

South Korean president conducts “charm offensive” in China

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South Korean President Park Geun-hye concluded last Sunday a four-day visit to China, which was touted in the Korean media as a charm offensive to develop closer relations with the country’s largest trading partner. Park broke with tradition by making China, not Japan, her second overseas destination, after meeting with US President Barack Obama in May.

In reality, Park’s trip underscored the basic dilemma facing the South Korean ruling elite, which continues to be militarily and strategically dependent on the US, but integrated economically ever closer with China, which the US views as a major potential rival. For its part, Beijing is seeking to foster closer ties with a US ally and undermine Obama’s aggressive efforts to contain China diplomatically and strategically.

Last Thursday, Park met Chinese President Xi Jinping. The two leaders put on a superficial display of unity over the issue of North Korea’s nuclear weapons.

“We shared an understanding that North Korea’s possession of nuclear weapons cannot be tolerated under any circumstances and confirmed that realising the denuclearisation of North Korea and maintaining peace and stability on the Korean Peninsula conform to the common interests of the two countries,” Park said at a news conference with Xi.

In order to appease Washington and fearful that a nuclear North Korea will provide a pretext for South Korea and Japan to acquire nuclear weapons, China has exerted enormous pressure on its ally, North Korea, to return to six-party talks. After Pyongyang carried out its third nuclear test in February, Beijing supported US-sponsored sanctions in the UN Security Council against North Korea and has implemented financial penalties against Pyongyang.

The US administration, however, is insisting that North Korea must first agree to abandon its nuclear

weapons—something that Pyongyang has up until recently flatly ruled out. South Korea has toed the US line. Since first coming to office in 2009, Obama has shown no interest in reviving the six-party talks involving the two Koreas, China, the US, Russia and Japan.

Commenting on Park’s meeting with Xi, South Korean Foreign Minister Yun Byung-se stated that North Korea’s “nuclear armament poses a threat to peace not only on the Korean Peninsula but also in Northeast Asia ... This is an indirect expression that (the North’s nuclear program) poses a threat to China as well.”

The US and South Korea held large-scale joint military exercises in April and May that dramatically escalated tensions with North Korea. The US provocatively dispatched nuclear capable bombers to South Korea in an ominous threat to the North. The US has repeatedly exploited North Korea as a means of exerting pressure on China.

Prior to last Thursday’s summit with Xi, Park held a phone conversation with Obama, in which the White House stated that the two presidents had “agreed to continue close communication and coordination on actions to pursue the denuclearisation of North Korea.”

Before meeting with Obama in May, Park raised the possibility of a “Northeast Asia peace initiative.” It was touted as a means of “building trust” between the nations in the region—a proposal that cuts across the Obama administration’s “pivot to Asia,” aimed at ratcheting up pressure on China throughout the region. After meeting with Obama, Park changed her tune, saying that her initiative would “reinforce” Washington’s strategy. (See: “New South Korean president commits to Obama’s ‘pivot to Asia’”)

Behind Park’s “Northeast Asian peace initiative,”

seeking to moderate tensions between China and the US, and China and Japan, are the huge economic interests that South Korean businesses have in China and the region.

Park was joined in China by a record 71 executives from Korea's leading conglomerates, including LG and Hyundai. By comparison, Park traveled with 51 business leaders to the US in May. Her predecessor, Lee Myung-bak went to China with just 36.

On Friday, Park attended a forum with 300 Chinese and Korean business leaders, where she called for closer economic ties, "building on the dazzling achievements in the past 20 years."

Since 1992, when relations between South Korea and China were formally established following the end of the Cold War, China has replaced the US as South Korea's largest trade partner, accounting for a quarter of total trade. Last year, bilateral trade reached \$256 billion. The two governments also promised to lift trade to \$300 billion by 2015. South Korea is the second largest investor in China, second only to the United States.

Over the weekend, Park visited Xi'an, China's ancient capital now at the center of China's push to develop the western region of the country. Major South Korean companies are seeking to exploit the untapped cheap labour and natural resources of the region. Samsung has invested \$7 billion to build a semiconductor factory. SK Global Chemical, a division of the SK Group, announced a deal on Friday with China Petrochemical worth \$2.8 billion to build a joint naphtha (a product similar to gasoline) cracking center in Wuhan. Hyundai CEO Chung Mong-koo visited Xi'an as the possible site of a planned fourth auto plant in China.

South Korea is also working for the completion of a Free Trade Agreement (FTA) with China, which has proceeded slowly since talks began last year.

Park's trip to China underlined the cooling of South Korea's ties with Japan. An article in the Japanese newspaper, *Asahi Shimbun*, entitled, "Japan pushed into a corner as Beijing, Seoul put on a united front," criticized Park's visit. It noted that Park had broken the long-standing tradition of making Japan the second visit by a new South Korean president. "Park's decision suggests that Seoul places growing importance on ties with China," whereas the prospect of a summit

between Park and Japanese Prime Minister Shinzo Abe "appears dim at this point."

Despite US calls for a closer military relationship between South Korea and Japan to oppose China, sharp tensions have erupted. Both Seoul and Tokyo have whipped up right-wing nationalism over disputed Dokdo islands (known as Takeshima in Japan) to divert from the deepening social crisis at home. South Korean concerns have been further exacerbated by the damage done to its economy as a result of Japan's quantitative easing policy, which has weakened the yen and boosted the competitiveness of Japanese exports, largely at South Korea's expense.

Tokyo has announced that it will take part in the US-led Trans-Pacific Partnership (TPP), aimed at undercutting China's economic influence in the region. South Korea so far has been reluctant to join the TPP. In another sign of differences between Seoul and Tokyo, Park and Xi agreed on the extension of a currency swap until 2017. Less than a week earlier, South Korea and Japan allowed their currency swap to expire.



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