Evolving China’s Foreign Policy in Northeast Asia under 
Hu Jintao’s Leadership and Implications to Korea-China Relations

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I. Rising China

In the 21st Century, one of the most endemic terminologies in the world must be “rising China.” Many prestigious organizations, think-tanks, and scholars predict that Chinese economy would be the top-ranked in the world by 2030. Some also seriously worries that China would challenge the US hegemony in international politics, destabilizing the world. As such, Chinese economic performance has been remarkable from late 1970s to present, with an average annual growth about 10%. This record certainly exceeds Japan’s and Korea’s “economic miracles” of past decades in spite of fuzzy statistics in debates. By 2020, the size and potential of Chinese economy, compared to other newly developing states like India and Brazil, will still be attractive to foreign investors. Furthermore, the composition of young/old ages in China still maintains at an optimum level for economic growth. In domestic politics, CCP has successfully maintained its control and political stability.

<table>
<thead>
<tr>
<th>Content/Year</th>
<th>1980</th>
<th>1990</th>
<th>2000</th>
<th>2010</th>
<th>2020</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage</td>
<td>1st Step (一走步)</td>
<td>2nd Step (二走步)</td>
<td>3rd Step (三走步)</td>
<td>Petit 1st</td>
<td>Petit 2nd</td>
<td>Petit 3rd</td>
</tr>
<tr>
<td>GDP per Capita(Planned)</td>
<td>100</td>
<td>200</td>
<td>800</td>
<td>1600</td>
<td>3200</td>
<td>12800</td>
</tr>
</tbody>
</table>

According to the grand strategy for economic development addressed in the 15th Party Congress in 1997, China targeted to reach US $ 12,800 per capita by 2050, for the completion of modernization in the 100th anniversary of the establishment of People’s Republic of China. As a result, by 2050, China will be the top-ranked country in terms of

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1 The views expressed in this article are those of the author and neither reflect the official positions of the Institute of Foreign Affairs and National Security (IFANS) nor those of the Ministry of Foreign Affairs and Trade (MOFAT), South Korea.

economic size as a whole. [Table 1] shows China’s three step (combination with small three steps) development strategy. In 1995, China had already outnumbered the target of the year 2000. As of 2008, China’s GDP per capita has almost reached the target of the year 2020 and will certainly be higher by the end of 2010, which is almost 10 years ahead of China’s original plan.

China became a leading country in terms of the speed of recovery from the international financial crisis stemming from the Wall Streets of the U.S. In 2009 at the zenith of the crisis, China recorded higher than 8% of GDP growth rate. Such success elevated the international status of China as much as called as G-2. By confirming such status, in July 2009, the U.S. held a new “Strategic & Economic Dialogue” with China to deal with world affairs as well as bilateral strategic concerns.

II. New Direction of China’s Foreign Policy

Along with the rise of China, strategic thinking in China has also evolved and diversified. The characteristic of China’s foreign policy during Jiang Zemin era (1989-2002) can be best described in the “hide capacities and bide time (taokuangyanghui),” principle. However, reflecting the rising overall national capacity of China, the one during Hu Jintao era (2002-present) has been gradually changing into the way of “being able to accomplish something (yousuozuowei).”

China under Hu Jintao took a more active foreign policy in pursuit of “the Great Power.” It added the principle of “cooperation,” while emphasizing the previous two mottos of “peace” and “development” in Jiang’s era. When the second North Korean nuclear crisis occurred at the beginning stage of Hu’s succession to power, Hu’s China overcame the previous position of “hesitant intervention” to external matters. Instead, it took up more active mediator roles, and established a solid international image as a “responsible great power” by successfully launching the Six-Party Talks.

Chinese leadership under Hu has elaborated mottos such as, “Peaceful Rise,” “Peaceful Development,” “Peace (harmony) First,” and “Harmonious World”. China’s foreign policy has placed more weight on relations with neighboring countries compared to Jiang’s foreign policy. Since 2003, China doubled its oversea investment in neighboring countries, including Myanmar, Cambodia, Bangladesh, and North Korea.

Regarding great power relations, during Jiang’s era, China had already laid out a new perspective of international relations called in “New Security Concept,” which depicted

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2 Regarding a rather cautious optimism on the recovery of China, Barry Naugthon, China’s Emergence from Economic Crisis,” China Leadership Monitor, No. 29 (2009).
3 According to Bloomberg Columnist William Pesek, Donald Straszheim, vice chairman of Newport Beach, California-based Roth Capital Partners, first used the “Group of Two” in an IMF annual meeting at Singapore in 2006.
5 This slogan has a certain reservation in China and still in debates on whether it is appropriate.
great power relations in terms of non-zero sum nature, placing emphasis on mutual benefits and cooperation rather than conflicts. The introduction of such concept was to send a strong signal to the World for China to be a country accepting status quo in international relations. China’s foreign policies started operating under pragmatic principles in the security environments in the late 1990s, to maintain China’s priorities on economic development and adjustment to the post-Cold War order. China regarded relations with the US as the most important bilateral relations and sought to avoid conflicts with the US at all circumstances.

The pragmatic approach and the pursuit of a more active international role naturally leaded China to a strategic reevaluation of two Koreas under Hu Jintao. China works on transforming the relationship with North Korea from “a special relationship” to “a normal state-to-state relationship” under Hu’s leadership, while still appreciating a strategic value of North Korea. When the first North Korean nuclear crisis broke out in 1993, the Korean peninsula became a subject of great power politics, although the nature of relations with its neighboring countries still remained. With South Korea, China established “strategic cooperative partnership” in 2008, opening a political space to deal with North Korean issues at the bilateral talks between South Korea and China. However, ambivalent attitudes on the Korean peninsula in the Chinese foreign policy complicated the Chinese objectives, laid out specifically in a mixture of strategic and short-term interests.7

III. China’s Foreign Relations in Northeast Asia

1. Current Relations

China’s strategy toward Northeast Asia is mainly characterized by the principle of “hiding capacities and biding time” while diplomacy of “being able to accomplish something” plays only an ancillary role. This stands in stark contrast to the active nature of China’s current diplomacy, shown since the 2008-09 global financial crisis. China’s diplomacy in the Northeast Asia region is expected to be more focused on maintaining the status quo and pursued with greater caution.

When discussing China’s strategy toward Northeast Asia, the most elementary questions are how Northeast Asia is composed as a geographical space and whether “Northeast Asia strategy” is being included as part of China’s regional strategy. The answer to the first question is that there is currently no international consensus on defining the Northeast Asia region in geographical terms. However, generally speaking, in addition to South and North Korea and Japan, regions in the northeastern part of China, eastern part of the Amur River in Russia, Taiwan, as well as in the east of Mongol are usually referred to as Northeast Asia. Given that the majority of the above-mentioned regions are currently in inseparable relations with the U.S. in terms of both international politics and geopolitics, it is expected to be considerably difficult to exclude the U.S. There is currently a mix of great powers and small to middle powers, surrounding the eastern and northern part of China from the South and the North, and the division

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between the continent and the islands makes the shape of the region even more complicated.

Regarding the second question, it would be fair to claim that there exists no such thing as China’s foreign policy strategy that recognizes those above-mentioned regions as a single unit. Although there was a brief period during which China separately classified the Northeast Asia region into two regions and recognized those as two opposing blocs of the Cold War, the so-called Northeast Asia’s “Cold War” structure of “Northern triangle and Southern triangle” no longer exists as China has began to establish a strategic cooperation with the U.S. since the early 70s in its recognition of the Soviet Union as the greatest threat. Although China has, since then, been developing various forms of bilateral relations with Japan, Russia, the U.S., as well as with South and North Korea, and referring to them as “Northeast Asia diplomacy” for the sake of convenience, it didn’t pursue a strategy of regional diplomacy with a clear distinction and consistency.

[Table 2] Types of China’s Relations in Northeast Asia Region in the 21st Century

<table>
<thead>
<tr>
<th>Relations</th>
<th>Types</th>
<th>Contents</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sino-Russia</td>
<td><strong>Strategic Partnership of Collaboration</strong></td>
<td>Great Power Relations</td>
<td>1996</td>
</tr>
<tr>
<td>Sino-Japan</td>
<td><strong>Strategic Relationship of Mutual Benefit</strong></td>
<td>Great Power Relations</td>
<td>2006</td>
</tr>
<tr>
<td>Sino-South Korea</td>
<td><strong>Strategic Cooperative Partnership</strong></td>
<td>Neighboring Country Relations</td>
<td>2008</td>
</tr>
<tr>
<td>Sino-North Korea</td>
<td><strong>Traditional Friendly Cooperation Relations</strong></td>
<td>Neighboring Country Relations</td>
<td>2002</td>
</tr>
<tr>
<td>Sino-Mongolia</td>
<td><strong>Friendly Cooperative Partnership</strong></td>
<td>Neighboring Country Relations</td>
<td>2003</td>
</tr>
</tbody>
</table>

In China’s diplomatic terms, the Northeast Asia region is where diplomacies toward great powers and neighboring states are simultaneously making their presence. By adopting the policy of “reform and opening-up”, China has attached the greatest importance to creating an international environment that is conducive for pursuing an economic development. Especially, when China was isolated from the Western powers after the 1989 Tiananmen Square massacre, diplomacy with its neighboring states has become the center of China’s diplomacy with an aim to, eventually, escape from the international isolation and also secure enough of political and economic buffer zones. Amongst them, building of friendly and cooperative relations with the so-called Northeast Asian countries has been greatly emphasized, and China has, since then, continued to develop such bilateral relations in the region. The table shown above well
summarizes the official bilateral relations that China has recently established with the Northeast Asian countries. Following the formal logic, the order of importance in China’s diplomatic relations could be summarized as the followings: China-Russia > China-South Korea > China-North Korea > China-Japan > China-United States. However, the reality of China’s diplomatic relations is entangled around far more complex degree of interests than formality alone can adequately describe.

The Northeast Asia region, in China’s diplomacy, has transformed from being a space for security competition to a space for economic development after the 1990s, and began to be gradually recognized as the space for not only achieving geopolitical security but expanding geo-economic cooperation and development as well. China is currently working toward creating geo-strategic space which combines the geo-political and geo-economic space. China’s new understanding of the Northeast Asian space is likely to be related with its previous decision to adopt the “New Security Concept”, which reflects the changes made since the mid-90s in China’s understanding of global issues. Through its “non zero-sum” approach toward diplomacy, which avoids conflicts and, instead, promotes cooperation, China has began to recognize its relations with both world powers and neighboring states with a more flexible and wide view. This recognition embodies what Deng Xiaoping emphasized, namely the principle of “hiding capacities and biding time,” reflects the geo-economics oriented way of thinking as compared to the security-focused thoughts in the past, and is based on the positive assessment of the space for economic cooperation. Therefore, Northeast Asia and Southeast Asia begin to be recognized not as a completely separated space but rather as a strategic space where the two can be mutually connected with each other within one large framework.

China has turned its diplomacy into a more active one with an aim to, in the end, loosen the status quo in the Southeast Asia region while continuing to maintain the status quo in Northeast Asia. In addition to joining the ASEAN, China, in 2002, has successfully strengthened its economic cooperation with the ASEAN countries by agreeing to sign the Free Trade Agreements (FTAs) by 2010 and also sought to expand its political influence. In 2003, China joined the Treaty of Amity and Cooperation (ATC) in Southeast Asia with the ASEAN countries, which mainly calls for resolving all disputes and conflicts through peaceful means as well as the renunciation of the use of force. In the following year, by expressing its intention to establish and also lead the summit meetings in cooperation with Malaysia, China, as a result, aroused the attention from the U.S. and Japan.

Entering the 21st century, it appears that in China’s foreign policies, the Northeast Asia region is found lower down the priority ladder than the Southeast Asia region. This trend is also reflected in the officials in the Chinese Ministry of Foreign Affairs. For example, Hu Zhengyue, who is currently serving as the Assistant Minister of Foreign Affairs of the People’s Republic of China and worked as the director general for the Asia Department from 2006 to 2008, and Yang YanYi, the current director general for the Asia Department of the Ministry of Foreign Affairs, are typical experts on the Southeast Asia region with no connection to Northeast Asia. By making its use of success from the Southeast Asian diplomacy, China has been seeking to gradually spread out positive perception of China, thereby establishing its image, at the end, as the great power.

The most important diplomatic issues for China, in the Northeast Asia region, are probably the cross-straits relations and the North Korean nuclear problem, with the U.S.
standing behind those two problems. Entering the 21st century, China has moved away from an aggressive method of threatening Taiwan to a unification policy that is more appeasement oriented with a mid- to long-term outlook. The specifics of this policy transformation have been paradoxically reflected in China’s “Anti-Secession Law” which was enacted in 2005. After that, China, based on its cooperation with the U.S., adopted the policy of restraining the Taiwanese efforts toward independence. Since 2008, China has been relatively successful in stabilizing the cross-strait relations when Ma Ying-jeou of the Kuomintang (KMT), who supports improving the relations with China rather than the independence of the island, came to power.

However, the North Korean nuclear problem which occurred in 2002 presented a significant challenge to China’s diplomacy in the Northeast Asia region. This challenge had a potential to add substantial instability to the U.S.-China relations, which China values the most among others, and also damage China’s image as a foreign cooperation partner and negatively influence its national development strategy. The North Korean nuclear problem, however, did bring about the effect of improving the China’s diplomacy in Northeast Asia at least for the time being. The North Korean nuclear crisis has become an issue that requires daily attention of the vice Foreign Minister, and as well as one of the key issues of concern to be considered by a top Chinese official. However, China’s such response is not rooted in the commonly perceived notion that North Korea’s strategic value is rather high based on the special relationship of alliance between the two countries. In fact, from the Chinese perspective, North Korea’s strategic value has been reduced, and this has become one of the reasons for North Korea to pursue its nuclear development.

2. Changing Regional Security Environment

Given the history, strategic interests, and power configuration of the evolving strategic schools in China’s Foreign Policy, China is not likely to take any initiative on the North Korean Issues as well as security issues in Northeast Asia as a whole. China will cautiously pay attention to changing regional security situations, in particular, special attention to the US policies. In this regard, China policy can still be regarded as a dependant variable to the US policy.

South Korea’s foreign policy will be influenced by the regional configuration of international relations, most importantly the US-China relations. There are five scenarios in the regional security configuration in the future: US-Japan cooperation to check China, US-Japan & US-China cooperation and China-Japan conflict, multi-bilateral cooperation & soft-balancing, multi-security cooperation, and unstable balance scenario. No matter which scenario becomes a template of regional security, it will also tremendously influence foreign policies of each country in the region. Given the current regional security situation, the basic trend is moving from the scenario of US-Japan cooperation to check China, through that of the US-Japan & US-China cooperation and China-Japan conflict, and in the long run, to that of multi-bilateral cooperation and soft-balancing.

Given the current degree of the US-China strategic cooperation, new Japanese government must be in dilemma, which requires an adjustment of its foreign policy direction. Under the new US-China entente cordiale, the strategic value of Japan to the US is likely to wane. Japan may seek the Sino-Japanese cooperation more seriously,
instead of taking “the US-Japan & US-China Cooperation/ China-Japan Conflict” option. In that case, the security environment in Northeast Asia may provide a window of opportunity for multi-bilateral cooperation scenario and eventually multi-security cooperation scenario from the “US-Japan Cooperation to Check China” situation.

Under the circumstance, South Korea would be left with no alternative but to work closely with both the US and China, because both countries have respective role, capacity, and will to influence Korean issues including the North Korea nuclear crisis. Under the threats of North Korean nuclear weapons, the ROK-US alliance must be the pillar for South Korean security architecture. South Korean support for China is also relevant to transforming the six-party framework into a regional security forum and establishing a peace regime on the Korean peninsula along with strengthening bilateral alliance with the US.

As China’s strategic ideas evolve, uncertainties in China’s future foreign policy direction still exist in foreigner’s eyes. Such a complicated situation in the future would be a great challenge to South Korea. South Korea must constantly prepare for future transformation of regional politics, in particular, China’s policy towards Korean peninsula.

IV. Implications for Korea’s Foreign Policy

1. South Korea’s China Policy

New dynamics of US-China cooperation may provide opportunities for South Korea. At this juncture, on the other hand, it poses enormous strategic difficulties to Pyongyang and appears to present more challenges than benefits for South Korea’s foreign policy. It will be difficult to solve the North Korean nuclear conundrum and North Korean issues in general with a mindset rooted in US-China strategic conflict, a typical but outdated concept. South Korea now needs to take China’s interests into more serious consideration as well. Above all, in an era of US-China strategic cooperation, South Korea needs to be prepared for, analyze from multiple standpoints, and formulate measures dealing with the possibility of alienation from Korean peninsula issues as a result of US-China agreements.

Whatever the course of events, the prevention of such alienation through proactive diplomacy has to be one of main objectives of South Korea’s foreign policy. South Korea should by no means seek to isolate China from the unification process. Rather, South Korea must seek Chinese cooperation premised on a positive conviction that any future scenario on the Korean peninsula would not have a zero-sum nature for Chinese interests in the region.

8 Although South Korea’s mediating role between the two great powers is not an easy task, should more positive circumstances arise, such a role by South Korea should not be an excluded option. See Wang Jisi, “China’s Search for Stability With America”, *Foreign Affairs*, Vol. 84, No. 5 (Sep/Oct, 2005), pp. 39-48.

With strong economic interdependence as a foundation, South Korea must work to broaden the scope of its political, social, cultural and military relations with China in order to cultivate mutual trust between the two countries. Bilateral relations must be enhanced on all fronts so as to significantly weaken the causal link between the aforementioned issues of potential discord and mutual animosity.

A careful review of evolutions of China’s intention and capabilities on the part of South Korea is also necessary. This would involve an accurate understanding of China’s strategic objectives, degree of military readiness, sustainability of its growing economy, domestic challenges, and finally, China’s strategic thinking vis-a-vis the changing political-security climate on the Korean peninsula and the Northeast Asia region as a whole. In achieving this understanding, Korea should neither exaggerate nor underestimate China’s goals, capabilities and possible roles in the region.

However, it is not necessary to be deterministic that China would take destabilizing and aggressive measures as done in 1950 should a contingency or a unification situation happen. China can exercise a positive and constructive influence over North Korea in keeping North Korea’s unpredictable situation in check in accordance with the US and South Korea. Our proactive and prudent foreign policy must help China’s realistic and pragmatic thinkers and leaders prevail over traditional buffer-zone thinkers to make such a strategic decision.

To do so, dyadic dialogues must be invigorated. To begin with, South Korea should start a strategic dialogue at a 1.5 track with China on the Korean issues: the US with China as well in a similar vein. Based upon trust accumulated by such dialogues and contacts, it can be elevated to dialogues at the track one level as well as a trilateral dialogue when necessary. Without well-coordinated communication, however, the task for a win-win solution among the three may be difficult to achieve and as a result, leaving out a serious scar on a party, providing a source of trouble in the future.

2. Scenarios for Bilateral South Korea-China Relationship

Since the formal establishment of Korea-China relations in 1992, the bilateral relationship has recorded tremendous successes in terms of trade volume, cooperation on the North Korean nuclear crisis, and the number of exchanges in various areas. However, it is also true that the bilateral relations still remain far from satisfactory in terms of depth and degree of communication, crisis management, and a shared vision. Given Korean’s psychological alertness and apprehension formed over a long history of contact with China, differences in political system, mutual misperceptions and lack of understanding, these problems cast serious challenges for improved future relations between the two countries.
The future relations will be affected by foreign factors as well as bilateral ones. In the view of Koreans, factors such as US-NK relations, Sino-U.S. relations, North Korea’s problems, the role of the Korea-U.S. alliance and China’s internal problems will affect the Korea-China relationship in the future. In particular, China’s domestic dynamics may influence strategic thinkings in China.

The outcome of each variable does not necessarily happen coincidently in line with a similar trajectory with another. However, one variable may affect a certain scenario more strongly than others. For example, if a more hostile North Korea (nuclear) policy were adopted after the United States presidential election, the Lee Myung-bak government would find it hard to resist taking such a line, and a result might experience unanticipated tensions with China. Although some variables such as Sino-U.S. relations, the North Korean problem, and the role of the Korea-U.S. alliance seem to be beyond the control of South Korea. The variable of China’s internal stability is likely to be out of Korea’s control. However, it is necessary to consider all possible situations, watch for them and prepare accordingly.

The best scenario must be the first one, “strengthening South Korea-China cooperation.” Given current circumstances, however, a realistic scenario will be one of “complex South Korea-China relations.” While pursuing the best scenario, both countries must focus on maintaining the goodwill in the existing relationship. The establishment of the “strategic cooperative partnership” will encourage constructive progress by allowing both governments to actively engage in communication.

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In sum, when the security template in the region is moving toward a multi-bilateral cooperation situation, Seoul’s foreign policy will have more opportunity to realize its policy objectives. However, the future relationship between South Korea and China is still open to question. No matter how the structural situation and variables are favorable to a positive relation between the two countries, construction of a stable and reliable relation will be impossible without prudent policies and incessant efforts.