

# **Report on Xi-Jinping's visit to South Korea: China-Korea Summit July 3-July 4**

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*Opinions or points of view expressed are those of the author and do not necessarily reflect the official position of the Hanns Seidel Foundation Korea*

## **Summary:**

As the China-Korea relation is increasingly becoming cooperative and positive ever since Xi Jinping and Park Geun-Hye have sworn into the office, 2014 July Summit is expected to strengthen China-Korea relations and re-establish the complex relations amongst the Northeast Asia. This trip also has a unique characteristic compared to the previous visits of Chinese leader to South Korea, as Xi's visit to South Korea is the first time for a Chinese leader to visit Seoul before visiting Pyongyang. Xi's visit follows a similar course, as the South Korean President, Park has visited Beijing before Tokyo in 2013, making her trip the first for South Korean leader to visit China before Japan. Xi's visit, accompanied by 3 vice-premier level personnel, 80 officials, and 200 economist/businessmen, is expected to be centered mainly on the issues like North Korean nuclear disarmament, security and stability concerns over the Korean Peninsula, and strengthening economic cooperation between the two nations.

## **General Outline of the Trip Schedule**

- July 3<sup>rd</sup>
  - The Official Welcoming Ceremony
  - China-Korea official Summit
  - Official Agreements
  - Press Conference/Release
  - State Dinner
- July 4<sup>th</sup>
  - Xi Jinping meeting with the National Assembly Chair, Jung Ui-Hwa
  - Lecture at Seoul National University
  - Meeting with the Prime Minister, Jung Hong-Won
  - Attending the Economic and International Trade Cooperation Forum along with President Park
  - Attending Business Exhibition/Expo in Seoul

## **The visit's main objectives, topic of discussion, and agreements**

The summit lasted for 2 hours and 45 minutes (with a one-hour extension to the original summit time) and passed 2 agreements/10 memorandums of understanding (MOUs). There were some unprecedented agreements and statements made at the Summit that signified the strengthened relationship between South Korea and China.

*North Korean Nuclear Disarmament, Reunification, and Security Concerns*

In regards to the North Korean issues and its nuclear disarmament, both state declared a firm and strong statement on opposing the development of nuclear weapons in North Korea. South Korean president, Park Gyun-Hye stated, "South Korea strongly opposes the development of nuclear weapons in the Korean Peninsula." The official agreement did not mention specifically of "North Korea." However, the agreement clearly indicates and addresses North with a firm warning regarding its nuclear weapons. The agreement, for the first time in the China-Korea Summit, cooperatively mentioned a strong opposition towards nuclear weapons and armament in the Korean Peninsula. It is significant in a way that China strengthened its position towards the North Korea's nuclear armament from "worrisome" in 2013 Summit to "opposition" in this year's Summit. The agreement further emphasized the importance of honoring the NPT, and both sides agreed to cooperate on resuming the six-party talks as a step in reaching nuclear disarmament in the Korean Peninsula.

Despite the seemingly firm agreement about the North Korea's nuclear disarmament, the position of China and Korea on North Korea's nuclear disarmament differed. While South Korea declared firmly on opposing North Korea's nuclear armament and asked China's cooperation, China avoided South Korea's direct statement by emphasizing "nuclear disarmament of the entire Korean Peninsula." This signifies that China would not only disapprove of North Korea nuclear disarmament, but also any future and potential development of nuclear weapon in the Korean Peninsula as a whole. This difference between the two states explains why the official agreement avoided the mentioning of "North Korea" specifically and used "Korean Peninsula" instead.

In terms of reunification, Xi Jinping expressed that China respects Park's Dresden Declaration and "Korean Peninsula Trust Process" in regards to the reunification process between North and South. The Dresden Declaration and the "Korean Peninsula Trust Process" are Park Administration's official policies on reunification based on humanitarianism, co-prosperity, and integration. By supporting Park's policy on reunification, Xi stated the China's interest in cooperating to reach a peaceful reunification of North and South.

### *Response to Japan's Rightist Policy*

As Park expressed a sign of concern and disappointment towards Japan regarding the review of Kono Statement in the interview with China's main news agency, CCTV, before the Summit, many media and experts anticipated several agreed statements regarding Japan's recent rightist policies as a result of the Summit. However, the Summit resulted in very few responses towards Japan's recent rightist actions. No responses were made towards Japan's reinterpretation of pacifist constitution that allows Japan to be a 'proactive' member of an armed state. There were also no responses made regarding Japan's Kono Statement review/revision, a study that admits Japanese government as the aggressor regarding the matter of comfort women. The only agreement reached in response to Japan's rightist actions was the consensus from the two states that expended the cooperation and research efforts between China and Korea on the issue of comfort women. It is analyzed that discussing issues involving the third party at the bi-lateral summit is inappropriate.

### Agreements on Economic Cooperation and Relations

Most of the accomplishment made during the Summit was involving economic fields. Regarded as one of the major agreements, KRW (Korean Won) and CNY (Chinese Yuan) Direct Currency Trade was established. Although China was South Korea's biggest economic partner, there was no direct current trade between KRW and CNY. In order to trade the two currencies, individuals had to go through a secondary trading of KRW to USD to CNY and vice versa. To eliminate such inefficiency and inconvenience, Xi and Park both agreed to establish KRW-CNY Direct Currency Trade. Some experts gave a negative outlook on KRW-CNY Direct Currency Trade, as the previous direct currency trade with Japan was eliminated due to low demand and transaction.

Another major topic, China-Korea FTA, was discussed in the summit. The FTA between China and Korea was first discussed right after when South Korea and United States enacted Korea-US FTA. At the previous China-Korea Summit with former South Korean President Lee and former Chinese President Hu Jintao, the formal discussion regarding China-Korea FTA was initiated in 2012. Since then, 7 rounds of meeting and negotiations resulted in reaching an agreement in regards to the elimination of tariffs on 90% of goods and services. The negotiation for China and Korea FTA was stalemated due to an apparent split. Korea demanded full elimination of tariff on manufacturing, IT, chemical products, oil products, steel, and machinery with agriculture and food products under protection, while China demanded opening of Korea's agriculture and food market with steel, manufacturing, and IT businesses under protection. Deemed necessary to stimulate and to expand the economic ties between China and Japan, Xi and Park agreed to enact China-Korea FTA by end of this year. This summit is expected to stimulate quick and swift compromises from both states to meet the deadline.

The overall agreements regarding economic field involved the consensus of strengthening the economic ties and cooperation of China and Korea. It is also important to consider that Xi Jinping was accompanied by 200 businessmen and economist, clearly expressing China's interest in strengthening the economic ties with Korea. Attending Economic and International Trade Cooperation Forum along with President Park and Business Exhibition/Expo in Seoul as part of Xi's itinerary is also a sign of China's great interest in expanding its economic cooperation and ties with Korea. Both states pledged to reach 300 Billion USD of trade by 2015.

### Other Agreements/Results

Korea-China Open Consulate Hotline Agreement, which was on hold for more than 12 years, was agreed to resume as a result of this Summit. The Open Consulate Hotline Agreement is designed to protect the rights of their citizens who are staying in the other country in case of imprisonment, detention, and arrest. While the two countries agreed to resume the talks about the Open Consulate Hotline, differences remain as Korea disagrees with China's policy on North Korean defectors, and China demands Taiwanese in Korea to be listed as "Chinese."

### Other Agreements

- China fully supports Korea in hosting 2018 Winter Olympic Games at Pyongchang,
- Both promised to cooperate on reducing pollution and fine dust level in atmosphere,

- Agreed on establishing direct lines and dialogue between ministry-level officials:
  - Routine schedules meetings for Northeast Asia Security Strategic Meetings,
  - 1.5 Dialogue System involving two states and civilians to improve communication between China and Korea,
- Observed 2015 as “China Visiting Year” and 2016 as “Korea Visiting Year,”
- Discussed the possibility of visa exemption to reach the goal of annual 10 million Korea-China transient population by 2016,
- Agreement policy on joint-production of movie by two states,
- Agreed to finalize and ratify China-Korea Coastline Security Agreement by 2015,
- China-Korea Young Leader Forum/Youth Exchange Program and Foundation between China and Korea established to strengthen the cultural and social ties between China and Korea,
- Discussions on Northeast Asia Peace and Cooperation Initiative to address ameliorate the security concerns in the region,
- Discussion of Eurasia Initiative to establish comprehensive links in terms of transportation infrastructure, logistics, energy cooperation, etc.

## **N. Korea’s response to the Summit**

The relations between China and North Korea have been souring, ever since Xi-Jinping stepped into power. Beijing was dissatisfied with Pyongyang, as the North Korea pursued the execution of Jang Seung-Taek, who led to increase in commercial and economic ties between China and North Korea. Furthermore, China-North Korea relations continued to worsen as Pyongyang launched the third nuclear test in February despite Beijing’s warning.

Although North Korea has not made any formal statement or response towards Xi’s visit to South Korea, it is expected that Xi Jinping’s visit to South Korea before visiting North Korea stirred dissatisfaction in Pyongyang, as many experts speculates that North Korea’s firing of two short-range Scud missiles over the East Sea is a demonstration of dissatisfaction towards Beijing. As the agreement of the Summit anticipated a firm opposition about the nuclear disarmament in Korean Peninsula, Xi is pressuring North Korea to give up its Nuclear and Economic Development Policy (병진노선). As an indirect response, North Korea’s official media agency, *Rodong Sinmun* released a main title article with a statement saying, “North Korea’s Nuclear Disarmament is an impossible dream” on June 30<sup>th</sup>, before Xi Jinping’s visit to South Korea.

On a subtle note, pursuing negotiations and agreements between Japan regarding kidnapped Japanese in North Korea and lift of Japanese sanctions towards North Korea can be interpreted as a sign of disapproval towards China’s visit to South Korea.

## **Other nation’s response to the Summit**

### *U.S. Response*

While China, South Korea, and North Korea have portrayed a sign of disapproval and disappointment towards Japanese Prime Minister Abe’s move to re-interpret Peace Constitution to give Japan the right to fore-attack when Japanese government deems it as a threat, United

States sent a positive response towards Japan's rightist move. As the Obama Administration is making its move to retrench United States overseas military commitment, US, by approving Japan's re-interpretation of Peace Constitution, hopes to have let Japan lessen the US's burden for overseas military commitment. Such approval can also be interpreted as one of the US's strategic move to strengthen its line to contain and to check China's power.

The conventional Northeast Asia's paradigm, US-Japan-South Korea versus Russia-China-North Korea, is being challenged. To make the Northeast Asia atmosphere more convoluted, South Korea and China is strengthening its relationship, putting more stress on the traditional cold-war alliance in Northeast Asia. Thus, United States watched over the July Summit between China and South Korea with keen eyes to see how much South Korea, traditionally strong US ally, would extend its positive relationship with China.

### Japan

Prior to the Summit, Park interviewed with CCTV and expressed a disappointment towards Japan's re-evaluation of Kono Statement. Park claimed that Japan's such action is a sign of "betrayal" towards South Korea-Japan relationship. Japanese government then responded to Park's statement as a matter for regret, stating that Kono Statement re-evaluation is not intended to undermine the Statement itself.

Unlike Japan's anticipation, the July Summit between China and Korea did not officially feature much of Japan's rightist policies. However, Xi and Park did express solemn concerns over Japan's recent moves towards rightist policies at specially arranged state lunch event. As a response, current Chief Cabinet Secretary, Yoshihide Suga, stated at the press release that China's and Korea's effort to discuss historical issues at an international level worsens the effort to instill peace and harmony over the Northeast Asian region. Japanese media and public blamed China with its intention of evoking historical issues to break the ties between South Korea and Japan.

Similar to North Korea, it is observed that Japan's pursuing of the successful agreements with North Korea, despite North Korea's launch of missile before the meeting with Japan, can be seen as a subtle sign of protest towards the China-South Korea Summit.

### **Prospect of North-South Relations as a result of the July Summit**

Although experts anticipate no monumental impact on North-South relations as a result of this Summit, some foresees a possibility of the July Summit to improve the North-South relations. With Xi Jinping and Park's pledging its effort to lessen the tension in the Northeast Asia, to place emphasis on establishing dialogue between North-South, and to resume the six party talks, some experts believe that the July Summit may act as a turning point for the worsening North and South relations. Furthermore, Xi Jinping's support for Park's reunification policy, "Korean Peninsula Trust-Process" and Dresden Declaration, signifies China's interest in bringing stability to the Korean Peninsula, potentially leading to an open dialogue between North and South. However, it is currently difficult to expect a sudden shift in North-South relations towards a positive way, and South Korean government has not really led to any actions to follow through

the Dresden Declaration. Improvement in North-South relations would require a time period for both North and South to test the trust and sincerity of their relationship. Factors like the planned South Korea's scheduled military training (Ulchi Freedom Guardian) with the US and North Korea's 4<sup>th</sup> nuclear tests will impact the future North-South relations.

### **Meaning of the July Summit/Impact on China-South Korea relations**

The short July China-Korea Summit is clearly designed to strengthen the ties and cooperation between China and Korea. Despite the glamorous attention that the Summit has received from other countries and the media, the results and breakthroughs that the July Summit has brought are less impressive. For example, South Korea's main objective regarding North Korea disarmament in this Summit is to bring China to firmly oppose North Korea's nuclear possession and to actively participate in the process of disarming North Korea. China cleverly avoided South Korea's demand by calling for "Denuclearization of Korean Peninsula" instead of "Denuclearization of North Korea," and China only offered a vague possibility of resuming the Six Party Talks as a step for nuclear disarmament. The agreement between China and Korea at this Summit regarding North Korea's nuclear weapon did, for the first time, include a strong statement to oppose nuclear weapon in North Korea. However, South Korea failed to achieve China's pledge for its active participation in the process of denuclearizing North Korea, and the Summit was not able to bring China to openly oppose North Korea's nuclear weapon, as the agreement did not actually mention "North Korea."

China also was not able to see much of accomplishments from this summit. China failed to create a strong "Historical Alliance against Japan" to destabilize Korea-Japan-United States alliance. The only historical matter that China and Korea officially dealt with at the summit was the pledge to cooperate on the issue of comfort women. China also failed to bring Korea to participate in Asian Infrastructure Investment Bank (AIIB). AIIB, often regarded as a China's plan to compete against US and Japan dominated Asian Development Bank, needs solid participants like South Korea to successfully establish itself, and South Korea did not have a solid answer in terms of joining AIIB at the summit. These failures clearly illustrates that China was not successful in the separation of South Korea from United States in this summit.

While there were no official statements or agreements about Japan's resurgence of nationalism, South Korea and China did express a concern over Japan's rightist policy during their special luncheon. This informal dialogue between China and Korea indirectly signifies the dissatisfaction and pressure towards Japan regarding historical matters. Based on the outcome and results, it is clear that this summit is full of mixed feelings. Park regarded China as an "old friend" and Xi described South Korea as a "close cousin." However, the experts dismissed the summit as a rhetorical alliance without any substantial improvement in the China-Korea relations due to less impressive results from the Summit.

Similarly, Japan-North Korea meetings can be described as rhetorical alliance without substantive improvement. North Korea's pledge to investigate on the Japanese abduction and Japan's partial lift of sanctions do indicate progress in relationship between Japan and North Korea. However, with North Korean nuclear armaments unresolved, there is a limit on the extent

of North Korea government's investigation on the Japanese abduction, and Japan will be reluctant to fully lift all of its restrictions and sanctions on North Korea. Thus, both the China-Korea July Summit and Japan-North Korea Meetings reaffirmed how difficult it is to weaken the conventional alliances in Northeast Asia.

This summit also indicated current foreign diplomatic status in the Northeast Asian region. Active discussion over North Korean Nuclear Disarmament, Dresden Declaration, and Korean Peninsula Trust-Process reveal that South Korea and North Korea relations have gotten worse over the recent years, and South Korea needs China as a main player in bringing North Korea to the table. President Park's policy towards North Korea resembles that of a diplomatic isolation: strengthening the tie with United States and to sever North Korea's ties with China. President Park's China-friendly diplomacy over the recent years is an effort to lessen the North Korea's and increase South Korea's value to China. If South Korea has both US and China support, South Korea would be able to bring North Korea to the table and follow through the reunification policy: the Korean Peninsula Trust-Process.

China's agenda is to separate South Korea from Japan and United States, and strengthen its influence over Asia through this July Summit. China's previous policy towards South Korea is described as 정냉경열 (Politically Cold, Economically Hot) to denote that South Korea and China are politically different and economically friendly. As China is putting effort to realign the alliances in Northeast Asia, China's policy is shifting towards 정열경열 (Politically Warm, Economically Hot) to also make its policy politically friendly, making love-calls to South Korea as an effort to reposition South Korea's diplomatic stance. China is using a method almost resembling that of carrot and stick approach towards South Korea. While China is giving carrots like cooperation in North Korean issues, historical alliance, and strengthened economic ties, China is also exerting pressure in areas like disapproval of US Missile Defense in Korea, AIIB participation, and co-hosting of 8.15 Independence Event.

At this point, it is difficult to say that China and South Korea have reached up to a point to challenge the current Northeast Asian political alignment and advance its relationship from "Strategic Partner" to "Strategic Ally."