

China's Search for Grand Strategy after the Cold War and the Future of the Korean Peninsula

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The nature of China's rise in the 21st century world is one of the most important questions for East Asia and the future of the Korean peninsula. Judging from various signs of Chinese assertiveness emerging after America's Great Recession broke out in 2008, Chinese grand strategy, if any, seems to be shifting from *Peaceful Rise* advocated to ensure a smooth economic development to *Near-shore Balancing toward Regional Hegemony* designed to deter the U.S. from approaching near Chinese shores in Asia.

This shift may well reflect China's rising power itself and its perceptions about a relative decline of American power especially in the wake of the sudden financial crisis. I have selected four most important constraints on Chinese grand strategy: history, geopolitics, economy and domestic politics. In comparative terms, Chinese history and politics set more constraints on intentions and styles of Chinese grand strategy whereas Chinese geopolitics and economy set more constraints on power and capabilities.

From these I also have discerned four contending visions of Chinese grand strategy: Sino-centric nationalism, realism, globalism, and Confucianism as soft power. Of these, nationalism and realism seems to exert more influence than globalism and Confucianism insofar as the overall direction of Chinese grand strategy is concerned. The direction of Chinese grand strategy evolving from these diverse trends can best be described as what I call *Near-shore Balancing toward Regional Hegemony*.

The advent of this new strategy may conflict with America's grand strategy called *Offshore Balancing* in East Asia which is designed to keep one power from dominating the region especially when the U.S. now tries to "come back to Asia" by reinforcing its forward deployments. South Korea finds itself in increasing rivalry between these "two dreams sharing the same bed": China's quest for a unipolar Asia via building a Sino-centric and exclusive East Asian Community and America's quest for a multipolar Asia via fostering a Trans-

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Pacific Partnership (TPP) toward a Pacific Community. South Korea has little choice but strengthening its security alliance with U.S. and expanding its thrusts for economic globalization via free trade agreements while attempting by all means to build strong bridges with China and other powers by deepening common economic and strategic interests.

Key Words: Grand strategy, hegemony, near-shore balancing, offshore balancing, Sino-centric nationalism, alliance and globalization plus bridging.

I. China's Grand Strategy: Shift from Peaceful Rise to Near-shore Balancing toward Regional Hegemony?

The precise nature and implications of China's rise in the 21st Century world is one of the most important questions for East Asia and the Korean Peninsula. In 2010 China intensified its territorial claims in the South China Sea after it replaced Japan as the world's second largest economy. Yet there is still much uncertainty about what roles and identity China will seek in the contemporary world and Asia. Hence there are rising concerns about China's search for grand strategy after the Cold War and especially after the Great Recession that signified much about declining American power.

Judging from various signs of Chinese assertiveness after America's Great Recession broke out in 2008, Chinese grand strategy, if any, seems to be shifting from *Peaceful Rise* advocated to ensure a smooth economic development to *Near-shore Balancing toward Regional Hegemony* designed to deter the U.S. from approaching near Chinese shores in Asia. This shift, if true, is bound to have profound effects on the future of East Asia and the Korean peninsula. This article is an attempt to shed light on the strategic implications of such shift for the balance of power in East Asia and the Korean peninsula in particular and for the Korea-U.S. alliance and for Korea-China relations. By no means is it easy to undertake this kind of study, for China is such a huge country with great history and so rich civilization full of diversity that anything one says about it may be right and wrong at the same time. (Ahn, 1976). Hence, it is important to clearly state the context of this study: analyzing the overall trends of Chinese foreign policy emerging after the end of the Cold War on the basis of written literature available as of this writing.

By "grand strategy" I mean the process by which China matches its feasible ends and its affordable means of foreign policy by combining all elements of power and resources. As such ends of foreign policy as security, prosperity and prestige are more or less well known, the focus of grand strategy is usually on providing the military,

diplomatic and economic capabilities and on mobilizing the political will and supports to accomplish the ends. Such strategy evolves over a long period of time; hence it is currently a work in progress especially in China where unlike in the U.S. there is no announced doctrine or a written document. (Wang, 2011).

After the end of the Cold War China used to advocate a *Peaceful Rise* in the name of Deng Xiaoping's dictum, *taoguang yanghui* (biding time while lying low) to concentrate its national efforts on solving internal problems. (Jheng, 2005). After the great success of the Beijing Olympic Games and especially after the sudden outbreak of the American financial crisis in 2008, China began to reveal a gradual shift from this low posture to a more assertive strategy of *Near-shore Balancing toward Regional Hegemony* in East Asia, perhaps reflecting its rising power and also responding to the perceptions about a relative decline of American power emerging especially in the wake of the sudden financial crisis and thereafter. There may be many factors at work in prompting Beijing to make this shift.

I have selected four most important ones here: history, geopolitics, economy and (domestic) politics. In comparative terms, Chinese history and politics set more constraints on intentions, will and style of Chinese grand strategy whereas Chinese geopolitics and economy set more constraints on power and capabilities. From these I have discerned four contending visions of Chinese grand strategy: Sino-centric nationalism, realism, globalism, and Confucianism as soft power. Of these nationalism and realism seem to exert more influence than globalism and Confucianism insofar as the overall direction of Chinese grand strategy is concerned. The direction of Chinese grand strategy evolving from these diverse trends can best be described as what I call "*Near-shore Balancing toward Regional Hegemony.*"

This strategy presents significant implications for Sino-American relations and for the future of East Asian order and the Korean peninsula. The advent of this new strategy may conflict, if not directly war, with America's *Offshore Balancing* in East Asia designed to keep one power from dominating the region especially when Washington tries to "pivot to Asia" by reinforcing its forward deployments. South Korea finds itself in increasing rivalry between two dreams: China's quest for a unipolar Asia via building a Sino-centric and exclusive East Asian Community and America's quest for a multipolar Asia via fostering an open Pacific Community. South Korea has little choice but strengthening its alliance with the U.S. while attempting to build bridges with China by deepening areas of common economic and strategic interests by all means at its disposal.

II. Major Constraints on Chinese Grand Strategy: History, Geopolitics, Economy and Politics.

As the major variables that set important constraints on Chinese grand strategy I cite history, geopolitics, economy and politics. History provides roots of Chinese thinking on grand strategy. Geopolitics informs us much about China's place in and responses to the distribution of power in the world. Economy determines sources and limits of Chinese material power. Domestic politics influences ways of defining Chinese foreign policy and styles of implementing it.

A. History

China has perhaps the world's longest history, language and written characters. It prides itself as one of the richest civilizations. Over 92 percent of the Chinese population is the Han people sharing these age-old traditions. The fact that these legacies lasted for more than two millenniums attests to their durability and strength. Because of these unique properties, it has been so difficult to change them in the Chinese modernization process. According to Henry Kissinger, for example, when President Nixon complimented Mao on having transformed an ancient civilization so much, Mao replied: "I haven't been able to change it. I've only been able to change a few places in the vicinity of Beijing" (*New York Times*, May 9, 2011). Hence, the Chinese do have a powerful sense of their history and identity. Traditionally, they used to regard China as the center of the universe as symbolized in the term, *t'ien-hsia (the realm)* and the Middle Kingdom. This is why Martin Jacques argues that China is a "civilization state" with the Middle Kingdom mentality rather than a nation state (Jacques, 2009). In the 19th century, however, this Middle Kingdom was found unable to beat such European great powers as Britain and France; since then the Chinese have had an equally strong sense of humiliation and resentment against Western powers.

One of the most important legacies of Chinese history is that the Chinese tend to conceive of the world in essentially hierarchical terms placing China in a superior place. Political authority is "secreted" by a virtuous leader, the Son of Heaven (*t'ien-tzu*), as order and harmony naturally self organize around him in concentric circles. The Middle Kingdom's international relations were characterized by an unequal relationship of investiture and tribute between the suzerain state and vassal states in which the latter had to receive an investiture from and to submit tributes to the former. This was the basis of "Mandate of Heaven" theory by which rulers ruled according to their virtues. China was viewed as the civilizational monopole of the human community and global order in contrast to the Westphalian conception of nation state based on

the notion of equal sovereignty. As China's relative power grows now, therefore, the Chinese may well incline to nudge the global order into a more Sino-centric form of order by asserting a strong sense of Sino-centric Nationalism (Ford, 2010).

B. Geopolitics

China's geopolitics shapes ways of Chinese strategic thinking as China, too, has to be aware of its geographic location and respond to the distribution of power and the scope of security in its environment. China's territory is indeed situated at the center of Eurasian continent and is surrounded by 14 states along its long borders and peripheries inhabited by numerous minorities whom the Chinese regarded as "barbarians." China was primarily a continental power but now is turning into a maritime power in search of energy and resource as it becomes industrialized and globalized. In order to secure its territorial integrity and national identity, the Chinese used to play barbarians against barbarians (*ie-yi zi-ie*) which is comparable to the contemporary balance of power strategy.

China is sharing a longest border with Russia and pivotally positioned in a ring of states existing in South Asia, Central Asia, Southeast Asia, Northeast Asia and the Asia Pacific region. China's "core interests" are with respect to Tibet, Xinjiang and Taiwan and sometimes even with the South China Sea. China also claims territorial sovereignty in parts of the East China Sea. China pays special attention to possible instability in other peripheral countries like Myanmar, Pakistan and the Korean peninsula, always worrying about their spillover effects into its own territory. Beyond these areas China is more concerned with its strategic interaction with such major powers as Russia, Japan and most seriously, the U.S. as objects of balance of power policy. When the Sino-Soviet conflict was intensified during the Cold War, for example, Mao invited Kissinger and Nixon to play the U.S. against the Soviet Union by reaching rapprochement with the former. When the U.S. emerged as a sole superpower after the end of the Cold War, China began to advocate a multipolar world by accusing the U.S. of seeking hegemony, and sought to elicit countervailing support from other powers including Russia and some European powers against the U.S.

China has been primarily a land power but now is turning into a maritime power as well by greatly strengthening its navy and air force. Currently, China is reported to be engaged in the "new Great Game" of naval competition unfolding in the Indian Ocean with India and the U.S. (Kaplan, 2010). Now that the U.S. is professing to "come back" to Asia while withdrawing most of its forces from Iraq and Afghanistan, China is busy trying to blunt America's comeback in advance by openly displaying its assertive behavior in the South China Sea and the East China Sea, and even by extending its

naval activities beyond this sea to the Pacific Ocean, thus causing increasing naval rivalry with the U.S.

C. Economy

China is now rapidly rising as the center of global political economy especially in East Asia after it surpassed Japan as the world's second largest economy in 2010. As of this writing China is the world's largest exporter selling \$1.5 trillion of its production, the most popular destination for foreign direct investments absorbing over \$50 billion per year, the largest importer of energy and natural resources, and the largest emitter of green gas. China used to be the world's factory exporting all kinds of manufacturing goods but now has become the largest market for trade and the largest foreign reserves country with \$.3.2 trillion and one third of the \$9.1 trillion in global reserves. In 2002 China's GDP was \$1.5 trillion but increased to \$7.3 trillion in 2011. Should this trend continue, China's GDP will overtake the U.S.' in the 2020's when China comes to account for some 20% of global GDP, compared with just under 15 % from the U.S. (Submanian, 2011).

As far as economic relations are concerned, therefore, China, along with other emerging countries including the BRICS and developing countries, has been successfully integrated with the Western capitalist system that the U.S. had helped rebuild after World War II. With one fifth of the world population China's trade dependence is exceeding 70 percent and consumes a third of world's steel and a quarter of the world's aluminum. The degree to which China and the U.S. are interdependent economically is demonstrated by these financial statistics: China owned \$895.6 billion in U.S. treasury bills, bonds and notes at the end of 2010, constituting 32% of the total of \$2.8 trillion held by foreigners; by so doing China supported the value of the dollar as America's largest bank. China lent at least \$110 billion to government and firms in developing countries in 2009 and 2010 more than the World Bank did. Thus, China has become an economic superpower and a center of economic globalization, enabling the country to rapidly increase its military capabilities as the core of its hard power.

D. Politics

Like any other state, the substance and especially the style of China's foreign policy are being defined and actually made through its domestic political process which is directed by the communist party. Unlike other democratic states, however, Chinese politics presents basically rule of man rather than rule of law. The politics of decision

making takes place within the party's Politburo at the top and especially within a small group of seven standing committee members. Yet like any other politicians these top leaders are primarily concerned with their own survival and the legitimacy of the party at home and abroad. Even though Hu Jintao was the last party leader selected by Deng, he seems to be a first among equals exercising collective leadership in making final decisions. By and large, these fourth-generation leaders are insecure for fear that they may damage the unity and stability of the party that their predecessors have achieved the hard way through prolonged struggles and wars. As China rises, it looks strong abroad but China still remains fragile internally (Shirk, 2007). When they face crisis in its foreign relations, therefore, they often resort to arousing nationalism in order to bolster their legitimacy at home.

The Chinese state has shared one thing in common with South Korea's so-called "developmental state" under President Park Chung Hee. Since 1987 the South Korean state has been transformed into a development democracy that relies more on its procedural legitimacy in addition to its performance legitimacy that derives from its economic development. By contrast, the Chinese state still remains one-party dictatorship that relies primarily on its performance legitimacy. Once demonstrating economic performance becomes increasingly difficult to accomplish within a short period of time, the party leaders tend to mobilize exclusive nationalism as a most effective means of campaigning against disunity and instability.

As China undergoes industrialization and globalization, those who come to command more power and resources within the party and state bureaucracy are likely to enjoy more influence and clout in the policy making process. This creates some room for the rise of interest or pressure politics within the confine of organizational boundaries. The military is reported to be increasingly nationalistic; its air force and naval staffs in particular are on the ascendant within the PLA while 145,000 state-owned enterprises also are gaining more influence within the economic bureaucracy (*New York Times*, November 11, 2012). As a result of the widespread use of the Internet, most of the young generation also tends to assert more nationalist sentiments. Now that Xi Jinping took the reign of the party's top position as a fifth-generation leader at the 18th Party Congress in November 2012, he may well represent more of nationalist forces, for few new leaders want to look weaker to the public especially during this transitional period when many signs of division within the party and the military are surfacing. Although little is known about actual workings of Zhongnanhai politics in Beijing, to a certain degree, Chinese foreign policy also results from some kind of bureaucratic politics in which assertive nationalism can easily prevail at least in its tone even if its actual implementation turns out to be pragmatic and cautious.

III. Contending Visions for Chinese Grand Strategy.

From these constraints I have drawn four contending visions for Chinese grand strategy: Nationalism, Realism, Globalism and Confucianism. It should be clear here that these are broad trends rendered in terms of more or less degree than kind; they are not mutually exclusive but reinforcing each other depending on their contexts. In relative terms, nationalism has more to do with Chinese history, realism with geopolitics, globalism with economy, and Confucianism with politics.

A. Sino-centric Nationalism

There is a rising tide of nationalism in China as an attempt to redeem the past record of humiliation imposed by the Western powers in the 19th and 20th century. Now, however, Chinese people could feel a sense of pride and confidence as a result of the enormous economic and military power that they have accomplished. This tide gives rise to the view that China should restore its erstwhile status as the center of the universe with moral and political superiority or at least its original position of regional hegemony in East Asia that Qing China used to enjoy in the 19th century. By expressing these aspirations openly, Chinese leaders and people are eager to be respected abroad and treated as a coequal power with the U.S.

Sinocentrism is permeating much of identity discourse in China these days (Rozman, 2011). An extreme wing of nationalism goes so far as to nurture power itself instead of developing the economy only in order to resurrect China's traditional order even by confronting the U.S if necessary., for they are unhappy with the status quo (Song, 2009). Perhaps, this kind of view represents yearnings of many Chinese people for redressing their past grievances, if not retaliate, against their old enemies especially like Japan who happened to be more powerful and actually invaded China in the late 19th century. Some discussions on China's rising power are depicted in language that is increasingly Sinocentric, praising past periods in history when China had enjoyed a tributary system.

These voices of Chinese assertive nationalism were heard loudly in several events that Beijing staged recently. The 2008 Beijing Olympic Games was one of them. Its opening ceremony in particular really presented China itself and its glory in its past and now to the world with spectacular displays of traditional military arts and contemporary gymnastics. By demonstrating China as a great power and civilization, China is signaling a strong message of pride and confidence abroad. The growth of military power gives China a great deal of confidence so that China could extend its influence and investment in such peripheral states as North Korea, Pakistan, Nepal, Sri Lanka

and Myanmar. After China replaced Japan as the second largest economy, a consensus seems to be rising among Chinese intellectuals and attentive public on China's roles in Asia: China should be recognized as a dominant power at least in Asia and the Pacific coequal, if not a hegemonic, power, with the U.S.

B. Realism

Realism is the dominant perspective guiding Chinese grand strategy mostly for nurturing China's comprehensive national power and on how to use it to defend China's core national interests (Shambaugh, 2011). This perspective is deeply rooted in Chinese traditional strategic culture and widely shared by international relations scholars and by those military and security professionals involved in actual policy making and implementation. Chinese realism reveals some elements of the classical realism prevailing in the Western literature on international relations although it also contains some unique Chinese characteristics. Basically, China takes the sovereign state as the principal actor of international relations and seeks to maximize its power by taking advantage of whatever opportunity becomes available. In responding to the distribution of power in its surroundings, China pursues balance of power policy by pitting one power against another. In defending its core interests and in deterring foreign power from intervening in China's territory or its peripheries, China does not hesitate to use force or threat of using it if necessary although specific styles of policy vary with personal characters of statesmen.

In actual cases of Chinese security policy we can find some persisting cultural traces and patterns. Following the teachings of Sun Tzu the Chinese value strategic patience and calculation by carefully assessing the overall strategic landscape called *shi*. Normatively, a Confucian paradigm advocates defensive posture and cooperation but actually, the Chinese carries out the application of violence decisively relying more on what Johnston called the *parabellum* paradigm (Johnston, 1995). This kind of action derives more from the material and structural conditions confronting China. According to Kissinger, Chinese strategies differ greatly from the Western tradition favoring all-or-nothing battles and decisive clash of forces that emphasize the doctrine of deterrence by promising an overwhelming retaliation to an enemy. By contrast, the Chinese favor strategy of offensive or preemptive deterrence to prevent its rival from taking future action which they judge to be inevitable. By so doing, they focus more on psychological balancing to blunt the enemy's will to fight in the future; by taking calculated risks even from a weaker position they think that they can win over a stronger party without actually fighting a war, if possible. These traces can be found in the introduction of PLA forces into the Korean War which many Western strategists

thought foolish, given the fact that it was undertaken in less than two years after Mao took power and that the U.S. was a nuclear armed superpower in 1950. Similar examples of China's preemptive deterrence strategy are discernible in the Taiwan Strait crises, the Sino-Indo war of 1962 and the Chinese-Vietnam war in 1979 (Kissinger, 2011).

This strategy has evolved from "the game of encirclement" called *wei qi*. Unlike the Western chess which is about total victory, *wei qi* is about encirclement and breaking out of it, for it is a game where the players take turns placing stones at any point on the board, building up position of strength while working to encircle and capture the opponent's stones. In this kind of games the winner is not always immediately obvious, for the primary goal is not so much to conquer as to encircle the enemy (Lai, 2004). It should be clear by now that China may be trying now to preempt America's "comeback to Asia" from reaching its near-shores in the South China Sea and its peripheries like the Korean peninsula. By playing balance of power game adroitly while professing to be still a developing country, China is yearning to be a great power while shirking to assume responsibility and costs for global governance (Schwelleer & Pu, 2011).

C. Globalism

As China rises as the center of the world's trade, finance and production chain, there has emerged a vision of globalism for China's roles in global political economy. This vision places enormous emphasis on the importance of interdependence in China's expanding international relations on the assumption that Chinese economic development and prosperity depends not only on East Asia but also on other regions like America, Europe and Africa for securing its market, investment, energy and resources. Since it entered the WTO in 2001, the Chinese economy has been gradually integrated into the globalizing world economy. To a large extent, China has abided by the liberal rules and institutions that the West built after World War II. It is natural that those organizations like exporting enterprises and professional groups associated with international relations like professors and lawyers do understand benefits of globalization and international cooperation. Up until 2008, therefore, they did accommodate the concept of "responsible stakeholder" for China to sustain the existing international system. Insofar as economic issues are concerned, they would prefer multilateralism for participating in such groups as the ASEAN plus Three, the APEC, and the G20 summit. In order to share some security roles as well, China has dispatched 17,390 military personnel to 19 U.N. peace keeping missions. It also dispatched naval ships to conduct escort operations in the Gulf of Aden and waters off Somalia in 2008 as part of international campaigns against piracy.

China's explosive economic growth has propelled the country outward in search of

markets, material and energy. Securing continued access to vital resources from all over the world, China has expanded its resource diplomacy into Southeast Asia, Australia, Africa, and South America. China has also expanded overseas investments reaching \$60 billion in 2011; Chinese companies had 812,000 employees in 2011. (*New York Times*, January 3, 2012). Beijing's support for the present governments of Sudan, Venezuela and Iran may be motivated partly by its desire to acquire and maintain access to critical energy resources. Chinese footprints are expanding into remote areas in Africa and South America as a result of China's global resource scramble. For these economic and political interests, China still identifies itself as "the largest developing country" and promotes "South-South cooperation" with untied aids. With this rationale, China supports the UN Millennium Development Goals, the Forum on China-Africa Cooperation, and more aids for development at international institutions.

On the issue of global governance, however, Beijing is still ambivalent, professing that China is not ready to assume leadership roles and huge costs as a developing country. China does want to be active participant in such global governance group like the G20 but is reluctant to assume responsibility and leadership in providing financial stability, market, liquidity and prevention of climate change as global public goods. In this sense, by no means are Chinese globalists "liberal institutionalists" in the Western sense of the words. As to Washington's calls for abiding by the international norms and rules Beijing wants to participate in making these rules while complying with them to the extent that they can enhance Chinese interests, for uncritically following the calls for "responsible stakeholder" may well push China into an American-led trap designed to undermine China's interests. To the extent that China prefers operating within the existing order by accommodating its rules, therefore, Chinese globalism comes closer to a sort of liberalism albeit with Chinese characteristics.

D. Confucianism.

Confucianism is being resurrected as China's "soft power" to dilute the China threat perception that may grow abroad and as an ideological alternative to liberalism or the "Washington Consensus." Hu Jintao said that China must strengthen its cultural production to defend against the West's assault on the country's culture and ideology, for "the international culture of the West is strong while we are weak" (*New York Times*, January 3, 2012). Since China has been depicted as a rising power deficient in its soft power, some Chinese scholars and pundits have revived Confucianism as the most important source of Chinese soft power so that other countries could respect China as a benign and peace-loving power. Symbolizing this movement was the sudden introduction of the statute of Confucius into the Tienanmen square in 2010 and soon

after this event it was removed for some reasons. Confucianism today is defending two key values: political meritocracy and harmony; it also stresses intellectuals' obligation to criticize bad government policies and seeks to restore moral power by undertaking institutional reforms. Now that communism has been almost discredited, Daniel A. Bell thinks that this "left Confucianism" is the most viable alternative to China's political status quo (Bell, 2008). To promote this sort of Confucianism Beijing has funded over 200 Confucian institutes spread all over the world including the one in Chicago that President Hu visited in January 2011.

Despite these visions enumerated above, rhetorically China is still committed itself to sustaining the message of "peaceful rise." In October 2011, Beijing issued a 32-page white paper with full of comforting words explaining what it wants the outside world to understand by that phrase. The paper's key message is that China threatens no one and the central goal of China's diplomacy is to create a peaceful and stable international environment for its development. This is an effort at overcoming China's soft power deficit. In addition to this another attempt is under way: to offer China's development as a viable alternative to the Western model of modernization. A Chinese intellectual had this to say:

"No doubt China's modernization received enormous Western influence. Yet its essence is not and cannot be modernism. In today's China, the individual remains part of the collective and by no means the independent and basic unit of society. Political power is not divided and balanced but centralized under a single political authority. A market economy adapted from the West is delivering efficient allocation of resources and high rates of growth and has lifted hundreds of millions of people out of poverty. Yet, it is pointedly not capitalism. Ordinary Chinese people enjoy as wide a range of personal liberties as those anywhere in the Western world. But those with political aspiration contrary to the collective objectives of the state and society are severely constrained, even repressed" (*Christian Science Monitor*, April 28, 2011).

Apparently, this message is offered as a viable alternative to liberalism. Liberalism argues in favor of a constitutional state that guarantees the basic conditions of autonomous civil society. Confucianism insists on the need of a benevolent state, which promotes the well-being of moral order of society. Both provide justification of central state power (NIU, 2011). What distinguishes liberalism from Confucianism is that a liberal state is supposed to protect individual basic rights through rule of law instead of normative understanding of Confucian values like harmony (*he*), morality (*de*), rites (*li*) and benevolence (*ren*).

According to Joseph S. Nye Jr, China's quest for enhancing soft power cannot succeed unless it is consistent with its domestic political life (Nye, 2012). Which of rights and virtues can prevail in the future remains to be seen.

IV. China's Near-shore Balancing toward Regional Hegemony and the U.S.' Offshore Balancing in East Asia: Sino-American Rivalry

As of now China's evolving grand strategy looks like *Near-shore Balancing toward Regional Hegemony* as an amalgam of the contending visions described thus far. Forces of Sinocentric nationalism and realism seem to be pushing Chinese grand strategy toward regional and even global hegemony at least in terms of Chinese intentions and ambitions but pulls of globalism and Confucianism seem to be constraining the bound of its reach in terms of military and economic capabilities. The more China attempts to expand the current strategy beyond its shores, however, the more it runs risk of increasing rivalry and competition, if not confrontation, with the U.S. and Japan especially after Japan decided to join the Trans-Pacific Partnership (TPP) negotiation in 2011. Thus, China and the U.S. are having diverging dreams: China seeks a unipolar Asia by fostering an exclusive East Asian Community via the ASEAN plus Three but the U.S. seeks a multipolar Asia by building an open Pacific Community via the TPP. How this turn of Sino-American relations actually plays out may well determine the very future of East Asia and the Korean peninsula.

A. China's Near-shore Balancing toward Regional Hegemony?

Historically, China's two fundamental security concerns were an intense fear of internal social chaos and threats from the periphery. (Swaine and Tellis, 2000) It is natural that China puts priority in preempting any adverse forces from approaching its periphery and shores by mobilizing whatever capabilities it can amass. Beijing did signal this even by risking a confrontation with American forces when a Chinese jet fighter pilot aggressively tracked and harassed a lumbering U.S. reconnaissance aircraft, clipping EP-3's wing, destroying the Chinese plane and killing the pilot, and forcing the U.S. plane to make an emergency landing on China's Hainan Island on April 1, 2001. In March 2009 Chinese naval ships harassed the U.S. Navy reconnaissance ship *Impeccable* operating in China's exclusive economic zone in the South China Sea.

In 2010 China resumed some of these behaviors in the South China Sea, the East China Sea and the Yellow Sea, which called into question its self-proclaimed "peaceful rise." When the South Korean naval ship *Cheonan* was sunk by North Korean torpedoes in March 2010 China neither blamed the North nor joined a sanction resolution at the U.N. Security Council. Moreover, Beijing openly protested against American plans to deploy the carrier *George Washington* into the Yellow Sea for joint naval exercise with the South Korean Navy in contrary to previous ones. Beijing went so far as to unilaterally ban any fishing in Vietnam's territorial waters in April 2010 and announced

plans to expand its fleet of ships for maritime law enforcement. In July China's three sea fleets conducted a joint training exercise, the biggest maneuver ever staged with half of the major vessels, bombers and anti-ship missiles. In August it also planted its flag on the South China Seabed, demonstrating the extent of its territorial ambitions. In September Beijing displayed excessive hostility to the Japanese detention of the captain of a Chinese fishing boat for operating in Japan-claimed waters and for steering his ship into a Japanese coast-guard vessel. When North Korea carried out an artillery attack on a South Korean island, *Yeonpyong Island*, killing several civilians and soldiers in November 2010 Beijing again deliberately turned its face away from holding the North accountable to the aggression.

These "assertive" actions are living evidence for China's pursuit of *Near-shore Balancing* designed to preemptively deter the U.S. "come back" from encroaching on Chinese shores for the time being. Chinese intentions were openly revealed in Chinese reaction made to U.S. Secretary of State Hilary Clinton's remarks made in Hanoi in July 2010: "The U.S., like every nation, has a national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea." When some of Southeast Asian foreign ministers supported these words at the ASEAN Regional Forum, Chinese foreign minister Yang Jiechi asserted that a third country (the U.S.) should not intervene in Southeast Asian matters, saying that "China is a big country and other countries are small countries and that is just a fact" (Small, 2011). This sounded like a Chinese version of the Monroe Doctrine for East Asia. At the ASEAN summit in July 2012 China apparently prompted Cambodia to prevent the summit from issuing a joint statement mentioning maritime disputes for the first time in the ASEAN's history.

Indeed, China has developed a naval doctrine of "Far Sea Defense" (*yuanyang fangyu*) for projection of power far from its shores. In December 2006 Hu Jintao directed that China's Navy should be strengthened and modernized in pursuit of blue water capabilities; he again called on China to achieve a maritime power and to safeguard its maritime rights and interests at his last party congress in November 2012. In 2010 China did declare almost the entire South China Sea to be a "core interest" on par with Taiwan and Tibet and to exercise sovereignty there (*Washington Post*, July 31, 2011). This Sea is a strategically important sea route through which more than two thirds of Chinese, Japanese and Korean trade is being shipped. It is known to contain rich resources like oil, natural gas and other minerals. Apparently, China regards it as one of its backyards in terms of not only security but also economic interests. China is accumulating sufficient ships, aircrafts and armaments to impose control of any sea area in the South China Sea, perhaps reflecting the thinking of Alfred Thayer Mahan who stressed the importance of protecting sea lines of communications to markets

abroad.

In order to defend Chinese interests in this region, the PLA's military buildup has focused in first developing anti-access and area denial capabilities to deter future American military intervention in the Taiwan Strait first. China is now expanding and upgrading its submarine fleet and began to deploy them near its shores. In order to deny U.S. military forces access to its vital periphery and near shores, China has deployed an 67,000 ton aircraft carrier called Liaoning and is now developing two other 50,000-ton-plus nuclear-powered aircrafts carriers in a Shanghai shipyard; it has revealed a new ballistic missile variant designed to target American carriers and released photographs of a new "stealthy" aircraft J20. Since China still lacks power projecting capabilities to deny American air and naval supremacy in the Pacific, it has begun to foster some "asymmetric" space-denial capability since it tested one of them in 2007 and cyber warfare weapons to attack enemy control and communications systems. China's defense budget for 2012 would be increased to \$106 billion from \$95.6 billion in 2011, an 11.2 percent growth; the U.S. Defense Department estimated that China would actually spend \$160 billion in 2011 in sharp contrast to Washington's plan to cut almost \$1 trillion on defense budget in this decade due to the rising debts. Most of the Chinese spending would be in developing anti-ship ballistic missiles capabilities designed to deny U.S. ships access to water near the Chinese shores (*New York Times*, March 4, 2012).

These signs are sufficient evidence that China seeks to exclude the U.S. military forward deployment from East Asia, if possible, showing China's long-term ambitions for exercising regional hegemony. In November 2011 the People's Liberation Army Navy announced that it would conduct military exercises in the Western Pacific. This is another sign that the Chinese Navy is now trying to go beyond its near shores and to project its naval power to the Pacific to become a blue water navy with about 10 nuclear-powered submarines. The U.S.-China Economic and Security Review Commission noted in November 2011 that Beijing's policy of access denial is subtly changing to a policy of "area control" so that the PLA can position itself to easily conduct operations against regional states (Shobert, 2011).

To outsiders these actions may look like hegemony but to Chinese they just represent their efforts to regain the position that Qing China used to maintain one hundred years ago. At least in its formal statements Beijing has continued to profess Deng's promise made in 1974 that China will not seek hegemony. In April 2011 Prime Minister Wen Jiabao repeated this saying: "China will never seek hegemony" (*Japan Times*, December 14, 2011). As China's military capabilities rapidly grow, however, China has begun to assert its primacy, if not hegemony, in Asia as retired General Xu Guangyu recently said: "We kept silent and tolerant over territorial disputes with our neighbors in the

past because our navy was incapable of defending our economic zones, but now the navy is able to carry out its task” (*Japan Times*, December 14, 2011).

B. America's Offshore Balancing.

To meet this new challenge by China the U.S. is now “pivoting” itself to Asia in the new “Pacific Century” as a Pacific power by focusing on an offshore balancing strategy designed to prevent any one power from disrupting a regional balance of power to be formed among East Asian powers (Ahn, 2009b). This is President Obama’s central message when he declared in Australia: “So let there be no doubt: In the Asia Pacific in the 21st century, the U.S.A. is all in” (*New York Times*, November 17, 2011). It was to demonstrate this commitment in action that he decided to deploy 2,500 American troops at Darwin in Australia and to send Hillary Clinton to Myanmar for her first visit perhaps as a symbolic act of counter-balancing China’s growing influence in its periphery. Hillary Clinton herself declared in her article on the Pacific Century in the November 2011 issue of *Foreign Policy*: “The Future of politics will be decided in Asia, not Afghanistan or Iraq, and the U.S. will be right at the center of action.” These words are increasing signs for the U.S. to be coming back to its aged old offshore balancing strategy in Asia where the gravity of the world’s strategic and economic interests is concentrated (*New York Times*, November 16, 2011).

The U.S. is indeed coming back to an Offshore Balancing strategy especially after “the End of the American Era”. (Walt, 2011). According to this strategy, the U.S. would have local allies to uphold the balance of power in Asia out of their own self-interests first and only when a single power like China threatens to dominate the East Asian region would the U.S. intervene to reassure its allies for their security and to ensure peace and stability. Hints for this commitment are already discernible from Hillary Clinton’s statements. Standing on the deck of the guided missile cruiser *U.S.S. Fitzgerald*, she reaffirmed the military relationship with the Philippines by saying: “We are making assure that our collective defense capabilities and communications infrastructure are operationally and materially capable of deterring provocations from the full spectrum of state and nonstate actors” (*New York Times*, November 16, 2011). The overall direction of an Offshore Balancing strategy has been made more obvious in the new Defense Strategic Guidance that Obama released in January 2012 when it said the military must be able to fight one war by shifting more resources to the Asia-Pacific region while it is also responsible only for “denying the objectives—or imposing unacceptable costs on—an opportunistic aggressor in a second region” (*New York Times*, January 5, 2012). This document may usher in “the (almost) triumph of offshore balancing” as Obama’s new grand strategy (Layne, 2012).

C. Sino-Japanese Rivalry between Assertive Nationalism and Wounded Nationalism

Since China replaced Japan as the second largest economy of the world, Sino-Japanese rivalry has intensified between what China's "assertive nationalism" and Japan's "wounded nationalism" (Ahn, 2004c). Three incidents in 2010 and 2011 contributed to widening emotional gaps between China and Japan. More than anything else Beijing's demand for Tokyo's official apology even after Japan sent the fisherman back to China in the September 2010 dispute prompted Japanese to deepen their sense of wounded nationalism. That China apparently stopped the supply of the strategically important metal called "rare earth" to Japan thereafter made things even worse. With the nuclear disaster triggered by the Fukushima earthquake and tsunami in March 2011 Japan's power was so weakened that the U.S. sought to cheer up its vital ally with all the available assistances at its disposal. In 2012 China and Japan hatched up their ongoing disputes over the Senkaku or Diaoyu Islands by deploying more ships. Actually, this is part of Sino-American rivalry over maritime control in East Asia.

By contrast, the decline of Japan seems to have further enhanced China's sense of assertive nationalism. China's economic surpass over Japan must have strengthened Chinese sentiments of pride and superiority. This may have emboldened Chinese fishermen and even authorities to confront Japanese claims over the disputed island. Now that Japan decided to join negotiations for the U.S.-led TPP at the APEC meeting in Honolulu and to provide \$26 billion of aid for infrastructure construction in Southeast Asia at the East Asian Summit in Bali in November 2011, Sino-Japanese rivalry is likely to spread all over the East Asian region and to affect the future of Sino-American rivalry.

D. Future of Sino-American Rivalry: The Same Bed with Different Dreams

Judging from the overall direction of China's *Near-shore Balancing* and America's *Offshore Balancing* in Asia, China and the U.S. share the same bed, i.e., Asia but they seem to be having different dreams for the future of Asia and the Pacific. As these superpowers set out to compete for regional leadership, if not hegemony, whether they could avoid confrontation and sustain cooperation will be key to maintaining stability and prosperity and to building an East Asian or Pacific Community. For the time being, there exists profound strategic distrust between China and the U.S.

China has revealed increasing signs for its grand strategy of Near-shore balancing toward regional hegemony by trying to preempt the U.S. from coming back to Asia in the great tradition of Sun Tzu's teachings for blunting a powerful enemy's will to fight

even if its own capabilities are not sufficient enough to do so. For this purpose China seeks exclusive regionalism in the name of building an East Asian Community by focusing its efforts at the ASEAN plus Three without providing a place for outsider powers like the U.S. Basically, China prefers bilateralism to multilateralism as it is committed to negotiate bilateral agreements with Vietnam, the Philippine and other countries in settling territorial disputes in the South China Sea although the Asian countries prefer multilateral negotiation between the ASEAN and China. By taking assertive stand in these near-shores, China is trying to balance or deny American power access to its periphery and to preempt American intervention in any future conflicts involving China.

The U.S. has renewed its strategic “pivot” or “rebalancing” toward Asia by resuming its offshore balancing to counter China’s rising power and to assure its access in this key region. The U.S. favors open regionalism and prefers multilateralism to build a Pacific Community as Kissinger envisioned in his new book. Actually, the idea of TPP originated from the U.S. efforts to treat China as a coequal so that the latter could share leadership as a responsible stakeholder or a G2 partner (Bergsten, 2008). As China turned out less than enthusiastic about this idea, however, the U.S. began to promote the idea of building a TPP by negotiating a multilateral FTA with such diverse countries as Brunei, Chile, New Zealand, Singapore, Australia, Peru, Malaysia and Vietnam. Should Japan join and succeed in concluding agreements, they will constitute the largest trading region approximating the Pacific Community since Canada and Mexico are also willing to join this move. China, however, sees this as a major American initiative to encircle China especially when Obama is calling upon China to “play by the rules” not only on trade and exchange rates but also on intellectual property and human rights.

Thus, Sino-American rivalry continues even though they do share common interests in enhancing economic cooperation and fighting terrorism, nuclear proliferation and climate change. Right after the Great Recession broke out in 2008 both Hillary Clinton and Yang Jiechi depicted their bilateral relationship as riding the same boat weathering the storm together. As the financial crisis was subsiding, however, they began to differ again on security and economic issues. In the first summit meeting between President Obama and President Hu in September 2009, for example, the two sides agreed that respecting each other’s “core interests” was extremely important to ensure steady progress in their relations but in the second summit in January 2011 there was no reference to “the core interests” on Taiwan and Tibet. Unlike in 2009 when Obama offered his vision for “partner out of necessity with China,” in 2011 he was much tougher to convey a message to China that the U.S. had no intention of backing down in the face of China’s assertive foreign policy in 2010. When Xi Jinping visited

Washington in February 2012, Obama retained this tough stand by calling upon Beijing to balance trade surplus, appreciate the Yuan and improve human rights. Xi also kept Beijing's stand by demanding Washington to China's "core interests" regarding Taiwan and Tibet and the interest of China in the East Asian region (*New York Times*, February 15, 2012).

As for the future of Sino-American relations, there are two contending views. One is an optimistic vision offered by Kissinger. He argues for the creation of a Pacific Community which he thinks can be built by the U.S. and China when they develop what he calls "coevolution" of parallel efforts as they deepen cooperation while avoiding confrontation. He does note that the road to cooperation is inherently complex but they must make serious efforts to overcome different versions of exceptionalism. Chinese exceptionalism is to make China a virtuous example so that other states could emulate it whereas American exceptionalism has missionary zeal for proselytizing its message of liberty (Kissinger, 2011, p. 529). In sharp contrast to this vision, Aaron Friedberg contends that the U.S. and China are "locked in a quiet but increasingly intense struggle for power and influence" in Asia and across the globe, for their rivalry is driven not only by power politics but also by differing ideology and values (Friedberg, 2011, p. 38). Interestingly enough a Chinese scholar named Yan Xuetong also agrees with this view, saying: "China's quest to enhance its world leadership status and America's effort to maintain its present position is a zero-sum game. It is the battle for people's hearts and minds that will determine who eventually prevails" (Yan, 2011).

Thus, China and the U.S. are locked into a security dilemma in East Asia. Indeed, it remains to see which side between the Western idea of liberty and the Chinese idea of virtue will prevail in the end

V. Conclusion: The Korean Peninsula and South Korean Strategy

In all probability the future of the Korean peninsula will depend much on the turn of Sino-American rivalry, for the peninsula is one of China's most important peripheries where the interests of major powers are intersecting. Because China regards North Korea as its strategic buffer characterized as "lips to its teethes," it pursues stability there by all means by consistently supporting the Kim Jong Un regime. Although South Korea maintains its alliance with the U.S. to deter another war by North Korea, China tends to see it as part of America's power projection against China itself on its vital periphery. Located at a crossroads of Sino-American rivalry, South Korea has little choice but to guard its security and prosperity by strengthening its alliance with the U.S. while expanding its globalization networks and at the same time, by bridging

areas of common interest with China and other concerned powers.

A. The Korean Peninsula as China's Periphery

China regards the Korean peninsula as its vital periphery on its northeastern border. It is for this geopolitical reason that China has consistently sought to keep the peninsula within the sphere of its influence and thereby tried to keep any foreign power from the periphery. In fact this rationale prompted China to enter the Korean War in 1950. It should be recalled here that the newly formed communist government under Mao Zedong had repeatedly warned against crossings of the 38th parallel by American troops and that only after the American troops crossed the line and approached the Yalu River did the Chinese "Volunteers" intervene into the war to deter the Americans from further advancing and to keep at least some part of North Korea as a buffer (Whiting, 1960, p. 37).

It is also important to note that as far as Chinese perceptions are concerned, this still remains China's dominant view on the Korean peninsula. Equally important is that the strategic value of the peninsula is increasing in *China's Near-shore Balancing* strategy, for it places priority on preempting the U.S. from continuing its power projection on its periphery. No less important in Korean perspectives is the fact that the strategic value of the peninsula is decreasing in America's *Offshore Balancing*, for this places more emphasis on enhancing air and naval power while trying to reduce land forces in sensitive peripheries in order to avoid direct confrontation with China.

B. China's Defense of North Korea's Survival and Stability

It should be clear by now that China's strategic interests in the Korean peninsula are to defend North Korea's survival and stability more than anything else including danger of nuclear proliferation. This fits well with China's aged-old thinking that when its lips (North Korea) are hurt its teeth (China) gets sour. When it was reported that Kim Jong Il had a stroke in 2008 Beijing began to worry about his survival. After North Korea carried out a second nuclear test in May 2009, however, Beijing's reactions were rather angry and critical of this provocation. After Pyongyang made public the plan for succession of power from Kim Jong Il to his son, Jong Un and especially after the sudden currency reform that Pyongyang undertook in November that year turned out to be gross failure, Beijing's worries about Kim's survival and political stability in the North apparently became much more serious than what outsiders had thought. That Hu personally went along with other Standing Committee members of the Politburo to the North Korean Embassy in Beijing to express his condolences right after Kim Jong

Il's death on December 17, 2011 is a living testimony of Beijing's strategic decision to support the stability of the North Korean regime and the dynastic succession of power to the third son of Kim Jong Il to Kim Jong Un.

During Kim Jong Il's third trip in May 2011 to China in barely a year, Beijing and Pyongyang are reported to have come to "an understanding that, in preparation for planned, major domestic political events in 2012, both sides require sustained political stability, a convergence of interests that provides the opportunity for expanding bilateral relations beyond anything enjoyed in the past" (*Los Angeles Times*, December 8, 2011). In this arrangement, Pyongyang agreed not to "make trouble" in the short term and received increased access to Chinese capital and technology. Beijing is likely to continue applying this to Kim Jong Un as well, for, China dreads a North Korean collapse. Beijing is reported to have begun contingency planning for this possibility. It has already assigned PLA forces to guard the border region, thus making preparation for intervention in case of Korean emergencies (Bennett & Lind, 2011, p. 114).

From these considerations we can infer that Chinese authorities may have resolved to defend North Korea's survival and stability by making cold-blooded geopolitical assessment even in the face of the North Korean open provocations made in the *Cheonan* and Yeonpyong Island incidents in 2010. In Chinese perspectives North Korea is perhaps its only reliable ally on the peninsula; China has become more resistant to Korean unification for fear that it could lead to an expanded U.S. military presence closer to its border. To the extent that North Korea's nuclear arsenal could deter the U.S. from threatening North Korean survival and stability, China and North Korea do share common strategic interests. For these reasons, China provides political and economic incentives to North Korea so that the North Korean regime does not collapse or destabilize its border areas.

There is a tendency in Chinese policy to see North Korea and South Korea as part of China's rivalry with the U.S. and Japan. For example, China is not happy about the fact that the transfer of operational control over the Korean army to South Korea has been deferred to 2015 and South Korea's naval exercises with American naval ships in the Yellow Sea (Ross, 2011). Beijing perceives these measures as part of American attempts to encircle China. While turning a deaf attitude to South Korean requests to restrain North Korean adventurism, however, China can ill afford to ignore American demands for doing something about North Korean behavior. Thus only after Obama warned Hu that the North Korean uranium enrichment program and military provocations posed "the potential national security threat to the U.S." itself by telling him that the U.S. was ready to take some military action did Hu openly express his worry about the North Korean nuclear program and request North Korea to restrain its behavior to avoid Chinese confrontation with the U.S.

C. South Korea in Sino-American and Sino-Japanese Rivalry

South Korea finds itself in increasing Sino-American and Sino-Japanese rivalry mainly because China has certain tendencies to see South Korea in terms of its rivalry with the U.S. and Japan. In general, better Sino-American and Sino-Japanese relations are in the interests of Korean peace, stability and prosperity. Should Sino-American rivalry turn into another cold war or bipolar confrontation, South Korea will be forced to choose either one side between them. This is a worst situation for South Korea. Should the state of Sino-American relations turn into a close and tight condominium, both China and the U.S. will be tempted to treat South Korea as an issue ancillary to their bilateral relations. To a lesser extent, similar patterns will take place between Japan and China.

From South Korea's point of views, therefore, the current state of deepening "warm" economic interdependence and "cold" security relations between the U.S. and China and between Japan and China is preferable to either a worst or best bilateral relationship. A state of cooperation and competition instead of conflict and confrontation creates more rooms for South Korea to maneuver and maximize some degree of autonomy and to bridge their differences. Given the towering weights of these great powers, it will be difficult, if not impossible, for South Korea alone to play one against the other. As long as North Korea strives to survive as a nuclear state as Pakistan does and provokes conventional war against the South, South Korea has to sustain its alliance with the U.S. as the best insurance policy against nuclear and conventional threats and for peninsula and regional stability.

D. South Korea's Strategy: Alliance and Globalization plus Bridging

As a best option to guard security, prosperity and unification for South Korea I offer *an alliance and globalization plus bridging* strategy. The Republic of Korea needs to strengthen its strategic alliance with the U.S. toward a comprehensive one that can survive any change in the North and unification by sharing not merely common security interests but also common political values along with other like minded countries. At the same time, it is imperative that South Korea expand its globalization networks and tries to build bridges with China, Russia, Japan and other countries by exploring every possible way of sharing common interests in economic, cultural and technological exchanges.

In pursuing this strategy, it is crucial for South Koreans to have *strategic thinking* instead of wishful thinking. To do so they must see China as it is and not as it should be normatively or emotionally. As a rising middle power, South Korea has to make a

best strategic assessment on China in the face of emerging Sino-American and Sino-Japanese rivalry. As Sun Tzu once said, only when we accurately know our enemy can we win in our fight. It is most desirable for South Korea to decouple its alliance with the U.S. from Sino-American rivalry. But this is easier said than done, for there are limits to what South Korea can freely do. It is unrealistic for South Korea, for example, to effectively “harmonize” its alliance with the U.S. with its so-called “strategic cooperation partnership” with China. However we profess that the alliance is not directed at China per se, there is little we can do as long as China sticks to the view of perceiving the alliance as an American forward deployment to encircle China. It is better for South Korea to separate its security alliance with the U.S. from its cooperation with China as possible as it can by concentrating more on expanding economic, cultural and technological interdependence with China as the U.S. Japan and Southeast Asian countries are doing. South Korea must consolidate its alliance with the U.S. to enhance its deterrence and defense capabilities while developing its autonomous capabilities to deter at least local provocations by the North insofar as its own security is concerned.

Having stressed the importance of South Korea's alliance with the U.S. it is also important to stress that Korean security and unification cannot be accomplished without China's constructive roles and cooperation. Hence, South Korea must make every effort to build trust and confidence with China. Since South Korea has to prepare for some possibilities of abrupt change or for unification that may come by default, if not by design (Ahn, 1994d), it does need to know Chinese intentions and strategic interests with regard to the Korean peninsula. Given enormous uncertainty over the future of succession politics, any unanticipated events could happen in North Korea after the death of Kim Jong Il, which may trigger a series of unknown changes not merely in the North but also in the peninsula and East Asia. Against this background, Seoul must institutionalize bilateral strategic dialogues and security cooperation with Beijing by all means through all available channels including Track I, Track II and Track 1.5 contacts. In so doing it must make utmost attempts to convince Chinese leaders and people that South Korea is not interested in isolating or encircling China by any means but genuinely interested in sustaining stability and denuclearization in the Korean peninsula. It should be possible for South Korea to conclude an FTA with China on the basis of economic logics and mutual benefits, now that both sides did agree to negotiate it at the Beijing summit between President Lee and Hu in January 2012.

As perhaps the most open economy in Asia with the FTAs with the U.S., the EU, India and other South East Asian countries, South Korea is in a better position to engage China in many multilateral forums and groups. Now that South Korea has come to host the secretariat for the China, Japan and South Korea summits, it could foster bridges not only between China and Japan but also between the ASEAN plus

Three group and the East Asian summit that the U.S. and Russia joined for the first time at the Bali meeting in November 2011. South Korea did play this kind of roles when it brokered a simultaneous membership for both China and Taiwan in the APEC in 1989. With similar kind of skilful diplomacy South Korea could contribute to the task of avoiding either confrontation or bipolar coalitions between China and the U.S. even though South Korea has little choice but support the idea of open regionalism and Pacific Community.

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