THE CHINA-SOUTH KOREA RELATIONSHIP AFTER THE TERMINAL HIGH
ALTITUDE AREA DEFENSE (THAAD) CONTROVERSY: DIPLOMACY, SECURITY,
ECONOMY, AND PUBLIC OPINION AREAS

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By

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ABSTRACT

In 2015, the ROK-China was achieved the best diplomatic relations since 1992. However, with the US-China competition intensifying, the ROK-China relations experienced unprecedented deterioration with the THAAD controversy in 2016. After the ROK decision to deploy the THAAD, China used the ROK decision as a chance to give a lesson to the ROK and set an example of possible consequence that countries could face after betraying China. Simultaneously, China still showed its intention to maintain a good relationship with the ROK to serve as leverage to influence the US-ROK relations. Thus, this paper examines the impact of the ROK-China relationship in diplomacy, security, economy, and public opinion area after the THAAD controversy. After the analysis, this paper finds that the impact on the diplomacy, security, and economy areas were not severe or restored previous level of exchange or cooperation. However, the THAAD controversy have aggravated the South Korean public opinion toward China and set the negative image of China remains in low status after the THAAD controversy for several years. The negative South Korean public opinion toward China may pose a burden to the ROK-China relationship in the long run.
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1. Introduction

February 22, in 2020, a petition asking for a ban on Chinese entry into South Korea due to Covid-19 pandemic was posted on the Blue House National Petition. More than 760,000 South Koreans agreed with the petition, which received 200,000 signatures far exceeding the requirement for the Blue House to respond to the petition. After the Moon Jae-in administration established the Blue House National Petition, China has been the only specifically targeted foreign country among a total of 228 petitions with more than 200,000 signatures as of March 22, 2021. In addition to the petition for Chinese entry ban to prevent the Covid-19 spread, four other petitions about Chinese business expansion or Chinese environmental pollution also gained more than 200,000 signatures.

The cases of the Blue House National Petition clearly show that the Korean public’s increasing negative perception toward China since the Terminal High Altitude Area Defense (THAAD). THAAD is an anti-ballistic missile defense system designed to intercept short and medium-range ballistic missiles up to 200 kilometers in their terminal phase. The X-band radar of the THAAD has a range up to approximately 2,000 kilometers (1,243 miles) in its forward-based mode.

Before the Republic of Korea and the United States decided to deploy the THAAD in 2016, the Chinese ambassador to South Korea described that the relationship between South Korea and China is at its highest since its establishment in 1992. South Korea was the second most visited small-middle power neighboring countries by the members of the Politburo Standing Committee

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(PSC) of the CCP from 1998 to 2015. After the THAAD deployment and China’s ensuing retaliation measures toward South Korea, however, the relationship has faced an unprecedented standoff. How only one member of PSC visited South Korea from 2016 to 2020 on the occasion of the Pyeongchang Winter Olympics in 2018 blatantly depicts the fractures of the China-ROK relations.

The ROK–China relationship has experienced ups and downs since its establishment of diplomatic ties in 1992. Many conflict factors such as a historic controversy over Goguryeo, Chinese illegal fishing in South Korean waters, and China’s fine dust problems were relatively well managed by the two governments, preventing them from developing into a bigger issue. However, the THAAD issue protrudes from previous hardships in many aspects. First, the issue has arisen in the context of the U.S.-China power competition at the regional and international level. Despite the explanation by South Korea and the U.S. that THAAD only secures the ROK from North Korea’s weapons of mass destruction and ballistic missile threats, China strongly has opposed to South Korea’s THAAD deployment. Beijing perceives that the THAAD system primarily intends to weaken China’s strategic deterrent power as a part of the U.S. effort to contain China. Second, the THAAD controversy remains as an unsettled, relatively long-term dispute since 2016 compare to other experiences, such as disputes over South Korea’s garlic imports from China in 2000 or China’s refusal to condemn North Korea for the Cheonan sinking.

and the bombardment of Yeonpyeong in 2010. The previous events caused tension between South Korea and China, but the two countries promptly reconciled to move on. However, the THAAD controversy has affected the two countries relationship in various fields. Lastly, the THAAD controversy significantly decreased China’s soft power on South Korea by leaving an impression of oppressive country to South Koreans through China’s retaliation measures. Therefore, with the U.S.-China power competition intensifying, looking at the current address of the China-ROK relationship in the wake of the THAAD controversy delivers a good benchmark to gauge the future development of South Korea-China relations. This study, thus, asks how much did the THAAD controversy and China’s retaliation against South Korea damage the China-ROK relations?

Since the THAAD deployment issue in South Korea emerged, there have been some research regarding South Korea’s THAAD deployment conducted. However, a majority of the literature focuses on the South Korea’s previous attitude toward to the U.S.-China power competition. There seems to be a pervasive view that South Korea’s foreign policy needs to be adjusted to some extent. Park argues that South Korea should put more weigh on the ROK-U.S. alliance than the ROK-China relationship in the face of the North Korea’s nuclear threats.6 Han also stresses that the THAAD issue cannot be fully resolved due to intensifying the U.S.-China competition and therefore, and South Korea needs to make effort to decrease its economic dependency on China.7 On the other hand, Kim argues South Korea should reexamine

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bandwagon strategy on the U.S. considering the U.S.’ insipid support for South Korea to avoid severe conflict with China.8

However, predictions of the ROK-China relations and the direction of South Korea’s foreign policy require a more detailed study on how the THAAD issue affected Korea-China relations. Only a tenuous level of literature exists to analyze how the THAAD controversy between the ROK and China affected the ROK-China relations. This study, therefore, fills up the gap by analyzing the current ROK-China relations after THAAD in diplomatic, defense, economic, and public relations. To that end, this paper ultimately argues that with the THAAD controversy and China’s retaliation measures, the ROK-China relationship is considerably damaged by losing its resilience, especially in the area of the people-to-people ties to the extent that would possibly hamper the restoration and development of the ROK-China relations in the long term.

This article proceeds as follows. The next section lays the background of the THAAD controversy. The section then looks into discussions in China over how China would respond to South Korea’s THAAD deployment and what does China want to accomplish by that measures. The third section reviews the THAAD controversy’s impact on the ROK-China relationship in diplomacy, security, economy, and people-to-people fields. The fourth section presents the conclusion thoughts, how the THAAD controversy damaged the ROK-China relationship.

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Methodology

This paper applies combination of qualitative and quantitative methodologies to look into four different areas: diplomacy, security, economy, and public opinion. For diplomatic area, the author collected high-level bilateral meetings held during the Park Geun-hye administration from March 25, 2013 to May 9, 2017, and part of the Moon Jae-in administration from May 10, 2017 to March 31, 2021. For security area, the author quantified types of security cooperation and their frequency between South Korean and Chinese militaries. Security cooperation conducted before the Park administration was referenced the previous research. To analyze the economic impact by the THAAD controversy, this paper utilizes data sets, such as the amount of FDI between South Korea and China, number of South Korea’s newly established companies in China, trade amount between South Korea and China, and the number of Chinese tourists in South Korea. For public opinion in South Korea, the paper looks into South Korea’s public opinion toward China from 2007 to 2019 conducted by the Institute for Peace and Unification Studies (IPUS) of Seoul National University.

2. Background Information: The Development of the Terminal High Altitude Area Defense (THAAD) Controversy

The THAAD controversy started in 2014 when The Wall Street Journal reported that the U.S. was considering to deploy the THAAD in South Korea to provide coverage for a US

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10 The IPUS conducts an annual survey since 2007 to over 1,000 South Korean people from the whole nation, ages 18 years and above. The sampling error is ±2.8% at a 95% confidence level.
After few days, the U.S. Forces Korea Commander confirmed that he had recommended deployment of the THAAD system in South Korea due to North Korea’s evolving threat. The South Korean government expressed its nonchalant attitude in the deployment whereas the South Korean Ministry of National Defense showed positive attitude toward THAAD’s potential to mitigate North Korea’s nuclear provocations and strengthen the security posture on the peninsula. Chinese ambassador expressed China’s first official opposition in October 2014 to the THAAD deployment by stating that Beijing believes the deployment was not just to deter North Korean aggression. Since then, China has repeatedly expressed its concern over South Korea’s deployment of THAAD insisting that the coverage of the THAAD radar far exceeds range of the Korean Peninsula and it does not only targeting North Korea. China delivered its concerns through various channels including remarks by spokesperson and foreign minister of China, bilateral defense ministers meeting between South Korea and China, and even in the summit level meeting each with South Korea and the U.S. As a response to

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China’s strict opposition, South Korea denied on-going negotiation with the U.S. regarding the THAAD deployment.

Despite China’s strong opposition, South Korea and the U.S. jointly announced the THAAD deployment on July 7, 2016, and the THAAD became operational in the first half of 2017.16 China reacted fast and fiercely. On the same day of the joint announcement, the Vice Minister of Foreign Affairs of the PRC called in the South Korean ambassador to express China’s concern.17 China decided to go further than a mere diplomatic method. It postponed bilateral high-level meetings with South Korea, canceled the South Korean defense minister’s visit to China, blocked market access of some South Korean goods and services, sanctioned the Lotte Group which provided the THAAD deployment site to the South Korean government, and finally, banned Chinese travel agencies’ selling package tours to South Korea.18

Controversy over the THAAD deployment and China’s retaliatory measures were also highlighted in the South Korean presidential election process in 2016 and 2017. A strong President-candidate Moon Jae-in of the opposition party expressed his critical stance on the decision to deploy the THAAD. Moon emphasized that the nature of the THAAD issue is the North Korea’s nuclear weapons, and that the deployment of THAAD could make international

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cooperation difficult to make North Korea abandon its nuclear weapons. President-candidate Moon argued that the final decision on THAAD deployment should be postponed until the next administration take office. However, the Moon administration decided to further deploy the THAAD temporarily on September 8, 2017 after North Korea conducted its 6th nuclear test on September 3, 2017.

As soon as the new administration took office in May 2017, South Korea rushed to restore diplomatic relations with China. A special envoy was dispatched to China in ten days of the new administration of South Korea took office. Finally, the day after the ROK foreign minister’s remark of another ‘three no’ that South Korea has no intention to deploy additional THAAD batteries, participate in the U.S. missile defense system, and develop a trilateral alliance with the U.S. and Japan, the both Foreign Ministry of South Korea and China announced the two countries’ effort to renormalize its exchange and cooperation between two countries in all areas. The THAAD controversy seemed over after South Korea President Moon Jae-in visited China and held bilateral summit with China’s President Xi Jinping in December 2017. However, almost five years after the announcement of the THAAD in 2016, some of the THAAD retaliation measures like ban on the Korean Wave still remains in progress. The Chinese

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19 President-candidate Moon Jae-in's facebook, July 12, 2016, https://www.facebook.com/moonbyun1/posts/862989007140786
23 Ministry of Foreign Affairs of the ROK, "한중 관계 개선 관련 양국간 협의 결과", October 31, 2017, http://www.mofa.go.kr/www/brd/m_4080/view.do?seq=367200&srchFr=&amp;srchTo=&amp;srchWord=&amp;srchTp=&amp;multi_itm_seq=0&amp;itm_seq_1=0&amp;itm_seq_2=0&amp;company_cd=&amp;company_nm=page=349.
ambassador to South Korea also still expresses its concerns regarding the THAAD in South Korea.  

3. China’s Motivation: Analyzing China’s Motives for Retaliation Measures

China has long perceived the Korean Peninsula as a strategic point to curb the U.S. hegemony in the region. Chinese scholars often express that the strong the China-ROK relations would serve as leverage to influence the US-ROK relations by enhancing its ties with South Korea in economic, political, and diplomatic relations. That is, besides economic development through economic exchanges with South Korea, one of China’s ulterior considerations or diplomatic ties with South Korea is to check the U.S. policy of containing China in the region by expanding China's influence on South Korea. China seemed to consider the ROK’s decision to deploy the THAAD as a signal of the ROK tilting toward the U.S. and joining the U.S. strategy to offset China’s strategic power in the region.

Most Chinese scholars agree that the THAAD deployment in South Korea would offset China’s strategic capability and it is a part of the U.S. Rebalance to Asia Pacific strategy to contain China, by reorganizing and building its global or regional missile defense systems in

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26 For example, Li Daguang (李大光), a professor from the China People’s Liberation Army National Defense University, said in his interview with Guojixianqudaobao(国际先驱导报) that an approach between South Korea and China would put the ROK-U.S. military alliance in a delicate position and could also affect the US-Japan alliance. (http://news.cri.cn/gb/9083/2007/05/30/2165@1611680.htm)
27 Yong Qian, 中邦 反对派与日本的关系的演变和中国（Development of China’s anti-hegemony Foreign Policy and Sino-ROK Relationship), 1st ed (Sunin Press, 2012).
Asia-Pacific.\textsuperscript{29} They argue that the forward-deployed THAAD system would benefit the U.S. as follows: 1) it provides longer warning time by shortening missiles detecting time; 2) the X-band radar’s high-precision of the THAAD contributes to more accurate identification of the target; 3) the radars could identify and track warheads and decoys with their different accelerations, solving the problem of midcourse ballistic target recognition; 4) China’s strategic missile tests, especially submarine-launched missiles, could be observed and monitored in peacetime.\textsuperscript{30}

From China’s perspective, South Korea’s THAAD deployment signified that China’s foreign policy toward South Korea would probably have failed. Therefore, it is not surprising to see that China’s initial response to South Korea’s decision to deploy THAAD has been negative with its strong tone.

China’s miscalculation happened partly due to South Korea’s signals to strengthen the bilateral relationship between two countries in the Park Geun-hye administration. Hoping that China side with South Korea regarding North Korean nuclear issue, the Park administration sent signals that the ROK may want to put more weight on the ROK-China relationship rather than on the ROK-U.S. relations. These signals such as dispatching her special envoys to China before the U.S. after she took office in 2013, joining the China led the Asian Infrastructure Invest Bank despite the U.S. concerns, and her attendance to China’s 70th anniversary of the End of World


War II in 2015 as the only leader from the U.S. alliance, caused misperception of China that the honeymoon relationship with South would incur crack of the ROK-US relations.31

The miscalculated expectation of China led to the sense of South Korean betrayal – in some scholars described as “stabbed China in the back” – resulted in more furious and resolute China’s response toward South Korea’s THAAD deployment. Right after South Korea’s decision, voices in China insisted to take retaliation measures to South Korea through various channels.32 Since retaliation measures against South Korea was already prevalent opinion to many Chinese, the discussion in China was mostly about how China should take retaliation measures. Chinese scholars claimed to pressure on the South Korean government to take appropriate measures on the THAAD issue by coercing South Koreans to experience the economic damage. They believed South Korea’s case will set an example to other neighboring countries who possibly choose the U.S. over China in a future security issue.33

To give a lesson South Korea and to show to other neighboring countries which may side with the U.S. not China, China took its retaliation measures further than expressing its concerns

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32 For example, China's Foreign Minister Wang Yi implied retaliation measures when he met his counterpart Yun Byung-se in July 2016. Wang said, “If the system is eventually deployed in the ROK, it will create negative impact on ... China-ROK relations. We once again urge the ROK to ... carefully weigh the pros and cons, be extra cautious, think twice before taking actions, and cherish and maintain the hard-won sound situation of China-ROK relations.” PRC Ministry of Foreign Affairs, “Wang Yi Meets with Foreign Minister Yun Byung-se of the ROK,” July 25, 2016. (https://www.fmprc.gov.cn/mfa_eng/xwfw_662805/t1384876.shtml); The people's daily, known as an official newspaper of the Central Committee of the Chinese Communist Party, also implied retaliation measures on various fields, saying that “The move (the THAAD deployment) will create a series of risks for South Korea, including politics, economy, security, environment, and society... Can the South Korean government afford such a mistake?” Zhong Sheng, “South Korea needs composure and sense of reality: deployment of THAAD threatens peace in northeast Asia” (韩国，需要基本的清醒和现实感：部署“萨德”威胁的是东北亚和平), People's Daily, Aug 3th, 2016.; According to the author interview with then- Presidential Secretary for Defense Affairs Jang Hyeok, the South Korean government was also well aware that China would retaliate against South Korea. See Choi, Yong Sub. “Keeping the Americans in: The THAAD Deployment on the Korean Peninsula in the Context of Sino-American Rivalry.” Contemporary Security Policy 41, no. 4 (2020): p.647. https://doi.org/10.1080/13523260.2020.1733314.
through diplomatic channels. China postponed all kind of high-level diplomatic bilateral meeting with South Korea, halted military to military exchanges with South Korea, blocked market access of some South Korean goods and services, and limited people-to-people exchanges between South Korea and China.

Given South Korea’s significant economic dependence on China, China’s economic retaliation stood out the most. Although it is difficult to precisely calculate the damage caused by China's retaliation, the Hyundai Economic Research Institute, a South Korean think tank, estimated annual damage in 2017 reached USD 156.2 billion in just one sector of the Korean tourism industry. Even though 5 years has passed since the U.S. and South Korea made their decision to deploy THAAD public, some of THAAD retaliations are considered as on progress, and the ROK-China relationship also seems not as close as before the THAAD.

Most Chinese scholars agree that if South Korea does not deal with the THAAD in any way, the relationship between South Korea and China could not be easily restored.34 Only a few Chinese scholars argue that THAAD deployment’s negative impacts on the ROK-Sino relationship are limited and the relationship is reversible. Zeng Zhaoyu argues that compared to the Sino-Japan relationship deteriorate, the ROK-Sino relationship aggravation is limited because the THAAD issue is not severe as territorial disputes like Senkaku/Diaoyu island in Chinese people’s mind, and the timing of the THAAD deployment force China to deal with the issue gently.35 Zhao Lixin argues that despite the THAAD issue, the ROK-China relationship, which has been developed by historical inertia, did not deviate from the rational orbit. Zhao

stresses that South Korea’s public support for China when China suffered from Covid-19 has contributed to the recovery of public sentiment in China, estranged since the THAAD.\(^{36}\) Shi Yinhong argues that China should not go excessively to South Korea unless it is absolutely necessary, and not take the initiative to damage the Sino-Korean relations. Shi argues that if China applies excessive pressure, it is likely that China will find challenging to overcome the backlash of South Korean public opinion and policy, which will further strengthen the U.S.-South Korea military alliance.\(^{37}\)


Impact on diplomatic area

In many cases, the ministerial or higher-level meetings produce substantial diplomatic achievements, and high-level officials address practical diplomatic breakthrough. In the contrast, adjournment of high-level cooperation often serves as tools of foreign policy to show one’s dissatisfaction to another country and to make another country agree to demands and expectations.\(^{38}\) Therefore, the number of high-level talks between South Korea and China before and after the THAAD deployment functions as an indicator to measure the deployment’s substantial impact on the bilateral diplomacy.


Figure 1. Number of The Republic of Korea-China bilateral meetings of ministerial and above level during the Park and Moon administration. Source: The Republic of Korea central governments’ press releases.  

Figure 1 shows numbers of the ROK-China high-level bilateral meetings during the Park Geun-hye and the Moon Jae-in administration. As can be seen, despite of the negative impact by the decision of THAAD on the ROK-China diplomatic relations, it recovers to a certain degree as soon as the agreement between the ROK and China is reached to improve and restore its diplomatic relations on October 31, 2017. It is worthwhile to note that despite small number reduction, high-level diplomatic meetings resumed and maintain after the October 31 agreement in 2017. This could be interpreted as a reflection of not only South Korea’s effort to restore relations with China, which accounts for 25% of its trade volume, but also China’s intention to maintain diplomatic relations with South Korea to somewhat degree.

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39 High-level meetings in this paper refers to meetings by ministers of the central governments and above level meetings. Since minister and above level meetings themselves have political meaning, these meetings produce political changes. The paper excludes meetings held by governors of both countries; however, it includes meetings by some party-secretaries of China provinces if those members belong to the politburo of the Chinese Communist Party (CCP). The paper collected data through the press releases by the South Korean government and some additional news.
As can be seen in Figure 1, high-level meetings were animated during the Park administration, as they were described as the best since the diplomatic ties.\textsuperscript{40} However, the number of high-level bilateral talks between South Korea and China dropped sharply after the ROK and US joint announcement of the THAAD deployment on July 7, 2016. The sharp drops in high-ranking bilateral meetings implies the Chinese leadership's political burden or political consideration in high-level diplomacy with South Korea due to South Korea's decision to deploy THAAD. However, this diplomatic tension only maintains about a year. After the October 31 agreement in 2017, high-level bilateral meetings resume similar to, but not as much as, the volume of before the THAAD controversy.

It is also worthwhile to note that, in general, the ROK-China high-level exchanges during the Moon administration outnumbered by ones during the Park administration. This could be interpreted as the ROK-China diplomatic relations is still in its tension to some extent as the THAAD deployment issue is not fully resolved from China's perspective. That is, even though China wants to maintain its diplomatic relations with South Korea, the relationship may not be fully recovered as the Park administration unless the THAAD issue is completely resolved from China’s perspective.

One may argue that the recovery in the number of high-level talks is because both the South Korean and Chinese government do not want to leave the diplomatic relations at their worst state. First, however, China’s evasion of high-level meetings remained relatively short considering China’s strong response appeared in the Chinese media such as requesting Beijing to consider ceasing the bilateral exchanges until the decision to deploy THAAD is reversed. Second, the diplomatic relations and practical cooperation can be maintained and managed.

\textsuperscript{40} 邱, “中韩友好合作驶入新航程”.
through continuous working-level officials’ meetings. For example, substantial discussions and decisions on cooperation in diplomacy are often made in working-level consultations between the two countries, and bilateral high-level talks serve as place for public announcement for the decisions or results of working-level talks. Therefore, even if high-level bilateral talks are not held, the relationship between the two countries cannot be considered the worst situation without diplomatic cooperation at all. Rather, holding high-level talks at a time of tension between the two countries give political burden for high-level officials of the two countries.

The recovered number of ministerial and above meetings strongly implies that China intentionally limited its countermeasures on bilateral diplomatic cooperation, and even wants to maintain its diplomatic cooperation with South Korea in order not to lose its diplomatic influence on South Korea. Considering that both interests through cooperation and personal intimacy between high-ranking officials including leaders of the countries play important roles in diplomatic relations, numbers of high-level bilateral meetings like ministerial and above still serve as a good standard to measure diplomatic intimacy between two countries.

**Impact on security cooperation**

Considering China’s significance influence on North Korea, South Korea aims to promote security cooperation with China in resolving the North Korean nuclear issue, maintaining peace and stability on the Korean Peninsula, and peaceful unification of the Korean Peninsula on the base of the ROK-US alliance. However, even though China anticipates that trust building with South Korea through strategic communication and cooperation mechanism may take advantages from it and prevent the U.S. from establishing an Asian version of NATO

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in Northeast Asia, China has deliberately avoided military exchanges with South Korea in consideration of the ROK-U.S. alliance and China's traditional friendship and special alliance with North Korea.\(^{42}\) For this reason, military cooperation between South Korea and China has not improved into a stage of military cooperation seeking closer military relations based on mutual trust, but rather has remained in a stage of military exchanges to enhance mutual understanding and trust between countries. Therefore, although the THAAD issue has disrupted military exchanges and cooperation between South Korea and China to some extent, it cannot be said to have been seriously affected because the military cooperation between South Korea and China remains in its early stages of military exchanges.

**Table 1. Current Status of major The Republic of Korea-China military exchanges.** Source: The Republic of Korea Defense White Paper and Press Releases.\(^{43}\)

<table>
<thead>
<tr>
<th>Event</th>
<th>From 1992 to 2013</th>
<th>Park administration (Feb 2013 to May 2017)</th>
<th>Moon administration (May 2017 to Feb 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese defense minister visits ROK</td>
<td>2000, 2006 (2 times)</td>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Foreign and Defense dialogue (Director General level)</td>
<td></td>
<td>Dec 2013, Jan 2015 (2 times)</td>
<td></td>
</tr>
</tbody>
</table>


\(^{43}\) Author gathered data during the Park and Moon administration by looking at the South Korean defense ministry's homepage and its biannual defense white papers.
Table 1 shows the current status of military exchanges between South Korea and China. Most the ROK-China military exchanges are only stages of military exchanges, such as repatriation of China’s military remains, search and rescue drills based on humanitarianism, a consultative body for trust building, or academic exchanges between military research institutes. As can be seen, after the decision of THAAD deployment in July 2016, most of defense exchanges including strategic defense dialogue and defense policy talk were suspended between the two countries, except for the repatriation of China’s military remains, a humanitarian event, and non-governmental educational exchanges of the ROK-China defense forum. Considering that even at the time of Park administration, when the ROK-China relationship was described as the best, two countries did not operate mutual visits of ministerial level and search and rescue exercises. Thus, it is difficult to evaluate that the THAAD controversy had a profound impact on the ROK-China security cooperation.

However, after Moon and Xi agreed in December 2017 to expand their cooperation into areas such as politics, diplomacy, and security, and promote strategic dialogue at all levels, military cooperation between South Korea and China is also gradually recovering. Defense Policy Talk and Strategic Defense Dialogue resumed each in 2018 and 2019, China’s defense minister invited the ROK defense minister to China at the phone call in Oct 2020, and the ROK and China foreign ministers agreed to relaunch the foreign and defense dialogue in Nov 2020. The impact of the THAAD issue on the ROK-China defense exchange and cooperation
was limited, and as of Feb 2021, the security cooperation between two countries is recovering to pre-THAAD levels.

Since the existence of military alliances of each South Korea with the U.S. and China with North Korea function as a huddle for further security cooperation between South Korea and China, military cooperation between South Korea and China was quite limited and lack of practical cooperation. Therefore, it’s hard to find a correlation between the THAAD deployment and its impacts on security relations between China and South Korea besides short period of adjournment of security consultative mechanism.

*Impact on economic cooperation*

Economy is China's largest link to South Korea. South Korea’s degree of dependence upon foreign trade reached 63.7 percent in 2019. China has become South Korea's number one trading country beyond the U.S. since 2004. As of 2016, when South Korea decided to deploy the THAAD system in the territory, its trade with China accounted for 23.4 percent of the total trade. Therefore, China's retaliatory measures against the economic sector were the most vulnerable places for South Korea where China could target the most easily.

However, one of the purposes of China's foreign policy toward South Korea is to prevent South Korea from joining the U.S. regional strategy to contain China by increasing South Korea's economic dependence on China. Despite China's strong opposition to the THAAD deployment, it is undesirable for China to significantly reduce South Korea's economic dependence on China. Therefore, China's economic retaliation against South Korea was rather either in selective or symbolic ways than in a way of generally hurting the South Korean economy. China’s retaliatory measures selectively targeted in a specific corporate like the Lotte
Group which provided a site for the THAAD deployment to the South Korean government, or in selected areas where would not lower South Korea’s economic dependence on China. China’s retaliations also targeted in symbolic areas where the Korean Wave is related, such as Chinese tourism to South Korea, South Korea’s cosmetic exports to China, and the South Korean entertainment industry in China. The Chinese government denies the existence of the THAAD retaliation measures and argue that the decreased economic exchanges with South Korea as the result of the Chinese public opinion.\textsuperscript{47} Therefore, the Korean Wave related areas were the best for the Chinese government to show their angry ‘public opinion (民意)’ for South Korea’s THAAD deployment.

Despite the Chinese government’s denial, Chinese academia recognizes the existence of the THAAD retaliatory measures by the government. From China’s perspective, Chinese governments' sanctions against Lotte, restrictions on imports of Korean cosmetics, banning Chinese tourism toward South Korea, and sanctions against Korean Wave entertainment industries in China were just recalling benefits recently provided to South Korea.\textsuperscript{48}

\textsuperscript{47} China’s Foreign Ministry Spokesperson Geng Shuang said in the regular press conference held in Jan 6 2017, “As regards economic and trade cooperation and humanitarian exchanges between the ROK and China, we have said many times that we have an open and active attitude, but at the same time we also that this kind of cooperative exchanges need the basis of public opinion.” (https://www.fmprc.gov.cn/web/fyrbt_673021/jzhs_673025/t1428721.shtml)

\textsuperscript{48} 孙, “理解中国对‘萨德’问题的反应”, 5.
The Chinese government selectively sanctioned the Lotte Group blatantly and strongly, which provided the THAAD site to the South Korean government. The Chinese government conducted fire safety, hygiene, and tax investigation against Lotte Group's business site in China, and many Lotte Marts in China were issued suspensions for various reasons. Lotte Group's multibillion-dollar real estate project in Shenyang was also halted. Such retaliatory measures by China have not seriously affected Korean companies' investment in China, as the Chinese government intended. As can be seen in the figure 3, despite the THAAD controversy and China’s retaliation on the Lotte group, the ROK’s investment to China in 2017 maintain similar amount as that of 2016 and increased until 2019 before the Covid-19 broke out. However, although the ROK investment to China increased, the number of newly established ROK corporates in China dropped dramatically since 2017. The Chinese government concentrated on

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49 孙, 5.
a specific company for retaliatory measures, but the unfriendly atmosphere imposed by China slowed or canceled South Korean companies' entry into China.

On the contrary, China's investment in Korea showed a general trend without any particular impact from the THAAD controversy. In 2016, China’s investment in the finance and insurance sector temporarily increased and then returned to its original level in 2017.

![Figure 3. The Republic of Korea-China Trade. Source: Korea International Trade Association.](image)

Figure 2 shows trade volume between ROK and China from July 2014 to July 2018. It seems clear that the Chinese government has not taken overall economic retaliation measures to the extent that it affects South Korea's overall trade with China. For example, despite South Korea’s decision to deploy THAAD in July 2016, both ROK’s export to China and China’s export to ROK generally increase in the second half of 2016. Even though South Korea's trade surplus with China in the second half of 2016 decreased about 11 percent from 23.3 to 20.7
billion dollars compared to the same period of 2015, the decrease was not as severe as expected. According to a report released by Hyundai Research Institute in 2018, South Korea’s two major exports items of electronic integrated circuits (HS8542) and cyclic hydrocarbons (HS2902) rather increased in 2017.50

In addition, China’s retaliatory measures in trade were mainly undertook in areas where has strong symbolic meaning of the Chinese public opinion but not fatal damage to South Korea, such as Korean cosmetic exports. South Korea's total export amount in cosmetics is only about 4.2 billion, but 38 percent of the total exports head to China. After the decision of the THAAD deployment, China has strengthened non-tariff barriers on Korean cosmetics and the number of China’s refusals to customs clearance has increased. Despite these measures, however, South Korea’s cosmetics exports to China have maintained a growth trend.51

Figure 4. Number of Chinese tourists visiting South Korea. Source: the Korea Tourism Organization.

(https://keri.koreaxim.go.kr/site/program/board/basicboard/view?boardtext8=PA05&currentpage=2&menuid=007002001005&pageid=168&boardid=56099)
Tourism is one of the most seriously affected area with the THAAD issue. Figure 4 shows the number of Chinese tourists in South Korea from 2015 to 2020. The Chinese government has banned the sale of Korean tourist products and cruise to Korea since March 2017.52 As can be seen in the figure 4, as a result, the number of Chinese tourists visiting South Korea dropped to 4.19 million in 2017. Considering Chinese tourists' per capita expenditure of 2,108 dollars in 2017 according to the Korea Tourism Organization, losses due to a decrease in tourists reach about $8.1 billion in 2017. Given that South Korea's trade surplus with China was about $44.2 billion in 2017, it suffered significant losses due to China's retaliatory measures in the tourism sector. Tourism seems a carefully selected area since it is not only related to the Korean wave, but also give South Korea a serious lesson and would not change a structure of South Korea’s economic interdependence to China.

Lastly, China’s economic retaliation was selective in the Korean entertainment industry in China. After the THAAD decision in July 2017, Korean dramas and variety shows are blocked from airing in China, China's TV stations stopped inviting South Korean entertainers to participate in variety shows or appear in Chinese TV shows. That is, China banned ways for South Korean entertainers to 'make money in China’.53

It seems obvious that China's economic retaliation has caused South Korea economic losses, but retaliation has been implemented in symbolic and restrictive areas where would give South Korea a lesson without affecting China’s economic influence on South Korea. As mentioned earlier, this is the result of China's strategic considerations to maintain China's leverage on South Korea over the U.S.

China's such calculation can also be seen in China's perception of South Korea's new southern policy. Due to China's economic retaliations, the South Korean government sought to reduce its economic dependence on China and China risk by promoting exchanges and cooperation with South Asian countries. However, China recognizes that the South Korean government's intention to reduce its dependence on China as an approach the U.S. Asia-Pacific strategy, and believes that economic cooperation between the ROK-China will be shocked if South Korea's intention with the new southern policy becomes clearer.

Impact of China’s national image on the South Korean

The THAAD controversy since 2016 and China’s retaliatory measures have become a decisive turning point for China to lose its soft power over South Korea by raising the negative perception of China. There have been many conflict factors in the ROK-China relations. For example, China’s Northeast Project, a historic controversy over Goguryeo, and Chinese illegal fishing in South Korean waters, and China’s fine dust problems. Before the THAAD controversy, the conflict has been relatively well managed before it developed into a diplomatic issue between the ROK and China partly based on the public’s relatively low feelings of wariness toward China. After the THAAD controversy, however, South Korean people started recognizing China as a more threatening and less friendly country. The public’s increased unfavorable sentiment toward China started to erupt to express their opposition to the government’s policies regarding China. For instance, the government’s decision to keep the

54 詹德斌:“韩国外交新布局中的‘新南方政策’评析”，《东北亚论坛》，2018年第3期，第59页; 李敦球:“印太战略背景下韩美同盟的新变化与转型”，《中国青年报》，2019年6月12日，第3版。
border open to the Chinese in the early stage of Covid-19 and establish a China town in Gangwon Province faced unprecedented strong opposition by the South Korean public.\textsuperscript{56}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{chart.png}
\caption{Perceptions of China's national image among South Koreans. Source: the IPUS of Seoul National University.\textsuperscript{57}}
\end{figure}

China’s THAAD retaliatory measures to South Korea dramatically affected the South Korean’s public opinion toward China. Figure 5 shows the trend of China’s national image to the South Korean people. With the Park administration’s friendly approach to China, the Korean people felt less wary about China and viewed China as a country to cooperate from 2013 to 2016. However, a majority of the Koreans tend to perceive China as a vigilance country rather than a country to cooperate with after the THAAD retaliation by China. The number of South Koreans wary of China has soared from 27.6 percent to 50.3 percent in 2017. The number of Koreans who answered China as a country to antagonize also tripled from 2.9 percent in 2015 to


\textsuperscript{57} In this survey, people answered a question that what kind of country China is to South Korea.
9 percent in 2019. On the contrary, the number of South Koreans who recognize China as a country to cooperate plunged from 30 percent in 2017 to 13.4 percent in 2019.

Figure 6. Country that South Koreans feel the closest to. Source: the IPUS of Seoul National University.58

Figure 6 shows the impact of public perception toward China compared to one of Japan. As can be seen in figure 6, with the THAAD controversy and China’s retaliation measures started in 2016, the ratio of the Korean who feel closer to China plunge to 5 percent in 2017 and decrease to 3.3 percent in 2019. It is surprising that despite South Korean’s deep-rooted anti-Japanese sentiment stemming from the 35-year colonial rule of Japan from 1910 to 1945, the ratio of 3.3 percent in 2019 is even lower than that of Japan in 2015 when the comfort women issue between South Korea and Japan irritated the Korean.

58 In this survey, people answered a question that which country do you feel closest to among the United States, China, Japan, Russia, and North Korea.
It is also worthwhile to note that the THAAD controversy not only aggravated the public opinion toward China in the short term, but also weakened its resilience. Resilience, which means that the public opinion does not recover immediately after a sensitive issue and maintain its poor status. For example, In 2010, when the South Korean felt disappointed to China because China failed to condemn North Korea despite the Cheonan sinking by North Korea’s torpedo attack and North Korea’s bombardment of Yeonpyeong island, negative public opinion soon recovered since 2011. However, the Korean’s unfavorable perspective toward China after the THAAD controversy remains quite low even without specific negative events since 2018.

In the process of foreign policy decision making, public opinion sometimes serves as either driving force or a barrier, and often contributes to an escalation of a dispute between the two countries.\(^\text{59}\) Therefore, the negative image of China in the Korean public created by the THAAD retaliation is likely to serve as an obstacle to the fully resolution of the THAAD issue in the mid or short term, and may serve as a hurdle for the South Korean government to deepen its relationship with China.

5. Conclusion

This study offers the conclusion that the THAAD controversy damaged the people-to-people ties of the ROK-China relationship to the extent that could obstruct the intimate ROK-China relations in the long term. As the U.S.-China competition intensifying, China is implementing more assertive foreign policies toward neighboring countries to prevent them from embracing the U.S. strategy to contain China. The THAAD controversy and the retaliatory measures are a good example.

\(^{59}\) Petric, *Foreign Policy*, 84-86.
First, the THAAD controversy impact in the two countries’ relationship was biggest in the public opinion sector and then smallest in the security sector.

In public opinion sector, the result confirms that the THAAD controversy and China’s retaliation measures damaged the ROK-China relationship in the long term by forming negative image of China. Due to the THAAD controversy, the South Korean’s unfriendly public sentiment toward China has worsened more than traditional anti-Japanese sentiment since 2017 and tends to maintain its low status. After the THAAD controversy, over 50 percent of the South Korean view China as either a country to be wary or a country to antagonize since 2018. The Blue House petitions regarding the border open issue to Chinese people in 2020 and regarding the opposition to build a China town shows that the public’s unfavorable sentiment still remains.

In the economic sector, where China has the largest link to South Korea, China’s retaliatory measures intentionally targeted selective and symbolic areas such as Lotte companies, Korean cosmetics, Chinese tourism toward South Korea, and the Korean Wave entertainment industries in China. The trade and investment between the ROK and China maintained the similar amount as before the THAAD controversy despite China’s economic retaliations. The Chinese tourists to South Korea decreased in 2017 to almost a half of that of 2016. However, the number of Chinese tourists in 2019 recovered the level of 2015. It can be said that even though South Korea experienced economic losses due to China’s retaliatory measures, but overall trend of the economic relations between the ROK and China has not severely affected by the THAAD controversy.

In diplomacy sector, both South Korea and China has quickly sealed the worsening bilateral relationship caused by the THAAD controversy rather than prolong it and maintained a certain
level of high-level diplomatic cooperation. The plunged number of high-level bilateral talks in 2016 recovers after the October 31 agreement between the ROK and China in 2017.

In security sector, even though most of defense exchanges between the ROK and China such as defense policy talk were suspended, security cooperation is gradually recovering after the two leaderships’ agreement in December 2017 to expand security cooperation. In fact, in April 2021, when the paper is being written, South Korea and China agreed to hold the 2+2 diplomatic and security dialogue at vice-ministerial level\(^\text{60}\), and the Chinese defense minister invited the South Korean defense minister to China during their phone call in October 2020.\(^\text{61}\) Security cooperation between South Korea and China cannot be said that it is seriously damaged by the THAAD controversy since its cooperation level was remained at the level of exchange.

As can be seen in the analysis above, the THAAD controversy damaged the military, diplomatic and economic sectors temporarily, but the overall bilateral relationship was soon restored to the level of before the THAAD controversy. However, the THAAD controversy has significantly worsened the South Korean public's perception toward China, and China’s negative image does not seem to be restored soon.

There have been many conflict factors in the ROK-China relations. For example, China’s Northeast Project, a historic controversy over Goguryeo, and Chinese illegal fishing in South Korean waters, and China’s fine dust problems. The conflict has been relatively well managed before it developed into a diplomatic issue between the ROK and China. The worsening public perception caused by the THAAD controversy has provided good soil that is easy for the anti-

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\(^{61}\) The R.O.K. Ministry of National Defense, “국방부장관, 중국 국방부장관과 전화통화”, October 21, 2020, https://www.mnd.go.kr/user/newsInUserRecord.action?siteld=mnd&page=1&newsId=1_669&newsSeq=1_12267&command=view&id=mnd_02050000000&findStartDate=&findEndDate=&findType=title&findWord=%EC%A4%91%EA%B5%AD&findOrganSeq=.
China sentiment to take root. As can be seen on the Blue House petition bulletin board, the public’s negative perception of China seems to lead to public oppositions to some governments’ China-friendly policies. If South Korea and China fail to manage the public sentiment toward China, aggravated anti-China sentiment may pose a burden on the ROK-China relations in the long run. Otherwise, it would be difficult for the South Korean government to maintain its foreign policy toward China as one of risk mitigation.
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