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NON-STATE ACTORS AND ECONOMIC EXCHANGES BETWEEN CHINA AND SOUTH KOREA BEFORE THE ESTABLISHMENT OF DIPLOMATIC RELATIONS: FOCUS ON DECLASSIFIED DIPLOMATIC DOCUMENTS

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Abstract. Non-state actors not only play the role of diplomatic consumers in the international community, but also as diplomatic participants. Especially before the diplomatic relations between China and South Korea, non-state actors, through economic exchanges, played a particular role in improving the relations between the two countries. This study analyzes the improvement of China-South Korean ties from the perspective of non-state actors participating in economic exchanges divided into beginning, expansion, and maturity periods. It also, demonstrates the importance and irreplaceability of non-state actors before the establishment of diplomatic relations.

Keywords: non-state actors, before the establishment of diplomatic relations, economic exchanges between China and South Korea in the 1980s.

I. Introduction

The People's Republic of China (PRC, China) and the Republic of Korea (ROK, South Korea) formally established diplomatic relations on 24 August 1992. It is noteworthy that, from the end of the Second World War in 1945 until the Cold War was withdrawn from the historical arena in 1991, relations between China and South Korea remained isolated and antagonistic for most of the Cold War. Two wars, the Second World War and the Cold War between the East and the West, were the underlying causes of more than 40 years of isolation and confrontation between China and South Korea. These two wars led to the Korean Peninsula's political division and established the row between China and South Korea.¹ Among them, the 1950–1953 Korean War was the first hot war between East and West during the Cold War, and its influence on China and South Korea relations was more lasting and far-reaching. In the absence of diplomatic relations between the two countries, channels for intergovernmental communication were also limited. However, as early as the late 1970s and early 1980s, when the cold war had not ended, China and South Korea began to have indirect trade.

¹ 刘金质等, 1998, 《当代中韩关系》, 北京: 中国社会科学出版社 1998 年版, 第 1 页。

So, how did China and South Korea start to conduct economic exchanges? What were the reasons for continuing relationship development in the 1980s?

To answer the above-mentioned research questions, the author focuses on non-state actors who play an important role in the international community.¹ Non-state actors are independent of the government and can independently participate in international affairs. In addition, non-state actors in the international community can operate in areas where the state cannot be held accountable. However, this does not mean that non-state actors can replace the state. Non-state actors sometimes engage in friction, competition, and cooperation with the state, infiltrating areas that cannot be dealt with at the state level. Generally speaking, non-state actors mainly include such complex and diverse subjects as international intergovernmental organizations, international non-governmental organizations, transnational corporations, transnational movements and associations, and individuals.² The non-state actors that the author refers to in the paper are limited to individuals or groups with civil status. For example, traders, business groups, etc., are all actors that cannot be ignored in international relations. Therefore, they not only play the role of diplomatic consumers in the international community, but also as a part of diplomatic participants.³ That is to say; in addition to the "state-actor" of international social activities, we also need to pay attention to "non-state actors".⁴ Diplomacy is no longer exclusive to diplomats.⁵

In the 1980s, non-state actors played a pivotal role in the interaction between China and South Korea. While complex political and diplomatic issues still existed between the two countries, non-state actors facilitated exchanges in the economic field. These actors served as windows and ties for informal communication between China and South Korea during the period when two countries have not formally established diplomatic relations. Although the role of non-state actors is remarkable, there is still insufficient existing research on how to improve relations between the two countries in the context of long-term isolation between China and South Korea. In addition, the memoirs or interviews of diplomats involved in negotiations on the establishment of diplomatic relations have also become the basis for relevant research by scholars, nevertheless the study of non-state individuals describing the evolution of China-South Korea relations is not exhaustive, and the objects and scope of the study are limited.

This paper is mainly based on the research of primary data. It is worth noting that the recent release of diplomatic documents from the 1980s from the Ministry of For-

¹ 张小明, 2004, 《非国家行为体与中国周边安全环境》, 梁守德主编: 《新形势与新国际观》, 北京: 中央编译出版社, 第 50 页。; 苏长和, 1998, 《非国家行为体与当代国际政治》, 《欧洲》第 1 期, 第 9 页。; 李金祥, 2017, 《国际体系变迁的动力——一种非国家行为体的视角》, 北京: 时事出版社, 第 1-2 页。; Park Byung-Do. 2010. "Global Governance and Non-state Actors." *Ilkam Law Review* 17: 195-233.

² 蔡拓, 2011, 《国际关系学》, 北京: 高等教育出版社, 第 70-92 页。; Muhittin Ataman. 2003. "The Impact of Non-State Actors on World Politics: A Challenge to Nation-State." *Turkish Journal of International Relations* 2(1): 42-66.

³ Brian Hocking et al. 2012. "Futures for Diplomacy: Integrative Diplomacy in the 21st Century." report of Netherlands Institute of International Relations, Oct.

⁴ 卡尔·多伊奇, 1992, 《国际关系分析》, 世界知识出版社, 第 88-97 页。; 苏长和, 1998, 《非国家行为体与当代国际政治》, 《欧洲》第 1 期, 第 1、6 页。

⁵ Paul Sharp. 2009. *Diplomatic Theory of International Relations*. New York: Cambridge University Press.

Foreign Affairs of the Republic of Korea has injected life into research on China-South Korea relations before the establishment of diplomatic relations, which had been in a blank state.¹ Due to the limited disclosure of relevant information by the Ministry of Foreign Affairs of the People's Republic of China, the author had no chance to collect the appropriate diplomatic historical materials of China in the 1980s.² Therefore, this paper will mainly use diplomatic documents released by the Ministry of Foreign Affairs of the Republic of Korea to analyze non-state actors' economic exchange activities in China and South Korea from the perspective of the Korean government. Among the number of non-state actors mentioned in Korean diplomatic history, there were many accounts of informal and non-public dealings with government officials. These groups were active as civilians between China and South Korea. In addition to non-state actors holding Chinese or Korean passports, overseas nationals (irrespective of place of origin) were also involved. Thus, this paper will not limit the nationality of non-state actors.

The study period for this paper is set from 1979 to 1989. Since 1979, the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China officially adopted the route of reform. Also, establishing the China-South Korea Trade Representative Office was proposed in 1989. There were economic exchanges between the two countries that took place without the government's diplomatic status from 1979 to 1989. Therefore, through this period, the author will explore the relationship between China and South Korea before the establishing diplomatic relations.

The study of China-South Korea relations in the 1980s has great value in observing the development process of the two countries' relations before establishing diplomatic ties. In this sense, this paper is not limited to the study of China-South Korea relations, but also provides a variety of research directions, such as cross-strait relations, inter-Korean relations, and two other political systems maintaining special relations.

II. Non-state actors and economic exchanges between China and South Korea before the establishment of diplomatic relations

(1) Definition of the concept of non-state actors

In academia, the concept of non-state actors has different meanings depending on the context in which the term is used. Non-state actors generally connect with non-state organizations, non-governmental actors, non-state actors, non-state activists, non-governmental actors, etc., and these concepts are widely used by researchers.

This paper will use the term "non-state actor". The terms mentioned above do not differ in nature, but only slightly in interpretation. Since this thesis focused on individuals and groups, it is more appropriate for the author to judge it comprehensively as a "non-state actor". When referring to an existing research treatise, if the treatise has the same semantics as this term, but uses other explanations, then the author will specify it when writing.

¹ The Ministry of Foreign Affairs of the Republic of Korea has released some diplomatic documents every year since 1994 in accordance with the "Regulations on the Disclosure of Diplomatic Archives (1993)".

² The diplomatic documents released by the Archives Office of the Ministry of Foreign Affairs of the People's Republic of China are from 1945 to 1965 (visit in March 2019).

(2) Previous research

In his paper, Shi Yuan-Hua stressed that China has been paying attention to South Korea's fast-growing economy; for the country's economic development, China must achieve economic and trade relations with South Korea.¹ Park Chul-Jin also mentioned that China's policy change on the Korean Peninsula is in the national interest of modernization and economic development through reform and opening up.² Liu Jin-Zhi stressed China's policy adjustment on the Korean Peninsula in line with national interests. He believed that China's policy towards the Korean Peninsula has played an active role in safeguarding the interests of China and related countries and promoting peace and stability in Northeast Asia.³ Park Chul-Jin and Lee In-Tack researched China's economic priorities, and analyzed China-South Korean exchanges based on economic realities.⁴ Meng Qing-Yi stressed that indirect trade between China and South Korea through intermediary countries and regions such as Hong Kong, Singapore, and Japan was directly affected by the economic development of both countries.⁵ Sun Lu-Jun used statistics published by the Bank of Korea to explain why China-South Korea cannot start with direct trade and why the Chinese government acquiesced to indirect trade.⁶ Fang Xiu-Yu, her thesis used a variety of analyses of statistical data. Fang analyzed the trade data published by the Korea Trade-Investment Promotion Agency (KOTRA), the Economic Planning Institute, the Ministry of Industry and Commerce, the Customs Office, and the Hong Kong Office of Government and presented the trade trends of Korea to China.⁷

Based on the paper mentioned above, it can be reconfirmed that economic exchanges are an essential reason for the development of China-South Korea relations. The researchers also introduced China's reform and opening policy, Korea's northern policy, and other vital issues, emphasizing the importance of national economic policy. However, these studies make it difficult to observe the specific course of change in relations between the two countries. Therefore, this study focuses on non-state actors and analyzes the evolution of economic exchanges between China and South Korea before establishing diplomatic relations.

III. The beginning period of economic exchanges between China and South Korea (1979–1984): Non-state actors open up new markets

China is called a "Da Lu (大陆, big continent)" rich in natural and human resources and has many developable areas. In the 1980s, the Chinese market already had

¹ 石源华, 1995, 《简论中韩建交的历史背景》, 《外交学院学报》第1期, 第30–33页。

² Park Chul-Jin, 2006, "The exchange of the China's foreign policy for Korea into before and after Korea-China amity", *The Journal of Northeast studies*, 21(1), p. 109–121.

³ 刘金质, 2007, 《中国对朝鲜半岛国家的政策》, 《世界经济与政治论坛》第5期, 第78–84页。

⁴ Park Chul-Jin, 2006, "The exchange of the China's foreign policy for Korea into before and after Korea-China amity", *The Journal of Northeast Studies*, 21(1), p. 109–121.; Lee In-Tack, 2007, "The Present Situation and Perspective on Sino-Korean Exchange", *Chinese Studies*, 29, p. 267–291.

⁵ 孟庆义, 1999, 《中韩关系与东北亚形势》, 《东疆学刊》第16期, 第17–24页。

⁶ 孙鲁军, 1993, 《中国同韩国经贸关系的发展与前景》, 《亚太研究》第4期, 第22–25页。

⁷ Fang Xiu-Yu, 2001. A Study on the Normalization of ROK-PRC Relations, Doctoral dissertation, Kyungnam University.

unlimited potential, sufficient to attract non-state actors' attention. China's close neighbor, South Korea, had the advantage of reducing many cost burdens in terms of logistics. In other words, China had already gotten enough conditions to make investors look forward to the "Chinese Dream".

Many non-state actors entering mainland China were overseas nationals. They held the passport of third countries whose activities did not officially influence political diplomacy. Korean American expatriates operating private companies in Korea were easy to access new markets. For example, one of the Korean Americans was interested in constructing the Jiujiang Bridge in Guangdong, China. According to local people in Hong Kong, he had a chance to meet with the Deputy Director of the Guangdong Provincial Department of Communications to discuss the bridge's construction.¹ Such overseas Chinese who are neither Korean nor Chinese citizens, but have overseas nationality, can freely visit China.

For non-state actors of South Korean nationality, however, it was difficult to enter mainland China. For example, LUCKY GOLD STAR, a South Korean private company, was rejected for advertising in the Hong Kong newspaper Wen Hui Bao (《文汇报》), which had close relations with mainland China.² LUCKY GOLD STAR also tried to export South Korean products indirectly to China, but it did not proceed smoothly. At that time, LUCKY GOLD STAR signed a contract with a Hong Kong company to produce about 80,000 black-and-white TV tubes in South Korea and planned to ship the product from Busan to Hong Kong and sell it to mainland China. However, due to communication problems, some logistics were returned to Korea, resulting in a setback in exports.³

Despite this, South Korean individual entrepreneurs and private enterprises were pouring into the huge market of China in the 1980s. While direct trade between China and South Korea was not possible during this period due to political and diplomatic issues, indirect trade was channeled by non-state actors through third parties such as Hong Kong and Singapore. In addition, this emerging market development was also led by non-state actors, opening the door for economic exchanges between China and South Korea.

IV. The expansion period of economic exchanges between China and South Korea (1984-1986):

First export of Korean private sector goods to China by non-state actors

During this period, economic exchanges between China and South Korea continued to trade through third countries, and Korean companies began to enter the Chinese market by exporting their products to China and advertising them.

South Korean companies were trying to gain a foothold in the huge Chinese market and seize the opportunity to enter the mainland. KIA wanted to export cars to Hainan Island, China. At that time, when direct trade between Korea and China was impossible, KIA tried to negotiate exports with a foreign company based in a third country, Hanshime Trading Co. If the export agreement was concluded, it would set a

¹ Ministry of foreign affairs of Republic of Korea's declassified diplomatic document, #8913.

² Ministry of foreign affairs of Republic of Korea's declassified diplomatic document, #21322.

³ Ministry of foreign affairs of Republic of Korea's declassified diplomatic document, #21322.

precedent for Korean private companies to export cars to China for the first time, so the government was also urging the Ministry of Commerce, and the Ministry of Foreign Affairs to actively cooperate.¹

The first Korean company to advertise in China emerged. BORNEO Furniture set up electronic displays in front of the Guangzhou railway station in China to promote Korean goods in public places. The advertisement was introduced in Korean, English, and Chinese.² Another South Korean private company also announced its products directly through local Chinese news media. The Hong Kong branch of LUCKY GOLD STAR had large advertisements on the front pages of local newspapers. It was noteworthy that the newspaper advertising LUCKY GOLD STAR at that time was pro-Mainland China-oriented Wen Hui Bao. Just a year ago, advertisements with the same content were not approved. It was a sign that the Chinese government's attitude toward South Korea had started to change.³

This allowed Korean companies to export and advertise their products in China and promote Korean brands on the mainland. In particular, the Chinese government's attitude towards South Korea has changed, which enables South Korean companies to enter the Chinese market with a more active attitude and expand economic exchanges between China and South Korea.

**V. The maturity period of economic exchanges
between China and South Korea (1986-1989):
Government support for China-South Korea cooperation projects
and non-state actors to expand direct investment by enterprises**

Mainland China has huge market potential, cheap labor, and abundant resources, making it attractive to many Korean entrepreneurs. Therefore, Korean entrepreneurs and conglomerates invested in China to maintain economic relations with China. Under these circumstances, the government's support for enterprises' China-South Korean cooperation has become a breakthrough for developing Sino-South Korean economic relations.

The policy adjustments of the Chinese and Korean governments injected vitality into expanding Korean companies' local businesses in China. In March 1988, as the Chinese government adjusted its economic and trade relations with South Korea, at the same time, the South Korean government abolished the restrictions on overseas investment of domestic companies, provided support in credit, insurance, taxation, etc. The cooperation between them had created favorable conditions.⁴ In addition, the Chinese government started to allow direct investment in Shandong and Liaoning provinces since April 1989.⁵ Not only special economic zones, but also Korean companies in other regions had opened up investment routes in China within the scope designated

¹ Ministry of foreign affairs of Republic of Korea's declassified diplomatic document, #21322.

² Ministry of foreign affairs of Republic of Korea's declassified diplomatic document, #21322.

³ Ministry of foreign affairs of Republic of Korea's declassified diplomatic document, #21322.

⁴ 王志乐主编, 1996, 《韩国企业在中国的投资》, 北京: 中国经济出版社, 第 154 页.

⁵ 韩立民等主编, 1995, 《战后韩国经济与中韩经贸关系》, 青岛: 青岛海洋大学出版社, 第 219 页.

by the Chinese government. Therefore, investing in China has become an important goal for many Korean companies to operate internationally.¹

It is worth noting that the direct investment of South Korean enterprises in China is based on the guidelines of the Chinese and South Korean governments, mainly in Shandong Province and Liaoning Province. This is in stark contrast to the investment made by the United States, Japan, and Germany in Guangdong Province, Shanghai area, and Beijing area during the same period.² The governments of China and South Korea were particularly focused on Shandong Province and Liaoning Province because of the consideration of language, life culture, political diplomacy, and geographical factors. First of all, Liaoning Province is a place where Chinese Korean people live. Most Chinese Koreans have relatives in South and North Korea, and their language and living habits are similar to those of the two Koreas. In this context, Liaoning Province was considered the earliest region where Korean companies promoted direct investment in China in the late 1980s.³ Although Jilin Province is a Chinese Korean autonomous region, the situation is different from Liaoning Province's. Jilin Province is an inland province, and the relative inconvenience of transportation is a factor that must be considered.⁴

On the other hand, political and diplomatic factors have also impacted. For example, South Korean companies have invested in Jilin Province since 1988, but the truth is that the names of companies were registered in other places such as Hong Kong, Japan, and so on. Jilin Province borders North Korea, and it is home to many ethnic Koreans who relate to North Korea. Therefore, if South Korean companies directly invest in Jilin Province alone, allowing South Korean capital to flow into the region, it may bring political burdens to China and South Korea.

During this period, with the support of the two countries' governments and policy adjustments, the economic exchanges between China and South Korea emerged as a virtuous cyclic structure of improving the investment environment and expanding investment areas. More importantly, South Korean corporate capital flowed directly into mainland China and achieved results in building production lines. These factors strengthened Korea-China relations and created favorable conditions for improving relations.

VI. Conclusion

This study analyzed the evolution process of the gradual development of China-South Korea economic exchanges by non-state actors during the period 1979–1989 before the establishment of diplomatic relations between the two countries. The non-state actors mentioned in this paper refer to private entities independent of the government, such as traders, enterprise groups and so on. From 1979 to 1989, China and South Korea attached great importance to and fully used the characteristics of such non-state actors' civil status and economic activities. The two countries did not establish diplomatic relations at that time. Even though they had a strong desire to improve

¹ 王志乐主编, 1996, 《韩国企业在中国的投资》, 北京: 中国经济出版社, 第3页.

² 韩立民等主编, 1995, 《战后韩国经济与中韩经贸关系》, 青岛: 青岛海洋大学出版社, 第220页.

³ 王志乐主编, 1996, 《韩国企业在中国的投资》, 中国经济出版社, 第203页.

⁴ 王志乐主编, 1996, 《韩国企业在中国的投资》, 中国经济出版社, 第194页.

bilateral relations, the communication method of direct intergovernmental contact was excluded due to the intricate political factors between China and South Korea, such as China-North Korea relations and the Taiwan issue. Therefore, in the state that China and South Korea had not established diplomatic relations, formal exchanges between governments were limited, and the role of state actors in promoting the establishment of diplomatic relations between China and South Korea was also limited.

This study assumed that non-state actors broke through some of the restrictions of the state of unestablished diplomatic relations through economic exchanges and played a certain role in improving the relations between China and South Korea. In fact, non-state actors were active in the economic field representing the government to open the way for China-South Korea exchange and trade. In this regard, the importance of non-state actors in the process of improving relations before the establishment of diplomatic relations between China and South Korea was confirmed.

This paper elaborated and analyzed three periods, namely the beginning period, the expansion period, and the maturity period of economic exchanges between China and South Korea before establishing diplomatic relations. As a result, non-state actors opened new markets, exporting Korean private enterprise goods to China for the first time and placing advertisements, government support for China-South Korea cooperation projects and expanding direct investment by enterprises.

This study demonstrated the importance and irreplaceability of non-state actors in the process of economic exchanges between China and South Korea before establishing diplomatic relations. This study explained the improvement of two countries relations from the perspective of non-state actors participating in China-South Korean economic exchanges, which is the academic significance and contribution. Of course, this study also has shortcomings. Due to data disclosure restrictions, the author has not been able to access China's diplomatic archives, so the Chinese non-state actors have not been discussed in detail. However, starting with this study, the author will try to conduct a more in-depth examination of non-state actors by strengthening follow-up research.

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