to watch the next steps that Park will take to prevent the potentially far-reaching negative implications that might impact the unification efforts she puts forward. Likewise, it is possible to speculate that the economic situation appears to have a powerful impact on both Korean policies. From this perspective a controversy could be seen over Korean participation in the U.S.-led Trans Pacific Partnership in regard to China and North Korea. *"Beijing might put pressure on a unified Korea to stay out and even join with China in a more 'socialist-market friendly' structure."*<sup>129</sup>

Taking into account the strategic routing of the two world powers, the United States and China, the government of Park Geun-hye prudently shows efforts to handling this situation by cooperating with Washington and Beijing evenly. She proclaims that she will optimize interests from both sides. The solution might be achieved if she bridges both, intra-Asian and Asia-Pacific economic integration. This theorem once again corresponds with the M n ge   Trois and amities between all players- the US, China and ROK. Yet, in reality there are obstacles having impact on its application in practice. They will be evaluated below more accurately.

When discussing the Trans Pacific Partnership there is a need to review Korea's option to join the TPP since talks launched in 2010. In the fall of 2013 the South Korean government indicated to

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<sup>125</sup> The Kaesong Industrial Complex (KIC) is a North Korean joint economic area in which South Korean companies have established factories in a territory 10 miles north of the demilitarized zone. The complex was established in time of "Sunshine Policy".

<sup>126</sup> W. Ripley, 'North and South Korea's Kaesong complex shaken by pay dispute', *CNN*, 7 May 2015, <http://edition.cnn.com/2015/05/07/asia/north-korea-kaesong/>, (accessed May 20 2015).

<sup>127</sup> *ibid.*

<sup>128</sup> *ibid.*

<sup>129</sup> Kim and Park, p.51.

associate with present twelve Trans-Pacific Partnership nation talks<sup>130</sup>.<sup>131</sup> Even though Korea has a wide network of trade ties with the member countries, participation in the TPP would upgrade existing conjunctions and provide new opportunities for investments. Thus, Korea has a heavy stake in being an active participant in this trade pact since there are some areas that KORUS FTA does not cover, such as the supply chains, small and medium-sized enterprises, as well as the field of environment.<sup>132</sup> The source of Korea's gains from participating in the TPP might also culminate into the long awaited bilateral deal with Japan.<sup>133</sup>

Examining the Korean Unification on the basis of commercial relations, it is likely that Park Geun-hye has in mind her unification bonanza policy and therefore, in the TPP she sees the opportunity to gain a surplus for the eventual unification costs. Expressed in numbers, she would need to cover the expenditures of at least \$500 billion as reported by the Financial Services Commission in Seoul. A costly fusion of two Koreas is well grounded on the theorem that a unified country would likely divide into the "high-tech" South and the "farming" North.<sup>134</sup> Correspondingly, there is potential for investments and economic yield that may possibly create a vital ground for the South Korean financial asset applicable for later reunification.

Over and above, it is important to state that joining the TPP from a strategic Korean perspective would elevate the weight of the US-ROK alliance. On the contrary, participating in the TPP would mean that Korea needs to revisit sensitive issues and adopt some unpleasant trade reforms. The primary delicate issue is the liberalization of the agricultural sector.<sup>135</sup>

For the most part, the TPP derives from the United States' continuing actions to implement institutional notion and hence, to form multilateral institutions in several areas such as trade, finance, and human security. The contraposition to this approach derives from the philosophy that the TPP is "*a US attempt to reset the trade template in the Asia-Pacific and marginalize China in*

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<sup>130</sup> The United States is negotiating the TPP with 11 other countries, namely Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

<sup>131</sup> The Trans-Pacific Partnership (TPP), Negotiations and Issues for Congress, Available from Congressional Research Service, 2015, pp.1-8, <https://www.fas.org/sgp/crs/row/R42694.pdf>, (accessed May 14 2015).

<sup>132</sup> TPP, pp.16-25.

<sup>133</sup> *ibid.*

<sup>134</sup> 'South Korea puts cost of economic unification at \$500 billion', *The Japan Time*, 19 November 2014, [http://www.japantimes.co.jp/news/2014/11/19/asia-pacific/south-korea-puts-cost-of-economic-unification-at-500-billion/#.VXQASc\\_tmko](http://www.japantimes.co.jp/news/2014/11/19/asia-pacific/south-korea-puts-cost-of-economic-unification-at-500-billion/#.VXQASc_tmko), (accessed May 30 2015).

<sup>135</sup> J.J. Schott and C. Cimino, Should Korea Join the Trans-Pacific Partnership?, *Peterson Institute for International Economics*, no. 14-22, 2014.

this process,"<sup>136</sup> that among many others represents Martin Jacques, a fellow at the London School of Economics. Plus, the US government itself declares that the Trans Pacific Partnership is at the core of the Obama Administration's economic policy in Asia Pacific.<sup>137</sup> However, the outcomes from the TPP go far behind the financial management. It might be the single most important factor in whether the United States retains its leading role in the 21st century. Assessing this from the Chinese position, though People's Republic of China reportedly has been invited to join the TPP, Beijing sees the deal as a U.S. attempt to put into place a trade regime with standards that would be difficult for China to meet and equally difficult to offer to its trade partners. On that account, China has responded by forging ahead its own ways of trade engagement that is significant for the communist-ruled hegemony's ambitions. Within the theoretical framework of neoliberal institutionalism it could be noticed that China has been mastering the institutional rules to further its inherent interests. Even so, the same statement could be referred to the United States or the Republic of Korea.

To summarize the ROK-U.S. commercial relations it is appropriate to allude to Victor Cha's investigation which reveals that a unified Korea would hypothetically reinforce the already existing international trade aggregations of the Korean Peninsula as well as the worldwide area.<sup>138</sup> Korea with a greater territory and population, and thus better economic surplus, could really increase the efficiency of the trade alliances under the condition it is free of strategic and political implications. Under these points, the White House gives the impression to payoff overcoming an obstacle to achieving the unification.

### **5.1.2. ROK-China economic actions: FTA and Asian Infrastructure Investment Bank**

Since China entered the World Trade Organization in 2001 it has professed to pay more attention to institutional politics and in such a way focus on balancing between both hard and soft power. In this regard, Chinese president Xi Jinping exposes the idea of "a new type of international

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<sup>136</sup> M. Jacques, 'China's Rise Continues', *Transatlantic Academy*, 30 January 2015, <http://www.martinjacques.com/essays/chinas-rise-continues>, (accessed May 3 2015).

<sup>137</sup> Overview of the Trans Pacific Partnership, Available from The Office of the United States Trade Representative, <https://ustr.gov/tpp/overview-of-the-TPP>.

<sup>138</sup> Cha, pp.7-33.

relations of win-win cooperation” that is aimed at replacing confrontation with cooperation. The economic interrelation is the president’s key tool in pursuing this philosophy.<sup>139</sup>

Concerning South Korea, in the last decade, China has emerged as the ROK’s most important economic partner. The mutual trade has increased seemingly for as much as both countries identify in the interchange their individual preferred benefits. South Korea possibly sees a strategic motive in gaining access to China’s huge domestic market that is right next door and offers lower production costs. From Chinese field of vision it stands that having a partner that with such a level of technological advancement, with an impressive record of innovation and economic reforms may be recognized highly positively. Adding to that, the fact that Seoul is wedged on China economically and basically any fluctuation within Chinese economy has an immediate impact on the Korean economy naturally raises the question about Beijing’s more extensive geopolitical goals. To prove this, some data have to be provided to understand the scope of situation. From the first half of 2015, China keeps the role of the top export partner for the Republic of Korea with the contribution of 24, 52 % on total ROK’s export. Similarly, China is a leader concerning South Korean import distribution with ratio of 15.55 % on imported goods.<sup>140</sup> To get a better grasp, the People’s Republic of China is in this chart followed by Japan and then the United States with a significant gap between the first and any other next importer to the Republic of Korea.<sup>141</sup>

Although it is certain that South Korean economic growth derives largely from collaboration with the People’s Republic of China, on the contrary it is the competition uprising from the Chinese enterprises that pushes the Republic of Korea to systematic upgrading of its commercial portfolio. By the same token, ROK initiates a negotiation with other trading partners around the globe, according to the already specified model with the United States.

However, based on the investigation, it is possible to assume that the Republic of Korea knowing that “*the US can hardly provoke China in the economic field*” and on the top of that seeing China as a driving force for Korean unification, considers the rapprochement of President Park’s relationship with Xi Jinping to be a good thing. On this subject, one of the decisive undertakings

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<sup>139</sup> Speech by Foreign Minister Wang Yi at Luncheon of the China Development Forum, The Ministry of Foreign Affairs of the People’s Republic of China, 2015, [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1248487.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1248487.shtml), (accessed May 13 2015).

<sup>140</sup> South Korea: Trade Statistics, Global Business Knowledge, Available from *Michigan State University*, 2015, <http://globaleledge.msu.edu/countries/south-korea/tradestats>, (accessed April 28 2015).

<sup>141</sup> *ibid.*

of Park Geun-hye office is the agenda of commercial relations with the People's Republic of China. Three years after the two countries began talks in May 2012, China and the Republic of Korea officially signed a bilateral free trade agreement on June 1, 2015.<sup>142</sup> This deal includes e-commerce and government procurement plus, under its terms, ROK is committed to eliminate tariffs on 92 % of products originating in China within 20 years and China will remove impositions on 91 percent of South Korean commodities.<sup>143</sup>

On the North Korean issue it stands that compared to the South Korean trade contract with the US which provides under the Annex 22B just an uncertain possibility of future operation within Kaesong, the China-ROK FTA specifically guarantees that a total of 310 products originated in the Kaesong Industrial Complex will be subjected to preferential tariffs. *"The FTA will recognize products made in the Kaesong North-South Korean Industrial Complex as originating from the ROK, in a bid to accelerate economic integration in northeast Asia and promote peace and economic development in the region."*<sup>144</sup> From the North Korean side the agreement could be considered to be beneficial too, since the Democratic People's Republic of Korea as a non-member of the World Trade Organization faces the highest tariff levels on all goods that are not recognized as South Korean.<sup>145</sup> This implies that the treaty would bring a wide spectrum of opportunities for inter-Korean relations. In the future prospect the China-ROK FTA might even be the breakthrough stimulation of Park's efforts for unification bonanza. Certainly, the ability to take advantage of the benefits deriving from the Korea-China trade operations in Kaesong is for now confined due to the South Korean economic sanctions imposed on DPRK.

Evidence about the limits in South Korea-China relationship comes from the remark of Scott Snyder from the Council on Foreign Relations who argues that in spite of the well know fact that strong economic relations with emphasis on institutional norms brought Beijing and Seoul closer together than ever before, a strategic sense and common interest between the two countries

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<sup>142</sup> 'China, South Korea sign FTA deal', *China Daily*, 1 June 2015, [http://www.chinadaily.com.cn/world/2015-06/01/content\\_20877100.htm](http://www.chinadaily.com.cn/world/2015-06/01/content_20877100.htm), (accessed June 5 2015).

<sup>143</sup> 'China, S.Korea formally sign FTA as new growth engine', *Xinhuanet*, 1 June 2015, [http://news.xinhuanet.com/english/2015-06/01/c\\_134287842\\_2.htm](http://news.xinhuanet.com/english/2015-06/01/c_134287842_2.htm), (accessed June 5, 2015).

<sup>144</sup> 'Preparing for the implementation of the China-South Korea Free Trade Agreement (China-ROK FTA)', *KPMG*, 2015, p. 2. <https://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Newsletters/ChinaAlerts/Documents/China-tax-alert-1504-07-Preparing-for-implementation-of-China-ROK-FTA.pdf>,

<sup>145</sup> T. Stangarone, The Korea-China FTA and Economic Engagement with North Korea, *Korea Economic Institute*, [web blog], 25 February 2015, <http://blog.keia.org/2015/02/the-korea-china-fta-and-economic-engagement-with-north-korea/>, (accessed June 5 2015).

remain lacking. Basically, missing the evident support for Korean reunification from Xi Jinping is the bumper for the South Korean cabinet.

However, support for this hypothesis might be amplified by a contradicting viewpoint. Characteristically, China officially claims that it supports economic integration within the institutional framework and it aspires to create a Northeast Asia that is economically compatible with the PRC. Though, North Korea remaining separated from the market economy system does not allow the economic fusion of the region as a whole. Therefore, China will not be able to enjoy the entire privileges of market union. Furthermore, the economic opportunities that might be associated with Korean unification could make North Korea a hub for Chinese businesses as well as the source by which China can obtain its much needed raw materials. Another promising scenario in order to change the Chinese actions towards North Korea could be a postulate about the revitalization of Northeast China driving from unification of the Korean Peninsula<sup>146</sup>

On the way to deepen its trade patterns and increase its economic potential, keeping in mind the scenarios mentioned above, China offered Republic of Korea the choice to become a founding member of the Asian Infrastructure Investment Bank. South Korea announced its decision to join just a few days before the application deadline, in March 2015. In spite of this, Park's administration continues to interpret that it is not pleased with the fact that China requires a stake of up to 50 percent in the AIIB and make unilateral decisions in bank operations.<sup>147</sup> This way the premise of institutionalism about keeping the mutual cooperation would be violated.

From the study devoted to this paper, it is possible to deduce that the above specified issues, along with the other actions that South Korea participates in with China, is the matter that Park's office does not like to make official statements about. ROK keeps an indefinite and very vague format about its public announcements in regard to the People's Republic of China.

Equally, in the decision process of entering the Asian Infrastructure Investment Bank the South Korean leadership was sensible about the US position on this step, especially after Washington declared that the AIIB seems like a mechanism designed by China to counter U.S. influence in Asia.<sup>148</sup> Speaking of which, it is a very similar attitude to the Chinese apprehension of TPP. That

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<sup>146</sup> Kim and Park, p.102.

<sup>147</sup> J. Suk-ye, 'China Obtains de Facto Veto Power in AIIB', *Business Korea*, 10 June 2015, <http://www.businesskorea.co.kr/article/10982/controlling-interest-china-obtains-de-facto-veto-power-aiib>, (accessed June 12 2015).

<sup>148</sup> Min H. Kang, 'Korea and the AIIB', *Council on Foreign Relations*, 1 June 2015, <http://blogs.cfr.org/asia/2015/06/01/korea-and-the-aiib/#more-16822>, (accessed June 7 2015).



is because Korea's balance strategy opposes conflicts in the U.S.-China relationship together with perusing an amity between all stakeholders that makes recall Lowell Dittmer's pattern of *Ménage à Trois*. Correspondingly, the hostility between two powers might have negative impact on ROK's interests and its national security, clearly affecting the indefinite postponement of Korean unification.

To shed light on the essence of the Asian Infrastructure Investment Bank, it is appropriate to refer to its official website and information provided there. In particular, it says that the AIIB represents the project of the modern based institution that will target development of productive sectors in Asia, such as infrastructure, power engineering, transportation, water supply, environment, logistic etc.<sup>149</sup> These needs go well beyond the capacity of financial systems of concerning states and even the private sector has proven unable to cover the infrastructure needs in certain regions.

From the history of the institution it is relevant to say that Chinese President Xi Jinping introduced the AIIB initiative in October 2013 in time of the visit to Southeast Asia. Subsequently, in one year, October 2014, the Memorandum of Understanding to establish AIIB was signed.<sup>150</sup> Since the beginning of 2015 the proposed Articles of Agreement have been discussed and it is expected that by the end of the 2015 the Asian Infrastructure Investment Bank where China is the biggest stakeholder will be fully put in force.<sup>151</sup> At the moment, the bank has 57 prospective member states including western nations such as the United Kingdom, France, Italy, Australia and Germany.<sup>152</sup>

To single the AIIB out from the suchlike institutions, according to the AIIB head office, the Asian Infrastructure Investment Bank leaner structure is the crucial characteristic that draws the line from World Bank and Asian Development Bank. All have a similar punch line of operation. They prioritize poverty reduction and a variety of development needs but by covering them more effectively the AIIB portrays itself as a potential counterbalance to these already well known establishments.

As regards North Korea, there are two points of view on its linkage to the Asian Infrastructure Investment Bank. On one side, it could be an advantage for the DPRK that the US and Japan

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<sup>149</sup> The Asian Infrastructure Investment Bank, Available from AIIB, <http://www.aiibank.org/html/aboutus/AIIB/>, (accessed June 15 2015).

<sup>150</sup> *ibid.*

<sup>151</sup> *ibid.*

<sup>152</sup> *ibid.*

decided not to join the AIIB as founders and thus, it is possible to imagine that in case North Koreans manage to handle all political and technical requisites to enter AIIB, the Democratic People's Republic of Korea will not be subject to American or Japanese veto. Correspondingly, Pyongyang may benefit greatly from the engagement in the bank since the financing for infrastructure investment is very much needed here. In this context, as a positive sign in the academic field is seen from the recent appointment of Ki Kwang Ho as the new North Korean finance minister who is considered to be an expert on international finances and, hence, has the capability to engage DPRK with financial practices that are in accordance with international regulations.<sup>153</sup> Applying this on geopolitical strategic measurements, Bradley Babson, a well-recognized expert on North Korean issues and a former vice president of the World Bank, predicts that the Asian Infrastructure Investment Bank could work as "*a new tool for productive engagement*" with the North.<sup>154</sup> Going back to the problem formulation posed in this thesis, based on the above-mentioned it may be deduced that in broader sense participation of both North and South Korea in the AIIB can possibly encourage Park Geun-hye's efforts for Korean Unification. On the other side, from a pragmatic angle it must be notified that if obtaining financing for infrastructure investment within AIIB, the North Korean government will need to follow the institution's policies and procedures to access funding. It may be assumed that through the state office the DPRK will undertake certain reforms and subject itself to global rules in an accession process, eventually it will probably not be able to obtain all of the standards in other WTO member countries. In whatever way, recon on data, China keeps a decisive vote over North Korean trade patterns<sup>155</sup> and as it is believed, it is just a formality either it will be through the AIIB or it continues in current basic reciprocal market system where the People's Republic of China lends money to North Korea for exchange. Building here on Victor Cha's comments, the indicated exchange is based greatly on natural resources together with cheap labor that essentially pertains to the growing Chinese textile production on North Korean territory.

Turning attention back to the impediments of full-fledge membership in the AIIB, there is an overhanging shadow of North Korea's nuclear program and general animosity towards the

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<sup>153</sup> B. Babson, AIIB could be helpful in efforts to resolve N.K. nuclear standoff: expert, *Yonhap News Agency*, 5 June 2015, <http://english.yonhapnews.co.kr/national/2015/05/27/26/0301000000AEN20150527000200315F.html>, (accessed June 5 2015).

<sup>154</sup> *ibid.*

<sup>155</sup> China Balance of Trade, Available from Trading Economics, 2015, <http://www.tradingeconomics.com/china/balance-of-trade>, (accessed June 20 2015).

Republic of Korea that pose obstacles for many countries involved in the Asian Infrastructure Investment Bank to allow the DPRK to take part in this global organization. Over and above, apart from this analysis it is a matter of fact that North Korean membership in the AIIB was for now denied with the argument that it does not meet international standards of transparency.<sup>156</sup> Likewise, by allowing the DPRK to join, China would confirm the doubts raised by the US and Japan about missing the legal norms and anticorruption mechanisms within the Asian Infrastructure Investment Bank.

In conclusion, looking at the latest Chinese economic actions it is recognizable that the People's Republic of China under the presidency of Xi Jinping has been participating increasingly in global institutional framework. Plus, the new projects under the auspices of the PRC itself have been boosted. In this reference frame, experts claim that China on the way to change the world opinion "*projects itself as a responsible power*"<sup>157</sup> by incorporating the institutional premises. It is appropriate to mention Robert Keohane's hypothesis about "*building institutions as reaction to conflict or potential conflict*"<sup>158</sup> that seems to be the China's case. Namely, it is known that the People's Republic of China aims to maintain the peace in the region in order to smoothly persuade its own economic and political intentions. Hence, it is well-grounded to surmise that the institutions apparently participate on Chinese power politics. Addressing this outcome on the problem solving in this thesis, it is an inevitable condition for the Republic of Korea to involve in the power politics in order to accomplish its ambitions, eminently the aspiration for a unified Korea. On that account, Park Geun-hye recently reached a final agreement about the free trade market with the PRC and similarly, she officially bound South Korea to be a potential member of Chinese led Asian Infrastructure Investment Bank.

## **5.2. Geopolitical concerns over South Korean foreign policy with emphasis on unification under Park Geun-hye**

To evaluate how the South Korean president has been managing the geostrategic policy of balance between the two world powers, something that resembles the amities between all three

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<sup>156</sup> 'North Korea's entry into the AIIB implausible, but still also desirable', *The China Post*, 4 April 2015, <http://www.chinapost.com.tw/commentary/the-china-post/special-to-the-china-post/2015/04/04/432769/North-Koreas.htm>, (accessed May 18 2015).

<sup>157</sup> N. Goswami, 'Power Shifts in East Asia: Balance of Power vs. Liberal Institutionalism', *Center for Strategic Research*, 2013, p.19, [http://sam.gov.tr/wp-content/uploads/2013/06/Namrata\\_Goswami.pdf](http://sam.gov.tr/wp-content/uploads/2013/06/Namrata_Goswami.pdf), (accessed June 5 2015).

<sup>158</sup> Keohane, p. 67.

players described by Loweel Ditmer's pattern of *Ménage à Trois*, Park Geun-hye's geopolitical position towards the United States in conjunction with her inclination to China will be targeted in following subchapters. Over and above, emphasizing that the prospect of a united Korea is still a leading point behind this investigation, the North Korean affairs on the grounds of Park's "unification bonanza" will be taken in to account to objectively bring the analysis to the end.

### 5.2.1. Inducing change in Park Geun-hye's China Policy?

*"Cold in politics, hot in economics."*<sup>159</sup> This long lasting rule dictating the China-ROK relationship gives the impression that since 2013 when Park Geun-hye and Xi Jinping came into office has lost its ground. These actualities could be the impulse why Seoul inclines to push more on Beijing to take a leading role in shaping the background for Korean unification. The clear sign tending to deduce that South Korea enjoys a good relationship with the People's Republic of China is that the Chinese leader and Park Geun-hye treat each other with a respectful diplomatic regard and, as both of them present, in the same degree have a good personal relationship.

In July 2014 Xi Jinping visited Seoul. The visit was highly unique since it was the first time a Chinese leader has visited the Republic of Korea ahead of Pyongyang.<sup>160</sup> The China-Korea official Summit that was the reason of Xi Jinping presence in the Republic of Korea brought unprecedented accords that were believed to be the elements strengthening the relationship between South Korea and China. In this reference frame, the president of People's Republic of China expressed his respect pointing to Park's Dresden Declaration and its points on the reunification process between the North and South.<sup>161</sup> Xi stated China's interest in cooperating to achieve a peaceful reunification of the Korean nation.<sup>162</sup> Especially, it is meaningful to emphasize that for the first time in the coexistence of ROK-China collaboration a strong opposition towards nuclear weapons and armament on the Korean Peninsula, being the condition for unification, was officially manifested.

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<sup>159</sup> Min Hyung Kang, 'Korea and the AIIB', *Council on Foreign Relations*, [web blog], 1 June 2015, <http://blogs.cfr.org/asia/2015/06/01/korea-and-the-aiib/#more-16822>, (accessed 10 June 2015).

<sup>160</sup> Danny Jeon, Report on Xi-Jinping's visit to South Korea: China-Korea Summit July 3-July 4, *Asian Integration Studies*,

<http://asianintegration.org/images/SpecialReports/xi%20jinping%20south%20korea%20visit%20finalized.pdf>.

<sup>161</sup> *ibid.*, p.2.

<sup>162</sup> *ibid.*

These actions may be entitled as a continuance of the so called “breakthrough in Chinese policy on North Korea” and a possible transformation of the US-ROK-China triangle into a Ménage à Trois. In particular, over the past years, it has been many times publicized that the PRC seems to lose patience with the North Korean regime. In this direction, the postulate noting that “*current generation of Chinese leaders, including Xi Jinping himself, has little in the way of sentimental attachment to the North Korean government*”<sup>163</sup> appears to be reasonable. Especially in regard to the nuclear provocations that go strongly against Chinese policy to maintain peace and flourishing stability in the East Asian region for its own well-being. Set in concrete, the third North Korean nuclear test in early 2013 indicated that in some degree the time-honored Sino-North Korean relationship sourced.<sup>164</sup> However, while on the surface Park and Xi have the same perspective on DPRK issues, each of them has its own way of handling it. This makes the Korean problem more intricate to resolve.

Going back to the Summit in 2014, in hindsight it could be evaluated that the expectations of its outcome were too high. Namely, the long-run historical tenseness in the engagement between Seoul and Beijing on one side and the amity of China-DPRK alliance on the other side has not disappeared. Though there were certain accomplishments made in favor of Park’s “unification bonanza” while the Summit, it is likely to review that they were not as significant in geopolitical sense as they have impact on the economic field. This comment is build on the ground of evidence that in spite of the seemingly firm agreement about the North Korea’s nuclear disarmament in July 2014, President Xi Jinping avoided a direct statement encompassing DPRK, by emphasizing “*nuclear disarmament of the entire Korean Peninsula.*”<sup>165</sup>

Looking at the Chinese participation and activities in regard to the Six Party Talks, it may be suggested that PRC pursues the same tactic of avoiding the definite resolutions on North Korea also within this forum. Primarily, it needs to be admitted that following the last nuclear test in 2013, China required to relaunch the Six Party Talks, the joint mechanism on security concerns about the North Korean nuclear weapons program. It sent its chief nuclear envoy to Pyongyang in early September 2013. Even recently, the Korean News Agency informed that the Senior Chinese

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<sup>163</sup> A. Lankov, ‘How China’s view of North Korea is changing’, *North Korea News*, 12 June 2015, <http://www.nknews.org/2014/07/how-chinas-view-of-north-korea-is-changing/>, (accessed 20 June 2015).

<sup>164</sup> *ibid.*

<sup>165</sup> J. Perlez, ‘China and South Korea Affirm Antinuclear Goals’, *The New York Times*, 3 July 2014, <http://www.nytimes.com/2014/07/04/world/asia/presidents-of-china-and-south-korea-reaffirm-push-for-north-korean-denuclearization.html>, (accessed 18 April 2015).

and Japanese diplomats discussed ways to renew these talks since there has been a rise of warning from experts. It concerns the expansion of a nuclear arsenal held by the Democratic People's Republic of Korea.<sup>166</sup> These activities under the authority of the Six Party Talks indicate that the PRC seemingly follow the institutional policy. It bears a resemblance to the neo-institutional theorem of Tsuneo Akaha interpreting that institutional arrangements go hand in hand with the interest of the operating states. In this case, like it or not, the impression is that China is unlikely to take a more activist approach towards the DPRK, even within the relevant multinational negotiations as the Six Party Talks are. Regional stability is the crucial goal of China's involvement in the talks. Similarly, as much as is publicly known, any definite step from the Chinese government towards the stability of North Korean regime has not been undertaken yet. Especially as China have the most influential tools worldwide to do so. China could possibly squeeze the North by limitation of banking facilities and financial transactions or by restrictions in the deliveries of oil and food aid.

Nevertheless, as long as Chinese economic and strategic power politics require stability on the borders, the maintenance of status quo in Northeast Asia likely goes ahead of all Chinese policy activities. The question remains if the status quo will be possible to uphold.

This signifies the prediction that China will not disapprove the North Korea nuclear disarmament along with the abandonment of Kim Jong-un's regime shortly. Although, the perspective on this subject is more affirmative than any of the other previous governments brought forward, it may be maintained that the accordance with a concept that Park Geun-hye pursues has not been reached, at least for the time being.

In essence, it is possible to generalize that the mood in Beijing has changed to a certain extent, but such changes have impacted more the rise of expectations and less the actual policy undertakings. As a result, in the search for answers regarding the problem formulation of this paper, it could be summarized that while a stronger China-South Korea relationship under current administrations may involve interests on some issues, the limits on North Korean policy and unification efforts remain in place. Under these circumstances, the FTA with PRC was for Park Geun-hye a great place to start since it gives more space to accelerate the process for the Korean Unification compared to strong geopolitical stumbling block that China is so willful about.

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<sup>166</sup>China, Japan envoys discuss ways to reopen 6-party talks', *Yonhap News Agency*, 26 May 2015, <http://english.yonhapnews.co.kr/national/2015/05/26/51/0301000000AEN20150526002700315F.html>, (accessed 27 May 2015).

### 5.2.2. ROK-China engagement in light of US policy options on Korean Peninsula

The rivalry between Washington and Beijing is a process taking place worldwide, likely more noticeably outside their national borders. Especially, due to the recent trend of a power-shift from United States to growing China, the East Asian region is considered to be a hub of aforementioned actions. By recognizing it, Victor Cha likewise the theoretical perspective of neoliberal institutionalism suggest that “*regional multilateral institutions have become the playing field for pitched contests between U.S. and Chinese diplomats*”.<sup>167</sup> Focusing on the Korean Peninsula, the US-PRC competitiveness is much more visible since a new leadership in the Republic of Korea and the People’s Republic of China took office.

On that account, continuing with the geostrategic remarks of Ellen Kim, the Assistant Director and Fellow in CSIS, that South Korea’s need for Chinese cooperation flows from the necessity to resolve the nuclear standoff with North Korea.<sup>168</sup> On the other hand she claims that China saw in the Park administration an opportunity to pull South Korea closer to China and consequently undermine the U.S.-ROK-Japan security triangle.

Lowell Dittmer stresses that a connection between the two participants is influenced by their respective relationships and how the third participant might affect the symmetry of first relationship. Thereby it is understandable that a relative shift in ROK-China ties has induced the US to step up efforts in order to keep its long-lasting dominant position and rigidity of special relations with the ROK. This viewpoint is based on the measurements adopted by Obama’s administration in last period of time. Namely, followed by President Obama’s visit to Seoul, the US-led wartime operational control was in October 2014 delayed by the transfer from the territory of the Republic of Korea. As pledged by officials of both countries, in light of threats coming out of North Korea, the operation command should be postponed until the mid-2020s.<sup>169</sup> In contrary, it is questionable if similar moves do not increase the nuclear tension even more, not to mention a possible stimulus of the already worsening North-South relationship. These

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<sup>167</sup> Victor Cha: *Ripe for Rivalry (Complete)*, [online video], 2013, <https://www.youtube.com/watch?v=VRe7dOLeAso>, (accessed 27 June 2015).

<sup>168</sup> E. Kim, 'Common Misconceptions about the China-South Korea Relationship', *Georgetown Journal of Asian Affairs*, Fall/Winter 2014.

<sup>169</sup> 'N. Korea says OPCON transfer delay is a crime, vows to take decisive action', *Yonhap News Agency*, 29 October 2014, <http://english.yonhapnews.co.kr/national/2014/10/29/95/0301000000AEN20141029011500320F.html>, (accessed 21 March 2015).

speculations result from a report made by Pyongyang in October 2014 unfolding that *"by delaying the OPCON transfer, Seoul showed its intent to fuel inter-Korean hostilities and play along with Washington's ploy to start a war with the North and control the Peninsula forever."*

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Seeing Park Geun-hye as a commander in chief of the ROK armed forces, she was defamed of breaking her election promise to retake wartime operations by 2015.<sup>171</sup> Furthermore, in consideration that the presence of the US military command in the heart of Seoul is the eyesore for many Koreans, from my own experience I would express that mostly for the young generation this decision has already shown to be the reason to enhance the developing intense anti-Americanism. Proceeding with the issue of youth Koreans, it is proved by statistics that they have been losing an interest in reunification tendencies.<sup>172</sup> Hence, President Park should be watchful to not trifle away her 'set in future' unification agenda by regrettable policy steps toward the US that might result in a loss of support from her own electorate.

Keeping the central question of the thesis in mind, it looks like the South Korean President has been undertaking certain counterproductive steps in regards to her rhetoric about an overriding effort to accelerate the process of an integrated Korea. On the contrary, it is coherent that she goes along with the notion that the nuclear North Korea is the not a barrier that may be bypassed on the way to a Unified Korea. On behalf of this element, it may be observed that being unable to rely on the American military and its first strike nuclear capability is after so many decades of ROK's assurance on US troops painful to give up. In this context, the aspiration to fan out a high-altitude area defense missile system on the territory of the ROK has been a matter of dispute in ROK-China-US relations. THAAD is defined as an easily transportable defensive weapon system to protect against hostile ballistic missiles at ranges of 200 km and at altitudes of up to 150 km.<sup>173</sup> It was the U.S. Forces Korea commander, Mr. Gen. Curtis Scaparrotti, who first brought up the need for a THAAD deployment to Korea arguing that the security of 28,000 military forces based

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<sup>170</sup> *ibid.*

<sup>171</sup> Ch. Sang-Hun, 'U.S. and South Korea Agree to Delay Shift in Wartime Command', *New York Times*, 24 October 2014, <http://www.nytimes.com/2014/10/25/international-home/us-and-south-korea-agree-to-delay-shift-in-wartime-command.html>, (accessed 15 March 2015).

<sup>172</sup> *Report on Unification*, Seoul, Seoul National University's Center for International Studies to the Ministry of Unification and the Korean Political Science Association, 2014.

<sup>173</sup> THAAD Terminal High-Altitude Area Defence, Available from Army Technology, <http://www.army-technology.com/projects/thaad/>, (accessed 28 June 2015).



in the Republic of Korea needs to be insured by more effective patterns.<sup>174</sup> At the time of writing this paper the decision has not yet been made on this subject.

THAAD is a touchy diplomatic issue for Seoul. Besides the unpredictable North Korean nature in regards to their nuclear potential, it is also because a hint of such significant embracing with the United States could arguably damage South Korean relations with China. The Republic of Korea giving an impression to China that the country keeps superior relations with the United States could affect the China-ROK rapprochement. Consequently, these competing policies do support the limitation of a *Ménage à Trios* stemming from the fact that each player worries that a cooperative partnership between the two other players might affect its own interests.

Monitoring Park Geun-hye policy moves from the outset of her governance tends to assert that Park knows that too much reliance over decade on the US-ROK alliance in regard to North Korea has not moved the North and South relationship in progressive way. Thereby, she took a risk and engaged the Republic of Korea in a growing competition of two global leaders in order to shift the concept of a unified Korea from utopian to potential. The cause of this gap may also be recognized by a different look at the issue when America's primary objective of denuclearization overlaps South Korea's main intention of reunification.

Participating on many debates and conferences on the topic of US-China-ROK relations I noticed that Korean officials and scholars are more and more skeptical about the White House measurements on the North Korean issue but less willing to manifest it. One of the few, Professor Chung In Moon, the Ambassador for International Security Affairs at the Ministry of Foreign Affairs, expressed his stance on this. While the 29th East Asia Foundation Seminar, Professor Chung let himself say that "*the United States administration is not aware of a reality of everyday life in North Korea*" and its decisions making on the DPRK from the workbench in Washington is senseless.<sup>175</sup> It corresponds with the impression that despite China is hardly moving from the "two Koreas policy" and Seoul's interests do not identify perfectly with those of Beijing, the academic field as well as the leadership of ROK sees the well featured relationship with China as more useful under the purpose of accelerating the activities with the DPRK behind a rhetorical level.

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<sup>174</sup> 'U.S. needs to have 'conversation' with S. Korea about THAAD: senior official', *Yonhpa News Agency*, 26 June 2015, <http://english.yonhapnews.co.kr/news/2015/06/26/0200000000AEN20150626000400315.html>, (accessed 27 June 2015).

<sup>175</sup> Professor Chung In Moon, moderator of 29th East Asia Foundation Seminar, 'North Korea: State of Play', 29th East Asia Foundation Seminar, 27 August, 2014.

Conversely, it is not a secret that China pictures a unified Korea under its influence and so, too, does the US. Hence, it is an extreme challenge for Park to keep a balanced and non-committal attitude to any of these two world hegemonies. To solve the situation, South Korea should carefully manage expectations and perceptions of both China and the United States. Achieving the accomplishments on the way to reduce a risk of miscalculations in this three party collaboration it could be useful to frame indicated measurements into models of international relations theory that have proved to be functional. Firstly, it is the institutionalism that dictates the firmly obligated set of rules and strategies which needs to be followed by any state member, regardless of its position in the world power pyramid. Secondly, it is the *Ménage à Trois*, the concept presented by Lowell Dittmer which ensures the symmetrical harmony in U.S.-ROK-China trilateral dialogue.

### **5.2.3. Prospects on ROK's unification policy flowing from DPRK under Kim Jong-un**

*“North Korea is the country under constant insecurity of being absorbed by the South, betrayed by China, and allegedly threatened by the United States.”*<sup>176</sup> Judging from historical experience, there is nothing in geopolitics unusual with the situation that powerful nations tend to build their achievements on the expense of minor states. Sill, North Korea has a nuclear agenda that keeps it one step forward in this struggle. At the same time, the solution of the issue is more or less in the common interest of all three players, the United States, ROK and China, meaning they have a reason to cooperate as it is adjusted by *Ménage à Trois*.

Expressly, it might be implied that the North Korean nuclear potential is a back pedal that makes Kim Jong-un's regime secure from outside intervention. In a similar manner, the inter-Korean relations are influenced by these means. Therefore, within the framework of this thesis, it is necessary to discuss the above outlined specifics of the regime in the DPRK in order to take realistic measurements of chances assigned to Park Geun-hye's aspiration on Korean unification. On one side, the experts worldwide have a tendency to claim that North Korea appeared to be moving toward a more reasonable attitude, involving the position concerning the Republic of Korea. It seems that the 40 time DPRK's smaller economy in comparison to its southern neighbor

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<sup>176</sup> Ch. Chun, *East Asian Security and South Korea's Middle Power Diplomacy*, Seoul ,Seoul National University, 2014, p.13

cannot be overlooked anymore even by Kim Jong-un himself.<sup>177</sup> Despite the certainty that Kim under his constituency enjoys the 100 percent support in every election that takes place in his country, the fact that he finds a reason to take on any innovations is likely considered to be welcoming of a certain transition.

From late 2012, the North Korean government began to implement reforms in economic management, slightly approaching the format of institutional theory.<sup>178</sup> Farmers are now given a certain percentage of the harvest which has increased their motivation and has laid the foundation for elementary capitalistic operations. The impulse of continuing transformation may clarify why Park Geun-hye speaks so confidently about acceleration of unification efforts.

Over and above, though it is true that the DPRK is beginning to show signs of economic reform, human right observers claim that the visible transition does not seem to be applied further. This phenomenon may be identified on the development projects run by the Hanns Seidel Foundation Korea.<sup>179</sup> At the same time, they unfold that the North Korean society still struggles providing basic needs. However, it is essential to inform that this notion is not applicable on North Korean territory overall, especially to the “Korea of Pyongyang”. In other words, the capital is something like a “showroom of *juche* ideology” to prove to the outside world how the domestic population enjoys a high quality life.

To continue with elements lacking in the DPRK society, ROK’s administration sees the future unification difficulties uprising from the absence of advanced rights within the North Korean system. It comprises standards such as democratic norms, civil and economic rights, tolerance and the respect of human rights. The execution of Defense Minister Hyon Yong-chol for showing disloyalty to its leader or the necessity to establish a UN office on North Korean human rights in Seoul are signals of this deficiency in practice.<sup>180</sup>

To carry forward the estimation of recent inter-Korean relations, the following affairs should be noted. Although Kim Jong-un is not officially on speaking terms with the ROK, in the 2015 New Year’s speech he let himself say that “*depending on the mood and circumstances to be created,*

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<sup>177</sup> *ibid.*

<sup>178</sup> A. Lankov, 'The dawn of Kim Jong-un's rule', *Aljazeera*, 21 December 2014, <http://www.aljazeera.com/indepth/opinion/2014/12/dawn-kim-jong-un-rule-20141221102823453132.html>, (accessed 5 June 2015).

<sup>179</sup> Hanns Seidel Foundation, Korea Office, <http://www.hss.de/korea/en/home.html>

<sup>180</sup> 'Park calls for military readiness against NK provocations', *The Korea Times*, 30 June 2015, [http://www.koreatimes.co.kr/www/news/nation/2015/06/116\\_181890.html](http://www.koreatimes.co.kr/www/news/nation/2015/06/116_181890.html), (accessed 30 June 2015).

*we have no reason not to hold the highest-level talks with South Korea.*"<sup>181</sup> It possibly boosted the unification expectation in a superior way. Albeit, later Pyongyang raised its nuclear blusters during annual defensive exercises conducted by the US and ROK forces close to the DPRK borders and similarly, in May this year, Kim threatened to strike South Korean naval ships in violation of North Korean self-proclaimed territorial waters.<sup>182</sup> In a global context, the previously mentioned actions had a wider impact. People's Republic of China, so far the most supportive ally of North Korea, has been indicating that these kind of provocations are affecting the Chinese security environment more and more, and may under certain conditions bridge the Sino-American gap. After all, the achievement in the entire ROK-China-US cooperation on the North Korean problem as it is modeled by a pattern of *Ménage à Trois* may be reached this way. Namely, China has very real interests in minimizing the nuclear danger that flows from North Korea since being North Korea's neighbor means that problems in Pyongyang will likely spillover. It is interesting to watch that these two countries "*once brother-at-arms*",<sup>183</sup> fighting side by side in Korean War, have a different position to a nuclear-free Korean peninsula. Nonetheless, China is careful not to be seen taking either the US or the DPRK sides concerning the North Korean nuclear program.

With respect to the South Korean president's attitude on provocations, Park recently enhanced her command towards DRPK saying that "*we should maintain war deterrence against the North, based on a firm security posture and indomitable defense capabilities, and they will contribute to the North changing its ways of dealing with the outside world and paving the way for reunification.*"<sup>184</sup> It appears that Kim Jong-un's efforts to expand the nuclear and missile capabilities contra his practices of bolstering national economy. These steps could be labeled as inconsistent where a similarity to Park Geun-hye arrangements is.

Finally, once again it is relevant to refer to Victor Cha. "*You know, I am not North Korea's lawyer, but you must understand how they see the world.*"<sup>185</sup> The proceeding quote gives the notion that the perspective from both sides needs to be taken into account. Suitably, a unified

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<sup>181</sup> 'North Korean leader Kim Jong-Un proposes summit', *BBC*, 1 January 2015, <http://www.bbc.com/news/world-asia-30647442> (accessed 6 February 2015).

<sup>182</sup> *ibid.*

<sup>183</sup> E. Rauhala, 'China Has Reason to Be Worried About North Korea's Nukes', *Time*, 24 April 2015, <http://time.com/3834136/china-north-korea-nuclear-weapons/>, (accessed 25 June 2015).

<sup>184</sup> 'Park calls for military readiness against NK provocations', *The Korea Times*, 30 June 2015, [http://www.koreatimes.co.kr/www/news/nation/2015/06/116\\_181890.html](http://www.koreatimes.co.kr/www/news/nation/2015/06/116_181890.html), (accessed 30 June 2015).

<sup>185</sup> Testimony of Dr. Victor D. Cha, 'The Need for a Paradigm Shift in U.S. Foreign Policy to North Korea', Part 3: *As The North Goes, So Goes The Alliance*, Washington D., The Brookings Institution, 2013, p. 21.

Korea should espouse a universal vision, not a nationalistic one. The reunification should not be a simple extension of the South Korean or North Korean state, respectively, nor the extension of hegemonic interests of the US or China. To achieve this, like the intuitionists believe, the new Korea should adopt an advanced set of institutional norms since they are the elements which structure effective political behavior and its outcomes.

## **6. Conclusion**

This thesis was set out to examine the unification efforts of current South Korean leader, Park Geun-hye. In this context, the research was ultimately constructed around the assumption that instability in US-China-ROK relations might jeopardize the ambition for one unified Korea. To guide the analysis towards the answer to my problem formulation, the two analytical frameworks, the institutionalism and strategic triangle theory were used. Both theories suggest that great powers can cooperate and coexist. The investigation found that the Republic of Korea following the premises of neoinstitutionalism and the strategic pattern of *Ménage à Trois* may achieve the reestablishment of one Korean state shortly. Certainly, it is possible just under the most ideal conditions that is why certain facts were put forward.

For several decades the US-ROK alliance formed a basis of South Korean foreign and domestic policy, including North Korea, while the communication with Beijing was relatively impassive. This stance was based on the historical lessons which Korea went through. The rapprochement of relations with China emerged due to the strong emphasis on economic growth in the 1980s. The leadership of People's Republic of China then accentuated that market operations are not a political concern, leaving thus the discussion on North Korea behind. The analysis found that the current relationship between Seoul and Beijing still stands on a similar basis. On one side, President Park has boosted the ROK-China partnership in economic terms greatly. Two-way trade between Korea and China has reached its peak. At present, China's own largest source of imports is Republic of Korea, which in turn has China as its largest export and import partner. Above all, recently the China-ROK market has included Kaesong, the industrial complex that resides in DPRK.

On the other hand, geopolitical issues are lagging. Though the rhetoric of Chinese President is quite critical towards Kim Jong-un's regime, according to my research it seems that Beijing has apparently calculated pros and cons of abandoning DPRK. China following the notions that

*“confrontation can only bring tension, and war can only cause disaster”*<sup>186</sup> prefers to keep the status quo on the Korean Peninsula rather than undertake a shift in its policy. It is too dangerous to risk unpredictable actions of nuclear North Korea.

Overall, the needs of President Park for unification drive from both, the US and China. On that account, the rivalry between these two powers in East Asia seems to be favorable to South Korea. In particular, it is because the White House has initiated several arrangements to counter China's rise as a major power, especially in such geostrategic region as the Korean Peninsula is. In this relation, the paper informed that the consolidation of a forward-leaning ROK-US alliance in both geoeconomics and geostrategic policies has been reinforced. Most importantly, South Korean troops will continue to be under the command of Americans, despite the global doubts about the necessity of the U.S. army in ROK.

While putting a priority on this alliance for decades, leadership in ROK felt little effort from Washington in North Korean-related policy. The thesis indicated that it was the desire for a long waited turnover in inter-Korean relations that drove the new Korean administration to rethink its relations with China. Considering that China-North Korea relations under Xi Jinping have been strained but still maintained I have reached an assumption that it is the best for the Republic of Korea to step in.

As a whole, on the Korean Peninsula is a discord between the growing economic agenda on the one hand and the backward political-security cooperation on the other. In many ways, pushing Pyongyang to the wall is counter-productive for both world powers. It was detected that the geopolitical factors continue to prevail over economical, especially in Northeast Asia. Therefore, the geoeconomics, especially the ROK-China market operations might be the momentum to build on concerning Park's unification efforts. Likewise, in regard to the present North Korean government there is also some optimism in the economic sphere. Except, Kim Jong-un does not show the intention of discussion about nuclear weapons and human rights.

In this paper I examined trade with great powers as the most appropriate tool to accelerate the unification attempts of South Korean president, Park Geun-hye. Though I see this conclusion as rather potential scenario, it has its limitations. Any fluctuation within the Chinese and American

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<sup>186</sup> 'China draws 'red line' on North Korea, says won't allow war on peninsula', *Reuters*, 2014, <http://www.reuters.com/article/2014/03/08/us-korea-north-china-idUSBREA2703Q20140308>, (accessed 6 April 2015).

economy has an immediate impact on the Republic of Korea and it can hurt its market that has already been building a surplus for the costs of eventual unification.

Also when it comes to the deficiencies of my investigation, since I have begun working on this thesis various information stated in the text have changed. Hence, the subject of the thesis has proved to be an actual topic of international relations.

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