

KOREAN FOREIGN POLICY AND THE RISE OF THE BRICS COUNTRIES

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In 2003 two emerging markets' investment analysts predicted that four rapidly developing countries—Brazil, Russia, India, and China, collectively the "BRICs economies"—by 2050 would have eclipsed most of the currently richest countries in the world. This article examines the impact of their rise in relation to Korea's foreign policy. Strategically and economically, the apparent power shift seems to have led Korea to doubt the validity and viability of the traditional U.S.-Korea relationship based largely on an asymmetrical military alliance. For example, it is China, not the United States, that has consistently played a crucial role in the Six-Party Talks established to denuclearize the Korean peninsula. China also has been Korea's largest trading partner since 2005, while Russia has abundant natural resources vital to Korea's energy security. Although the Korea-U.S. free trade agreement signed on April 2007 may help resuscitate bilateral relations, increasing interdependence between Korea and the BRICs, especially China, will make some type of realignment of the Korea-U.S. relationship necessary.

Key words: Korea, foreign policy, international relations, BRICs

Introduction

In 2001, a Goldman Sachs report first introduced the term “BRICs countries,” referring to Brazil, Russia, India, and China.¹ The label was a marketing gimmick. The report’s main aim was to identify “an engine of new demand growth and spending power.” It drew attention from investors, because it gave a concrete guide to where to invest after the series of financial crises of the late 1990s and the 9/11 attacks in 2001.² For a different reason, policy makers as well as academics expressed their interest in the report, highlighting the prediction that the four countries together would have bigger economies than the G-6 countries (the United States, Japan, the United Kingdom, Germany, France, and Italy) within the next fifty years.³ This might have far-reaching implications for world politics and economics. The official Chinese newspaper, *People’s Daily* (Beijing), put it like this:

The rise of the BRICs is also changing the world order. This is happening not only because of the BRICs’ robust economic growth, but also because of their role as an initiator and motivator of the new international order. The four countries advocate the democratization of international relations, oppose hegemony, and call for respect for global diversification. As developing nations, they have had the opportunity to learn from others and offset their own weaknesses.⁴

Of course, it is not certain that the BRICs countries will be working together to balance the U.S. global hegemony. Despite

1. Jim O’Neill, “The World Needs Better Economic BRICs,” Global Economic Paper No. 66 (Goldman Sachs, 2001).

2. From an investor’s point of view, most important is the “stage of very rapid penetration in consumer products” in emerging market countries. See “The BRICs Are Coming—Fast,” *Business Week*, October 27, 2003.

3. Dominic Wilson and Roopa Purushothaman, “Dreaming with BRICs: The Path to 2050,” Global Economic Paper No. 99 (Goldman Sachs, 2003). A similar estimation is suggested by John Hawksworth, “How Big Will the Major Emerging Market Economies Get and How Can the OECD Compete?” *PricewaterhouseCoopers UK Economic Outlook* (March, 2006).

4. “Shining, Golden ‘BRIC,’” *People’s Daily*, September 6, 2006 online at http://english.people.com.cn/200609/06/eng20060906_300197.html.

the *People's Daily's* emphasis on their common position, these countries do not demonstrate much joint solidarity. Nevertheless, the growth of the BRICs poses important challenges to both regional and global balance of power. Moreover, in the economic realm, the high-performing economies of some of these countries already have become a new engine of global economic growth.

This article examines the impact of the rise of the BRICs on Korea's foreign policy, particularly with respect to its future economic security.⁵ What will be the consequences of the rise of the BRICs for the future global balance of power? Will the BRICs countries constitute a bloc to counterbalance against the United States? Finally, how might these changes impact Korean diplomacy? We first examine the economic implications of the rise of the BRICs countries for Korea, then scrutinize the strategic implications. We conclude with a summary and policy implications.

The Economics of the BRICs Countries: Conflicting or Complementary for Korea?

Korean Concerns

Korea's geoeconomic position is unique. "As a middle power, Korea is situated at the crossroads of four great powers (China, Japan, Russia, and the United States), each of which considers itself in the top rank and entitled to regional leadership."⁶ Despite its relatively small size, nearly double-digit economic growth over the past decades has encouraged Korean policy makers and intellectuals to take it for granted that Korea's economy would continue to grant it entry into elite groups, both official and unofficial. From the early 1980s, scholars and analysts worldwide have

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5. For the concept of economic security, see Vincent Cable, "What Is International Economic Security?" *International Affairs*, vol. 71, No. 2 (1995), pp. 305-24; Michael Mastanduno, "Economics and Security in Statecraft and Scholarship," *International Organization*, vol. 52, No. 4 (1998), pp. 825-54.
 6. Gilbert Rozman, "Korea and Sino-Japanese Rivalry: A Middle Power's Options within the East Asian Core Triangle," *Pacific Review*, vol. 20, No. 2 (2007), p. 199.

understood Korea as a “tiger economy.” In 1995, Korea joined the Organization for Economic Cooperation and Development (OECD), often referred to as the “rich countries’ club.” Confidence in Korea’s economy was undermined, however, during the Asian financial crisis of 1997-1998. Although the economy quickly recovered to its pre-crisis level, confidence was not so easily restored. Within Korea, a siege mentality is pervasive. Business, government, and ordinary citizens fear that the economy is sandwiched between high-tech Japan and low-cost China.⁷

The rise of the BRICs has dwarfed Korea’s presence in the world economy. Korea is no longer in the list of the top ten economies worldwide, lagging behind all four of the BRICs. Between 1990 and 2005, China and India accounted for 28 and 9 percent, respectively, of the global increase in gross domestic development (GDP), while the United States accounted for 19 percent.⁸ Meanwhile, for Korea to sustain a high growth rate, its economy needs a large amount of foreign investment. Yet Korea’s potential for economic growth arguably is undervalued by international investors today—perhaps partially due to catchy labels such as that of the “BRICs countries,” which may lump together unlike economies while excluding Korea.

Korea’s concerns are not confined to its relative ranking on hard-power measures such as the overall size of its economy. They also have to do with its soft-power resources—for example, its influence over agenda-setting in the major institutions of global governance. The BRICs countries have emerged as representatives of emerging economies, with a large voice in negotiations of global issues such as trade, the environment, and energy. For example, in the Doha Development Round (DDR) negotiations, Brazil, China, and India played a leading role in forming G-20 to represent the interests of developing countries.⁹ In a reflection of the growing influence of the BRICs countries, the G-8 agreed to invite China, India, Brazil, South Africa, and Mexico

7. Choe Sang-Hun, “Korean Business Feels the Pinch between China and Japan,” *International Herald Tribune*, March 28, 2007.

8. David Dollar, *Asian Century or Multi-polar Century?* Working Paper No. 4174 (World Bank, 2007), p. 6.

9. T. N. Srinivasan, “China and India: Economic Performance, Competition and Cooperation: An Update,” *Journal of Asian Economics*, vol. 15, No. 4 (2004), pp. 630-34.

(the so-called "Outreach 5") to have ministerial-level talks on climate change, intellectual property rights, and the social aspects of globalization.¹⁰

The China Connection

Let us begin with China. For Korea, China is already the most important economy, well ahead of the United States. Since Korea and China established diplomatic relations in 1992, a growing number of Korean companies have moved their production lines to China. Since passing the United States in 2005, China has been Korea's largest trading partner.

China also needs Korea. Korea is the fifth-largest foreign investor in China, after Hong Kong, Taiwan, Japan, and the United States.¹¹ Korea is also China's third-largest trading partner. Of course, in terms of objective criteria such as market size and diplomatic influence, Japan is more important to China than Korea. However, military rivalry and diplomatic conflicts over history and territorial issues continue to impede close Sino-Japanese relations. For example, in 2004, China proposed a free-trade area (FTA) to Japan and Korea. While talks between China and Japan on the issue have stalled, China and Korea launched a joint government-industry-academia feasibility study in 2003.¹²

The Korea-China relationship is reciprocal in terms of soft power, too. Koreans comprise one of the largest groups of foreign students in Chinese universities, almost three times as large

10. "Great Powers Present and Future Try to Keep It Casual," *Financial Times*, June 4, 2007; "Emerging Powers Flex Muscles to Push for More Influence on G8," *Financial Times*, July 4, 2007. It is important to note that the BRICs' new prominence in global leadership follow from their own initiatives. For example, the trade G-20 grew out of the Brasilia Declaration in June 2003, when Brazil, India, and South Africa announced their intention to cooperate to press for agricultural trade liberalization in the Doha Round.

11. Eun Mee Kim and Jai S. Mah, "Patterns of Korea's Foreign Direct Investment Flows into China," *Asian Survey*, vol. 46, No. 6 (December, 2006), pp. 881-97.

12. Zhang Jianping, *Analysis on the Issues of and Prospects for a China-Korea FTA*, Center for Northeast Asia Economic Cooperation Research Series 06-04 (Korea Institute for International Economic Policy, 2006).

as the number of Japanese students. Similarly, more than two-thirds of foreign students at Seoul National University are Chinese.¹³ Since the late 1990s, the “Korean wave” of pop culture has had phenomenal success in China, while there has been a “China fever” in Korea. This cultural reciprocity has its roots in political and historical legacies. “We like American culture, but we can’t accept it directly... [T]here is no obstacle to our accepting Korean culture, unlike Japanese culture . . . Because of the history between China and Japan, if a young person here likes Japanese culture, the parents will get angry.”¹⁴

China also has strengthened its economic ties with North Korea. China is the largest foreign investor in North Korea, accounting for almost half of the total foreign direct investment, as well as being the largest aid donor.¹⁵ North Korea’s dependence on China has intensified since its development of nuclear weapons, which has further isolated it from the international community.¹⁶

Relations with Russia

Russia’s economic growth throughout the first years of this decade has been robust, with an average annual growth of over 6 percent in 2000-2005. This rapid growth has been driven by rapid expansion in oil production against the backdrop of rising world oil prices and ruble devaluation in 1998, which improved the price competitiveness of Russia’s domestic industry. Economic policy and institutional reforms also have promoted Russia’s economic growth. For example, the tight fiscal policy has produced a central government budget surplus, enabling the government to transfer significant revenue into a stabilization fund. The stabilization

13. David Shambaugh, “China Engages Asia: Reshaping the Regional Order,” *International Security*, vol. 29, No. 3 (Winter, 2004-2005), pp. 78-79.

14. “A Rising Korean Wave: If Seoul Sells It, China Craves It,” *International Herald Tribune*, January 3, 2006.

15. Jae Cheol Kim, “The Political Economy of Chinese Investment in North Korea: A Preliminary Assessment,” *Asian Survey*, vol. 46, No. 6 (December, 2006), pp. 898-916.

16. Stephan Haggard and Marcus Noland, *North Korea’s External Economic Relations*, Working Paper 07-7 (Washington D.C.: Institute for International Economics, 2007).

fund, in turn, has introduced room for maneuver in Russia's fiscal policy, and has contributed to the Russian government's improved credit rating. There has been approximately 10 percent annual growth of total investment in Russia since 2000.¹⁷

Although Russia has yet to be included in some of the international economic institutions, including the World Trade Organization (WTO), its "participation in the G8 informal club of leading industrialized nations—a modern-day version of the nineteenth-century European concert of great powers—gives it further political clout and prestige in the international community at large."¹⁸ Russian President Vladimir Putin has boldly called for a fundamental reform of the international financial architecture.¹⁹ In August 2007, Russia nominated Josef Tosovsky, the Czech prime minister, for the post of managing director of the International Monetary Fund (IMF), a post informally reserved for a Western European. Although this attempt did not succeed, it clearly shows Russia's desire for a larger role in the global economy.²⁰ In addition, Russia will host the 2014 Winter Olympic Games in Sochi, an honor regarded as signaling international recognition of economic and diplomatic recovery.²¹

Russia's influence over East Asia is not as strong as it was during the cold war. In the 1990s, Russia had neither keen interests nor the power to be involved in the region. However, as concerns over energy security have returned, China, Japan and Korea—all net petroleum importers—have rediscovered Russia's strategic importance.²² Virtually no energy resources to call its own make

17. See www.compiler.fi/idankaupan/tutkimukset/specialreports/bof1.html.

18. Eugene B. Rumer and Celeste A. Wallander, "Russia: Power in Weakness?" *Washington Quarterly*, vol. 27, No. 1 (2003-2004), p. 60.

19. "Putin Calls for New Financial World Order," *Financial Times*, June 10, 2007.

20. Yegor Gaidar, "Collusion over Who Runs Global Bodies Must Stop," *Financial Times*, August 27, 2007.

21. "Putin Secures Olympics Coup," *Financial Times*, July 6, 2007.

22. Robert A. Manning, "The Asian Energy Predicament," *Survival*, vol. 42, No. 3 (2000), pp. 73-88; Amy Myers Jaffe and Steven W. Lewis, "Beijing's Oil Diplomacy," *Survival*, vol. 44, No. 1 (2002), pp. 115-34; Leszek Buszynski, "Oil and Territory in Putin's Relations with China and Japan," *Pacific Review*, vol. 19, No. 3 (2006), pp. 287-303.

Korea the most vulnerable among the three. Political instability and military conflict in its major oil suppliers—including Saudi Arabia, United Arab Emirates, Kuwait, Iran and Qatar—force Korea to diversify its oil suppliers. Russia’s attractiveness to Korea is also related to Russia’s natural gas. Russia’s recent attempt to develop Siberian oil fields has led Korean policy makers to take the diversification strategy more seriously. In 2005, a consortium of Korea National Oil Corporation and Korea Gas Corporation took a 40 percent stake in Russia’s state-owned natural gas conglomerate, Rosneft, in an offshore project located off the Kamchatka peninsula.²³ If the Siberian pipeline project is realized, Korea’s quest for Russian energy sources will be accelerated. However, Korea’s share might be limited because Russia also has agreed to build two natural gas pipelines to Daqing (China), while Japan has cooperated with Russian oil companies in Sakhalin.²⁴

The New India Factor

India’s rise as a global economic power is frequently compared to that of China. In world markets, they compete with one another.²⁵ Unlike China, India has a good relationship with Japan, another regional rival of China, while deep-seated anti-Japanese sentiment has been a stumbling block for Japanese companies to expand their business in China.²⁶ India can be a substitute for China in many ways: Like China, India’s economy recently has performed well, and it possesses cheap labor, growing consumer markets, and the like. Japanese investors aggressively switched their focus from China to India in 2005 when a series of anti-Japanese protests took place in China. After 2008, when Japan’s official development aid (ODA) to China phases out, India can secure more development assistance from Japan.²⁷ Despite poten-

23. “Korea Joins Race for Russian Oil,” *Wall Street Journal*, December 15, 2005.

24. “Russia Pledges Gas to China,” *Financial Times*, December 15, 2005.

25. Betina Dimaranan, Elena Ianchovichina, and Will Martin, *China, India, and the Future of the World Economy: Fierce Competition or Shared Growth?* Working Paper No. 4304 (World Bank, 2007).

26. Brahma Chellaney, “China’s Loss Has Been India’s Gain,” *Wall Street Journal*, September 9–11, 2005.

27. Reinhard Drifte, “The Ending of Japan’s ODA Loan Programme to China

tial economic complementarity with Korea, neither the business community nor Korea's government has yet taken India seriously as a potential economic powerhouse. The same can be said of Brazil with even greater emphasis, although some in Korea are observing China's current search for natural resources throughout Latin America and Africa with some interest.

The Strategic Rise of the BRICs Countries: Korean Vulnerabilities and Dilemmas

Thus far, most Korean analysts of the rise of the BRICs countries have perceived new vulnerabilities and dilemmas, rather than opportunities, from this historic shift toward greater systemic multipolarity. Once again, we begin with China, then consider Russia, and finally India. As of yet, Korean policy makers have felt little effect from the rising international prominence of Brazil, which has been limited to greater leadership in global governance regimes, but does not have a military component.

China's Growing Influence and Its Impact on Korea-U.S. Relations

Not all BRICs countries have the same influence over the Korean peninsula. China and Russia border North Korea, while India and Brazil are far away. This geographical difference roughly corresponds to the influence of each country. During the cold war the Soviet Union had a strong impact on the peninsula, but since 1990, China's growing influence has become more visible. Korea-China relations have a long historical antecedent. For more than two millennia, Korea was part of the Chinese world order.²⁸ "Although this sentiment is never publicly articulated, China tends to view the Korean peninsula as its natural sphere of influence."²⁹ This view is reflected in China's geopolitical think-

—All's Well that Ends Well?" *Asia-Pacific Review*, vol. 13, No. 1 (2006), pp. 94-117.

28. John King Fairbank, ed., *The Chinese World Order: Traditional China's Foreign Relations* (Cambridge: Harvard University Press, 1968).

29. David Shambaugh, "China and the Korean Peninsula: Playing for the Long Term," *Washington Quarterly*, vol. 26, No. 2 (Spring, 2003), p. 50.

ing. "Since the Ming Dynasty, China has pursued two objectives concerning its policy toward the Korean Peninsula: (a) to prevent Korea from posing a threat to China and (b) to prevent a third country from using the Korean peninsula as gangplank to invade China."³⁰

During the cold war, China was the most ardent patron of Kim Il Sung's North Korean communist regime. However, during the Chinese Cultural Revolution in the late 1960s, Red Guards criticized both the Soviet leaders and Kim Il Sung, thus bringing the Sino-North Korean relationship to its lowest point. Then in the late 1980s, Deng Xiaoping's economic reform led Kim to distance from China. After the 1992 establishment of diplomatic relations between the Republic of Korea and China, North Korea's relations with China deteriorated further.³¹ The relationship was subsequently restored, and today China is one of the few countries presumed to exercise some leverage on North Korea.³² For example, China has played a constructive role in organizing and hosting the Six-Party Talks, and has employed its influence to keep Pyongyang participating. For instance, in early 2003 when North Korea withdrew from the talks, China suspended an oil shipment to North Korea, seconded high-profile diplomats to Pyongyang, and deployed additional troops along the border.³³ In August 2003, thanks to these Chinese diplomatic efforts, the Six-Party Talks resumed. Following North Korea's announcement of a successful nuclear-weapons test in October 2006, China supported a United Nations resolution that condemned the nuclear test. China joined U.S.-led economic sanctions by suspending the North Korean accounts at Banco Delta Asia (BDA), a bank in the Chinese-controlled territory of Macao. Although U.S. diplomats have urged China to exert greater pressure, China's tough stance toward North Korea has been instrumental in all of the achieve-

30. Xia Liping, "The Korean Factor in China's Policy toward East Asia and the United States," *American Foreign Policy Interests*, vol. 27, No. 4 (2005), p. 241.

31. Victor D. Cha, "Engaging China: Seoul-Beijing Detente and Korean Security," *Survival*, vol. 41, No. 1 (Spring, 1999), pp. 73-98.

32. Charles Krauthammer, "China's Moment," *Washington Post*, September 28, 2005.

33. Evans S. Medeiros and M. Taylor Fravel, "China's New Diplomacy," *Foreign Affairs*, vol. 82, No. 6 (2003), pp. 22-35.

ments to date in the talks to date.

China is also a key Korean ally in dealing with Japan.³⁴ In particular, China and Korea have been on the same side whenever Japan provokes region-wide controversies, such as the prime minister's visits to the Yasukuni Shrine, approval of right-wing versions of history textbooks, and territorial disputes.³⁵

However, the rise of China provokes a crucial strategic question for Korea. Because China potentially threatens U.S. dominance over the East Asian region, Korea is particularly concerned about the possibility of Sino-American tension and conflict. Korea tends to believe that a bipolar military and security balance in East Asia would permit little leeway for Korean foreign policy, forcing it to choose between the United States and China. Obviously, Korea has a strong interest in seeing the United States and China get along with each other, so that it will not be forced to take sides. Korea judges that it would be difficult to choose one of them without hurting the relationship with the other.

Korea's dilemma has been highlighted by a hot debate on the strategic flexibility of the U.S. forces stationed in Korea (USFK) in 2006. As part of its military modernization and transformation plans, the U.S. Defense Department has pursued a change in the role of the USFK. Once confined to the Korean peninsula, the USFK, according to the new plan, would be available for military planners to deploy worldwide, thus enhancing the overall operational flexibility and mobility of U.S. forces.³⁶ When this U.S. plan was revealed during the Korea-U.S. negotiations for the relocation of the USFK, some "progressive" ele-

34. Albeit insignificant, there is also a historical dispute between Korea and China. See Daniel Goma, "The Chinese-Korean Border Issue: An Analysis of a Contested Frontier," *Asian Survey*, vol. 46, No. 6 (December, 2006), pp. 867-80.

35. Daiki Shibuichi, "The Yasukuni Shrine Dispute and the Politics of Identity in Japan: Why All the Fuss?" *Asian Survey*, vol. 45, No. 2 (April, 2005), pp. 197-215.

36. For U.S. military transformation, see U.S. Department of Defense, *Transformation Planning Guidance*, April 2003, online at www.afri.org/transformation/pdf/TransPlanningGuidance_April2003.pdf; U.S. Department of Defense, *Transformation Study Report*, April 27, 2001, online at www.defenselink.mil/news/Jun2001/d20010621transrep.pdf.

ments of the Korean population and political circles raised a concern about "entrapment," fearing that the mobile and flexible U.S. forces might be deployed to the Taiwan Strait in the event of a clash with China, thus making U.S. bases in Korea targets of Chinese missile attacks.³⁷

Though the progressives do not necessarily represent the majority view of the Korean society, the implications are clear. Despite the fact that the Korea-U.S. alliance has been the cornerstone of Korean security and prosperity for over a half century, Koreans are now raising questions about the value and costs of the alliance. Moreover, there is a growing interest in maintaining a good relationship with China, and the controversy over the issue of U.S. strategic flexibility demonstrates Korea's sensitivity about the potential danger of Sino-American confrontation.

Recognizing this potential danger, recently Korea has sought to play an active role in Northeast Asia rather than passively hoping for harmonious relations between the United States and China. In 2005, President Roh Moo Hyun and his administration set out a grand strategy called *dongbuga gyunhyeongjaron* (balancing theory in Northeast Asia). This plan envisioned Korea's role as that of balancer in the Northeast Asian region. The new strategic vision reflects Korea's growing self-confidence. Overcoming the victim mentality of great-power politics, Korea hopes that it can assert its own influence for building and maintaining peace and stability in Northeast Asia. Conservative critics of the Roh administration have argued that Korea is not sufficiently strong to play the role of balancer as Britain had done in Europe during the nineteenth century. Despite the remarkable growth of the country over the past four decades, Korea is still a relatively small country

37. Kun Young Park, "A New U.S.-ROK Alliance: A Nine-Point Recommendation for a Reflective and Mature Partnership," *Challenges Posed by the DPRK for the Alliance and the Region* (Washington, D.C.: Korea Economic Institute, 2005); Sang-Hyun Lee, "Hanmidongmaeng-gwa jeonryagjeog yuyeonseong: jaengjeomgwa jeonmang" (ROK-U.S. Alliance and Strategic Flexibility: Issues and Prospects), *Gugjejeongchinonchong* (Korean Journal of International Politics), vol. 46, No. 4 (2006), pp. 155-78; Jong-cheol Choi, "Juhanmigunui jeonryagjeog yuyeonseong-gwa han-gugui jeonryagjeog daeung gusang" (Strategic Flexibility of the U.S. Forces in Korea and a Plan for Korea's Strategic Response)," *Guggajeonryag* (National Strategy), vol. 12, No. 1 (2006), pp. 59-99.

surrounded by big powers. According to this essentially realist logic, Korea cannot alter the regional balance of power in any fundamental way. The conservatives argue therefore that Korea's only viable policy option is to maintain the time-honored alliance tie with the United States, rather than trying to balance it.

Other critics point out that the danger of bipolarization in East Asia is only a potential one. The United States and China each pursues both containment and engagement. Indeed, despite some hard-line opinions in the United States which consider China as a strategic contender, the current U.S. policy is to seek China's cooperation on critical international issues such as the North Korean nuclear question. Robert Zoellick, then U.S. Deputy Secretary of State, referred to China as a "stakeholder" that has both interest in and responsibility for maintaining international peace.³⁸ For its part, China needs a stable international environment in which it can focus on internal economic and social development. For this, Beijing also believes that the peaceful relationship with the United States is essential.

Although conservative analysts legitimately question the practical feasibility of the Roh administration's strategy of Korea as a regional balancer between the United States and China, many Koreans believe Korea should try to play a role in preventing Sino-American confrontation. It has been suggested that Korea should seek roles of "knowledge leader" and "regional network builder." Having experienced both the Chinese and American cultures, Korea may be able to function as an impartial mediator or facilitator between the two nations. Also, Korea may provide the link between big powers, working as a "critical voter."³⁹

38. Robert B. Zoellick, "Whither China: From Membership to Responsibility," Remarks to the National Committee on U.S.-China Relations, New York (September 21, 2005).

39. Quotes from Chaesung Chun, "Korea's New Roles among Big Powers," a presentation at the conference on "The Peaceful Development of China and Its Implication for Northeast Asia," China Foreign Affairs University, Beijing, July 6, 2007. See also Ki-Jung Kim, "21 segi han-gug oigyoi jwapyowa gwaje: dongbuga gyunhyeongjaronul jungsimuro" (Position and Direction of Korean Foreign Policy in the 21st Century: Interpretation of Korea's Balancing Strategy)," *Guggajeonrag* (National Strategy), vol. 11, No. 4 (Winter, 2005), pp. 149-74.

Russia's Emergence

The next most significant BRICs country for Korea currently is Russia, although Goldstein and Kozyrev have observed that Russia was "a non-factor in the East Asian balance of power until the 2000s."⁴⁰ After the collapse of the Soviet Union, Russia was widely regarded as a Third World country with thousands of nuclear weapons and abundant oil fields. In this regard, despite high-tech weapons and energy resources, Russia had few usable policy tools for countering a rising China.⁴¹ Russia's influence over the Korean peninsula was also substantially weakened. For example, when North Korea and the United States signed the Agreed Framework in 1994, essentially freezing North Korea's nuclear-reactor development in return for the provision of light-water nuclear reactors to North Korea, Russia was sidelined during negotiations.

Nonetheless, since Vladimir Putin's assumed office in December 1999, Russia has gradually restored its influence in East Asia, for example, by forming the Shanghai Cooperation Organization (SCO) in 2001, uniting China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The SCO's joint military exercises in August 2005 and August 2007 demonstrated Russia's expanding influence in Eurasian security affairs.⁴²

Russia also has taken an active part in the Six-Party Talks over North Korea's nuclear future since their initiation in August 2003. Although its role is often downplayed by both the United States and China, Russia greatly helped the United States implement the "February 13 Accord" that freezes Pyongyang's nuclear program by facilitating the transfer by Banco Delta Asia of its unfrozen \$25 million through the Far East Commercial Bank.⁴³

40. Lyle Goldstein and Vitaly Kozyrev, "China, Japan and the Scramble for Siberia," *Survival*, vol. 48, No. 1 (Spring, 2006), p. 163.

41. Stephen Blank, "What is Russia to Asia?" *Orbis*, vol. 47, No. 4 (Fall, 2003), pp. 569-85.

42. Dong Joo Suh, "Russia, Chindia samgag ango hyeobryeok ganungseong-gwa hangye: dongbuga hanbandoeui jeonryageog hamui" (The Possibility and Limitation of Trilateral Security Cooperation among Russia and Chindia)," *Gugbang Yeongu* (Defense Studies), vol. 49, No. 2 (December, 2006), p. 39; "Russia Adds Muscle to Central Asian Summit," *Financial Times*, August 15, 2007.

43. "Russia in North Korea Dispute Offer," *Financial Times*, June 13, 2007.

Russia's role can become more significant as inter-Korean relations improve. Like China, Russia has a good relationship with both North and South Korea. It has abundant resources, vital to the energy security of the resource-poor Koreas.⁴⁴ Both Koreas are keenly interested in extending the Trans-Siberian Railway (TSR) to the Korean peninsula. The TSR's connection to the Trans-Korea Railway can increase interactions and interdependence between Korea and Russia and encourage North Korea's opening by facilitating trade and travel.

India's Indirect Impact

What about India? India's impact on the Korean peninsula is neither direct nor explicit. However, its strategic relations with China, Russia, and the United States may have significant implications for the balance of power in the Northeast Asian region. China and India had been strategic rivals, whose territorial disputes even led to a border war in 1962. Recently, however, Sino-Indian relations have warmed, as China has tried hard to court India. During the early spring of 2005, for instance, "Chinese Premier Wen Jiabao handed Indian Prime Minister Manmohan Singh a map reformatted to reflect the long-contested region of Sikkim as part of India."⁴⁵

Despite recently improvements, relations between China and India are still complicated due to historical legacies. As a hedge against a rising China, India maintains a good relation-

North Korea agreed to shut down a nuclear reactor, halt plutonium production, and allow the return of international inspectors within sixty days. However, the accord leaves open details of how the North Korean nuclear program will be dismantled.

44. James Clay Moltz, "U.S.-Russian Relations and the North Korean Crisis: A Role for the Russian Far East?" *Asian Survey*, vol. 45, No. 5 (October, 2005), pp. 722-35.

45. "India's China Policy: Importance of a Strategic Framework," in "India Urged to Formulate 'Clear' China Policy to Achieve Strategic Objectives," *New Delhi, Bharat Rakshak Monitor*, Foreign Broadcast Information Service (FBIS), SAP20050714000091 (April 1, 2005); "The New Chapter of Relationship," in "Editorial Lauds Growing India-China Friendship to Counter U.S. Dominance in Asia," *New Delhi Rashtriya Sahara*, FBIS SAP20050413000025 (April 13, 2005).

ship with Japan.⁴⁶ India has also strengthened ties with the United States. In March 2006, after a summit meeting at New Delhi, the two nations issued a joint statement which stressed the “strategic partnership to meet the global challenges of the 21st century.”⁴⁷ The U.S.-Indian agreement exempted India from signing the Nuclear Non-Proliferation Treaty (NPT).⁴⁸ Subsequently, in August 2007, the Bush administration lifted a thirty-year-old ban on India and approved a civil nuclear cooperation deal.⁴⁹ This move is unprecedented given the fact that the United States had traditionally regarded India as a key ally of the Soviet Union during the cold war. Moreover, critics of the U.S.-Indian nuclear deal fear that it will undermine the nuclear non-proliferation treaty regime, thereby making it difficult to rein in North Korea and Iran. These concerns are overshadowed by the Bush administration’s belief that, “A rising India is an obvious counter-balance to authoritarian China.”⁵⁰

Implications for Korea

The major implications for Korea’s foreign policy of the rise of the BRICs countries are filtered through their possible implications for the future of Sino-U.S. relations. The rise of China may lead Korea to reevaluate its traditional relationship with the United States, as Korea considers both its security requirements and future economic needs. Korea understands that its

46. Christopher Griffin, “Containment with Chinese Characteristics: Beijing Hedges against the Rise of India,” *Asian Outlook*, No. 3 (September, 2006); Harsh V. Pant, “India in the Asia-Pacific: Rising Ambitions with an Eye on China,” *Asia-Pacific Review*, vol. 14, No. 1 (2007), pp. 54-71.

47. For the text of the joint statement, see www.state.gov/p/sca/rls/pr/2006/62418.htm.

48. “Bush and Singh Reach Nuclear Deal,” *International Herald Tribune*, March 3, 2006.

49. Dinshaw Mistry, “Diplomacy, Domestic Politics, and the U.S.-India Nuclear Agreement,” *Asian Survey*, vol. 46, No. 5 (October, 2006), pp. 675-98.

50. Jo Johnson and Edward Luce, “Welcome to the Club: A Nuclear Deal for Delhi Signals a New U.S. Strategy,” *Financial Times*, August 3, 2007. See also Roger Cohen, “Nuclear Deal with India a Sign of New U.S. Focus,” *International Herald Tribune*, March 4-5, 2006.

security potentially may be threatened by China, Japan, and possibly Russia, as history eloquently shows. It has therefore seemed rational to Korea for it to depend on the United States for its security, as the United States does not appear to have territorial ambitions in the region. At the same time, Korea currently understands that it is no longer a “shrimp” surrounded by “whales.” It has significant capability to defend itself. Moreover, Korea believes that its security can be enhanced by exploiting the economic opportunities provided by China’s rapid growth, as well as by improving its security relations with China.

In a nutshell, Korea will actively expand its relations with China as long as this does not imperil its relations with the United States, and will make every effort to prevent Sino-U.S. confrontations. Korea’s relations with both Russia and India will be conducted as an adjunct to its evolving relationship with China.

At some point, however, Korea might consider opting for China, particularly if the United States ignores Korean foreign policy concerns by, for example, showing little respect for Korea’s diplomatic overtures designed to achieve peace in the Korean peninsula or insisting on increased strategic flexibility of the USFK, even though Koreans fear that this would threaten their security. On the other hand, should China’s Korea policy become driven by nationalism and great-power arrogance, Korea might try to check Chinese influence by strengthening its alliance with the United States.

Conclusions

This article has explored the implications of the rise of the BRICs countries for Korea’s foreign policy. It would be an exaggeration to say that the emergence of the BRICs spells the end of U.S. hegemony, as the increasing share of the BRICs in the world economy is a consequence of Western Europe’s relative decline. Moreover, it should be noted that predictions about the future growth of the BRICs countries are based on shaky assumptions and incomplete data.⁵¹ There is little solidarity of the BRICs as a

51. For example, many Chinese specialists caution that the “China fever” resembles the “Japan as Number One” fallacy. See Friedrich Wu, “What

geopolitical coalition. In any case, it would be unrealistic to expect that the BRICs countries' rise to global economic power will be linear.

The euphoria of the emerging market boom of the early 1990s is a good reminder. As Paul Krugman warned, the boom did not last long, finally evolving into a series of financial crises from East Asia to Latin America and Eastern Europe.⁵² Nonetheless the economic performance of the Asian BRICs has been phenomenal, a result with political, diplomatic, and strategic ramifications on both the global and regional levels. Their potential to become global powers should not be easily dismissed.

This potential shift in the balance of power could lead to some type of realignment of the Korea-U.S. alliance. As noted above, president Roh Moo Hyun suggested in 2005 that, in order to reduce the danger of a confrontation between China and the U.S.-Japan alliance, Korea should be a balancer in Northeast Asia.⁵³ The United States, along with conservative politicians and pro-American commentators in Korea, gave a cold shoulder to his suggestion. However, there is a growing consensus in the Korean business community that Korea should develop a closer—and, if possible, a special—relationship with China. The Korea-U.S. Free Trade Agreement is an attempt to counterbalance China's growing influence over Korea, but it is not clear how much the FTA can help reverse the trend. Korea is likely to adjust its diplomatic priorities and to lean toward a multilateral rather than bilateral approach, hoping that this change will not cause significant tension in the Korea-U.S. alliance. The actual and potential expansion of the BRICs countries as global powers is altering the strategic calculations of other states, especially those, like Korea, that long have been in the sphere of influence of the United States.

Could Brake China's Rapid Ascent in the World Economy," *World Economics*, vol. 7, No. 3 (2006), p. 64. In terms of soft power, the United States is likely to prevail over China in the near future. See Steve Chan, "Is There a Power Transition between the U.S. and China? The Different Faces of National Power," *Asian Survey*, vol. 45, No. 5 (October, 2005), pp. 687-701.

52. Paul Krugman "Dutch Tulips and Emerging Markets," *Foreign Affairs*, vol. 74, No. 4 (July-August, 1995), pp. 28-44.

53. "Seoul's 'Balancing Role,'" *Wall Street Journal*, May 31, 2005.

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