

## Background

China is becoming a rising power in the world and potential regional hegemon in East Asia; This brings a spotlight to the region. The Korean Peninsula is an interesting place to see China's rising power and its position compared with the United States. The peninsula is divided into two countries: South and North Korea.

After China made a new economic policy and after the collapse of the Soviet Union, the international situation changed and relations between China and the two Koreas have been dramatically modified. The historical relationship between China and North Korea is facing a difficult time after nuclear tests and incidents that had happened with South Korea in the last few years, but Chinese and South Korean's relations are getting better.

My focus in this research is to find out the reason why there is such dramatic change in the relationship between China and the two Koreas.

## Method

To do my research, I collected much data and statistics from many sources including the IMF annual report and also from Chinese and South Korean governmental websites, so I could evaluate and reach my conclusion.

To find out changes in the trade between China and the two Koreas, I compared the trade from 1981 to 2012, between 1) China and South Korea, and 2) China and North Korea.

To show how China's trade with South Korea is growing and China is becoming an even more important partner of South Korea than the United States, I compared the trade from 1981 to 2012 between 1) China and South Korea, and 2) the United States and South Korea.

In addition, to demonstrate how China's economic power has a huge impact on the South Korean economy and tourism, I compared the number of visitors that traveled to South Korea from China, the United States, and Japan since 2003.

## Result

In 2012, China's and South Korea's trade 907-fold since 1981. Chinese-North Korean trade only 11-fold during the same period of time. At the same time, the U.S. share of South Korean total trade diminished in the mid 1980s even though total trade volume between the two had increased. China's share had gradually increased and it overtook the U.S. in 2002 and still is increasing.

China also started to dominate the South Korean tourism industry recently. Historically, the Japanese represented the most tourists to go to South Korea since its normalization of diplomatic relations in the 1960s. However, after many years, China started to choose South Korea as their destination for travel. More and more Chinese people visited South Korea from the early to mid-2000s. In the year of 2013, the Chinese became the largest ethnic group that visited South Korea.

This shows how China and South Korean economic ties are closely connected to each other. These close economic ties make China and South Korea to enjoy good relations even though China also has had to take care of North Korea. South Korean politicians, including the current President, believe that China is one of the most important partners to the country, including the U.S., which shows an interesting variation of the East Asian international system.

## Discussion

The future of East Asia is mainly up to China's strategy on the region. China will try to have relations with both Koreas to secure its economic benefit and national security. The Old system of the Cold War is over, but the new conflict will come to East Asia.

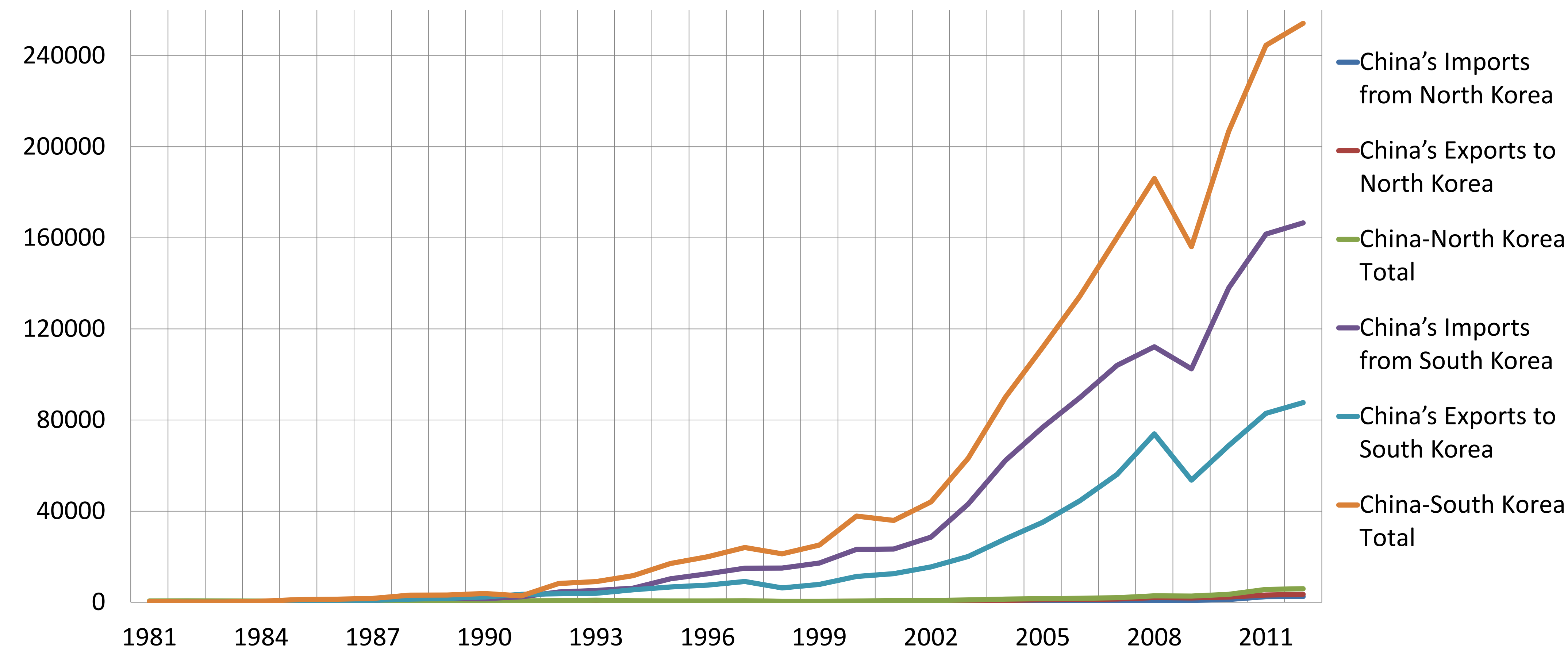
The United States will need to adjust its policy on East Asia; otherwise, there is a great possibility of losing its influence in the region. South Korea also should be careful before leaning towards China too much, because it can lose benefits from balancing between the U.S. and China. North Korea will try to have a good relationship with China, but also have a possibility to provoke aggressive actions against South Korea. There is also a potential conflict between Japan and China over disputed islands. The unification of the Korean Peninsula will not be achieved in the near future.

Not only the role of the United States, but also China's contribution, will be very important factors in determining the future of the peninsula and the international security of East Asia.

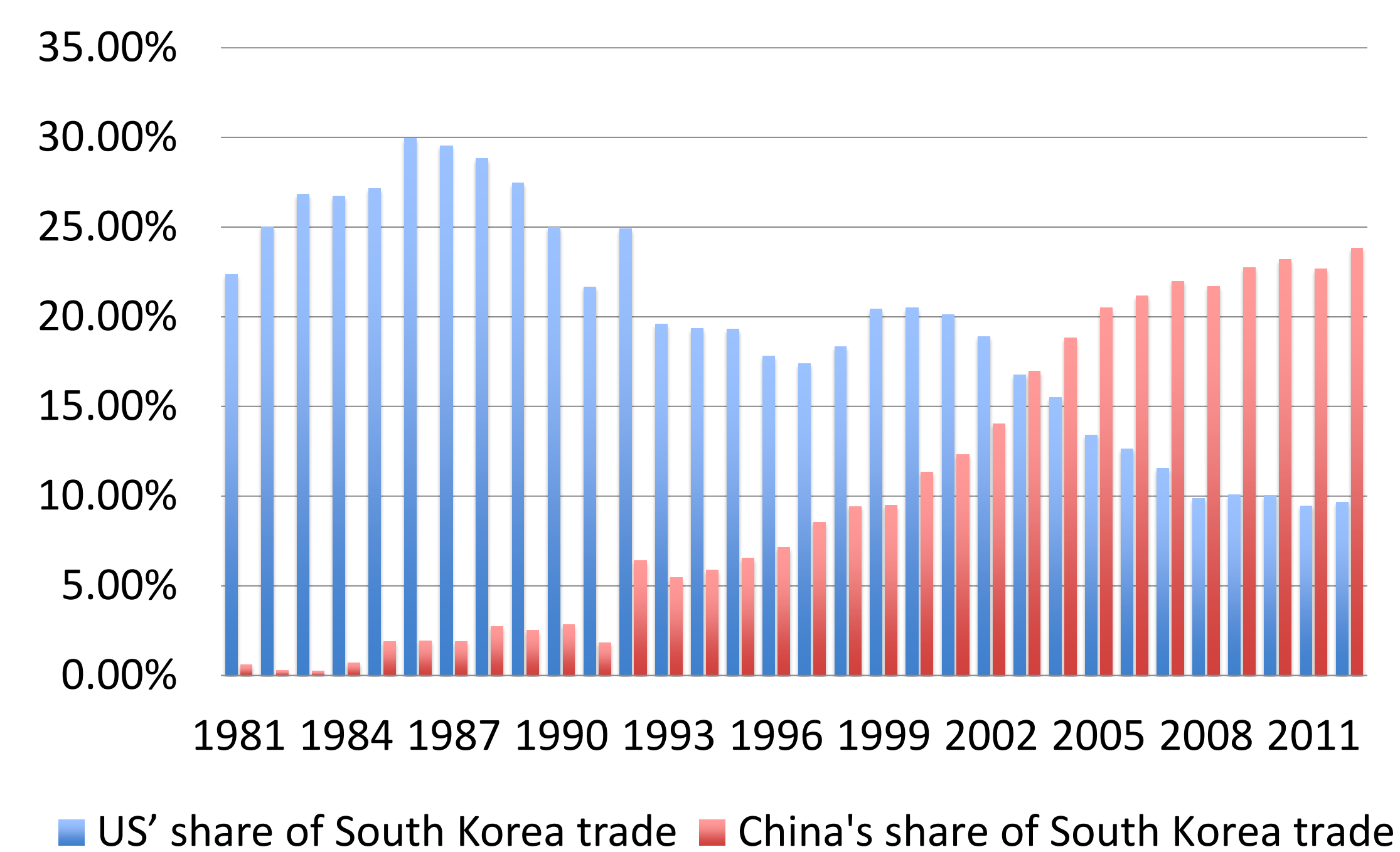
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China's trade with South and North Korea from 1981 to 2012



China and US's share of South Korea Trade



South Korea tourism: visitor arrivals by countries (percent)

