

The Diplomatic Triangle of South Korea, China, and Taiwan*

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In this paper I have introduced two simple extensive-form games and conducted the Poisson regression analysis to investigate the important factors that might influence Sino-South Korean relations. One of the most interesting questions examined in the paper is the People's Republic of China's (PRC's) behavior toward South Korea in case of any change in South Korea-Taiwan relations. The findings of the analysis have indicated that any incremental change in South Korea-Taiwan relations will not influence the PRC's behavior toward South Korea as long as South Korea maintains friendly relations with the PRC. This study suggests that South Korea should maintain the highest possible unofficial relations with Taiwan as long as it does not violate the "one China" principle.

Strategically speaking, South Korean policies toward China or Taiwan should not be based on Beijing's verbal expressions or threats but on how Beijing has actually responded to similar situations. That is, it is most important for South Korea to investigate where the PRC actually stands or how the PRC has responded to other nations which have attempted to improve relations with Taiwan.

Keywords: South Korean strategies, event count, diplomatic bargaining game, cooperation and conflict

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On August 24, 1992, South Korea and the People's Republic of China (PRC) celebrated formal diplomatic recognition between both sides. For South Korea, the historic moment was considered an accomplishment of the *nordpolitik* which brought the peaceful reunification of the Korean Peninsula a step closer. The PRC could

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consider the event as another important move toward successful economic reform and a diplomatic victory over Taiwan.

Taipei, which was notified several days beforehand of South Korea's imminent diplomatic shift, preempted Seoul's move by declaring a formal diplomatic cutback with South Korea on August 22, 1992. It also retaliated by embargoing imports of South Korean automobiles, ending preferential Korean trade treatment, and abrogating an aviation pact.¹ Since then, the socioeconomic relationship between Seoul and Taipei has cooled rapidly; deterioration of their bilateral trade relationship and tourism is a good example of the current tiff between the two sides.

Despite this particular setback, Taipei has recently overcome its diplomatic isolation and established contacts with other nations in the international community. President Lee Teng-hui's visit to the United States in June 1995 was a demonstration of Taipei's diplomatic success, and the Clinton administration is allowing close contact and visits by senior officials to improve economic ties with Taiwan. Other major powers such as Germany, France, and Japan have also been in the process of recognizing strong commercial ties with Taiwan.

In July 1991, Great Britain and Taiwan had their first official contact in three decades to discuss improvement of bilateral trade. It was the first such meeting since major powers, including the United States, Great Britain, and France, severed their ties with Taiwan after voting for the PRC to enter the United Nations.² In September 1992, U.S. President George Bush agreed to sell 150 F-16 fighter jets to Taiwan, and in December, he sent his trade representative to Taipei, marking the first visit by an American cabinet-level official to Taiwan since 1979. Japan also sent high-ranking officials to Taipei for the first time since the diplomatic cutback in 1972. France decided to sell US\$3 billion worth of Mirage fighter jets and missiles to Taiwan. Germany is considering weapons sales and improvement of ties with Taiwan as well.³ Recently, Cambodia (Kampuchea) reopened semi-official ties with Taiwan and Gambia became the thirtieth country which recognizes Taiwan as an independent nation-state.

¹*The Wall Street Journal*, September 10, 1992.

²*Ibid.*, July 30, 1991.

³*Chosun Ilbo* (Seoul), February 16, 1994.

All these recent events demonstrate that Taiwan is improving its status in the international community.⁴ Faced with these current changes in the international environment, how should South Korea behave toward Taiwan and China? Since Seoul has established formal ties with Beijing, is it logical for it to minimize contacts with Taipei? In light of the PRC's recent military exercises near Taiwan, is it safer for South Korea to reduce its existing relationship with Taiwan? If not, what is Seoul's best strategy toward both China and Taiwan?

In this paper, I will examine the plausible strategies South Korea could adopt to deal with both China and Taiwan in the wake of its formalized relationship with the PRC since August 1992. I will introduce game theoretical analyses to explain why South Korea should maintain the highest possible informal ties with Taiwan. I will also conduct an event analysis to examine the relationship between South Korea and Taiwan and its impact on the PRC's behavior toward South Korea. In the conclusion of this study, I will suggest South Korea's diplomatic strategies toward both sides of the Taiwan Strait.

Diplomatic Bargaining Games

Why is it important for South Korea and Taiwan to improve their relationship? What are the incentives for both sides to do so? What might happen if South Korea seeks to improve its informal relationship, especially socioeconomically, with Taiwan after diplomatic normalization with the PRC? Would the PRC retaliate against South Korea? The diplomatic bargaining games presented in this section will deal with these questions.

The South Korean government's declaration of abandoning existing ties with Taiwan was rather shocking news, not only in South Korea, but also in other parts of the world, including Taiwan. However, the cutback of formal diplomatic ties was not unexpected, as South Korea was not the first former ally which abandoned a formal relationship with Taiwan.

The Taipei government was upset mostly because of the South Korean government's lack of effort in explaining the necessity of that painful decision on the cutback of the formal diplomatic ties. Although the normalization document signed by the foreign ministers

⁴*The Korea Times* (Seoul), January 9, 1993; *The New York Times*, January 18, 1993.

from both sides on August 24, 1992 captured a historic moment and was a successful accomplishment of South Korea's *nordpolitik*, some scholars warned Seoul of its hasty decision during the normalization process and of its potential negative consequences.⁵ Elsewhere, I have also argued that in order to achieve a formal diplomatic relationship with the PRC, South Korea would have to pay the price of severing formal ties with Taiwan.⁶ However, South Korea should find ways to minimize the risk of losing all its interests in Taiwan in the PRC normalization process. With the following diplomatic bargaining games, I will discuss the South Korean government's appropriate level of treatment of Taiwan and its policies toward both Taiwan and China.

It seems reasonable to assume that after establishing formal ties with South Korea, the PRC would have no incentive to retreat from that relationship as long as the South Korean government does not irritate it by challenging important foreign policy doctrines such as the "one China" principle. Hence, in the "complete information" diplomatic bargaining game, South Korea must move first. In this game, South Korea faces two strategies: either "maintain" its informal relationship with Taiwan at its maximum level (M) or "reduce" informal relations with Taiwan to the minimum level ($\sim M$). That is, South Korea may grant extensive informal diplomatic privileges to Taiwan, leading to worries about possible PRC retaliation; or, it can minimize any potential retaliation by reducing informal relations with Taiwan to a minimum. The PRC, on the other hand, faces two options: either to "retaliate" against South Korea (R) or "not to retaliate" ($\sim R$).⁷

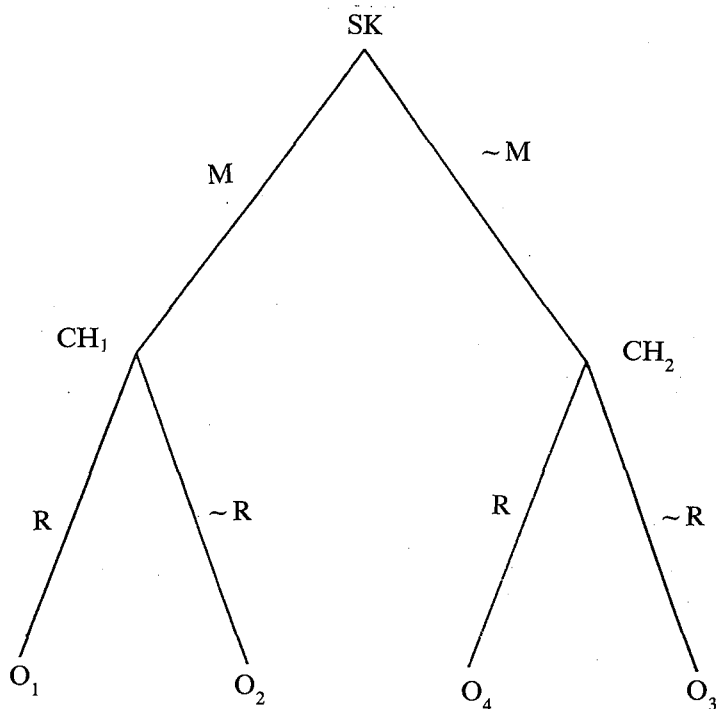
Figure 1 shows the four possible outcomes of the "complete information" diplomatic bargaining game. The first possible outcome

⁵For example, see Byung-Moo Whang, "The Prospects of the PRC's Strategy Toward the Korean Peninsula," in *The New International Order and the Great Powers' Strategies Toward the Korean Peninsula*, ed. Sung-Tae Hong (Seoul: Korea Research Institute for Strategy, 1992), 54-76, and Sang-Woo Rhee and Ilpyong Kim's comments on Whang's paper, *ibid.*, 77-78.

⁶By using a game theoretical analysis I have shown that the drastic change in the diplomatic ties between the two sides is not unexpected. See Woosang Kim, "South Korea's Diplomatic Normalization with China and Its Impact on Old Ties Between South Korea and Taiwan," *Journal of East Asian Affairs* 7, no. 2 (Summer/Fall 1993): 371-403.

⁷As a retaliation for French fighter jets sales to Taiwan, the PRC government closed France's consulate-general in Guangzhou. See *The New York Times*, January 18, 1993.

Figure 1



is that South Korea will grant informal diplomatic privileges to Taiwan and the PRC retaliates; for example, it could deport several South Korean diplomats or refuse to establish additional South Korean consulates in the PRC. This outcome is called **01**. Second, South Korea grants informal diplomatic privileges to Taiwan and the PRC does not retaliate (outcome **02**). Third, South Korea minimizes relations with Taiwan and the PRC does not display any hostility toward South Korea (outcome **03**). Fourth, South Korea minimizes informal relations with Taiwan and the PRC retaliates for no reason (outcome **04**).

Of these four possible outcomes, South Korea would prefer outcome **02**—maintain strong relations with Taiwan (M), with no PRC retaliation ($\sim R$). Maintaining strong relations with Taiwan by granting informal diplomatic privileges would seem to be best for South Korea's interests, unless it irritates the PRC and leads to a conflict between the two sides. If such a situation arose, South Korea would prefer minimizing even its informal relations with Taiwan in order to avoid any Chinese retaliation. Consequently, South Korea's

second best outcome is assumed to be outcome **03**, i.e., reduction of relations with Taiwan ($\sim M$), with no PRC retaliation ($\sim R$). In South Korean decisionmakers' minds, establishing a constructive relationship with the PRC is at the top of their priority list.

If the PRC reacts with hostilities no matter what South Korea decides to do, then it would be better for Seoul to grant all possible informal diplomatic privileges to Taiwan rather than minimize them. Therefore, outcome **01** would be preferable to outcome **04**. South Korea's preference order among these four possible outcomes in this game can hence be given as: **02** > **03** > **01** > **04**.

The PRC would prefer outcome **03** as it includes minimization of South Korea's relations with Taiwan and no retaliation against South Korea, for any PRC retaliation could jeopardize economic relations with South Korea. As long as the "one China" principle is not violated and its security is not threatened, the PRC is more likely to strengthen economic relations with its counterpart. Increases in South Korea's investment and technology transfers, for example, are so important for the PRC's economic reform that it will not risk souring relations with South Korea simply because South Korea maintains informal relations with Taiwan.

Many countries that have formal relations with the PRC still grant many diplomatic privileges to Taiwan and have not received any hostile responses.⁸ For instance, nations such as the United States and Japan have sent high officials to Taipei to discuss economic cooperation, and Beijing has not retaliated against them.⁹ In this game, I therefore assume that the PRC's second most preferable outcome is that South Korea grants extensive informal diplomatic privileges to Taiwan and the PRC does not retaliate (outcome **02**).

The third best outcome for the PRC is one in which South Korea grants extensive informal diplomatic privileges to Taiwan and the PRC retaliates against South Korea (outcome **01**). If the PRC had to retaliate against South Korea, it would need a good reason to do so. If the PRC displayed hostility toward South Korea even if South Korea minimized informal relations with Taiwan, the PRC would earn a bad reputation in the international political arena through this foreign policy inconsistency. Therefore, the worst possible outcome

⁸See Hsu Chieh-lin, Li Wen-chih, and Shiao Chyuan-jeng, *Taiwan's Asia-Pacific Strategy* (Taipei: Institute for National Policy Research, 1991).

⁹*The Korea Times*, December 3, 1992 and January 9, 1993.

for the PRC would be one in which South Korea minimizes its informal relations with Taiwan and the PRC retaliates for no reason (outcome 04). Therefore, the PRC's preference order among these four possible outcomes in the game would be: 03 > 02 > 01 > 04.

Given South Korea and the PRC's preference orders, it is possible to find a stable outcome for this "complete information" game. Before it makes a move, South Korea should carefully consider how the PRC would respond. In this case, Seoul should easily arrive at the conclusion that the PRC will not retaliate no matter what kind of moves it makes—either keeping the strongest possible informal relations with Taiwan or reducing the relationship to a minimum. In this game, the PRC's dominant strategy would seem to be "not to retaliate." If this is so, then South Korea should choose to "maintain" strong relations with Taiwan since 02 > 03. Therefore, it is in its best interests to grant extensive informal diplomatic privileges to Taiwan. The subgame-perfect equilibrium for this game would be (M, ~R).¹⁰

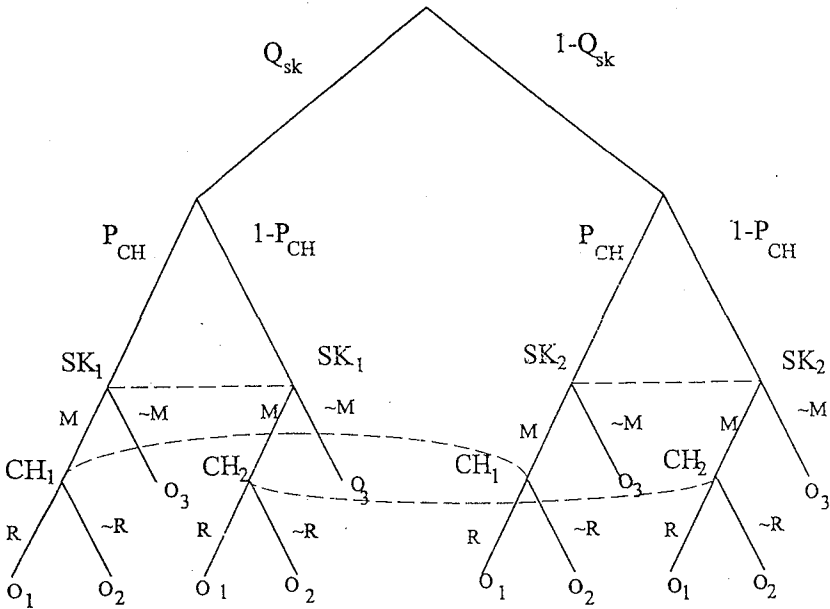
However, differences in perceptions about counterparts' intentions complicate this diplomatic bargaining game. If the players in the game face no uncertainty, then perceptions may be irrelevant; on the other hand, if each player is uncertain about the intentions of the other, then the strategic choices of the players are influenced by perceptions. In the "complete information" game, I assume that South Korea prefers 03 to 01, while the PRC prefers 02 to 01. In the "incomplete information" game, I relax these rather strong assumptions and introduce two different types of decisionmakers for both South Korea and the PRC. Uncertainty about the counterpart's intentions is introduced in the modified version of the game as shown in figure 2.¹¹

In this game, the players are uncertain about the type of counterpart that they are facing. The distinction between types is captured through the payoffs the players associate with the outcomes of the

¹⁰For the definition of the subgame-perfect equilibrium, see Reinhardt Selten, "Reexamination of the Perfectness Concept for Equilibrium Points in Extensive Games," *International Journal of Game Theory* 4, no. 1 (1975): 25-55.

¹¹For similar treatments of the extensive-form game of incomplete information, see Woosang Kim and Bruce Bueno de Mesquita, "How Perceptions Influence the Risk of War," *International Studies Quarterly* 39, no. 1 (March 1995): 51-65; and Woosang Kim, "Perception and Strategic Thinking in a Diplomatic Bargaining Process: The Case of North Korea's Nuclear Weapons Program," *Sejong Review* (Seoul) 3, no. 1 (1995): 147-60.

Figure 2



game. There is also another change in the game's structure. Outcome **04** from the above "complete information" game might be considered unrealistic as there is no reason for the PRC to retaliate against South Korea if South Korea chooses to reduce its existing relationship with Taiwan. This outcome is therefore omitted in the "incomplete information" game. In this game, if South Korea decides to reduce its relationship with Taiwan, then the game is terminated with outcome **03**. Therefore, the following preference order includes only three possible outcomes—**01**, **02**, and **03**.

Unlike the above "complete information" game, in this "incomplete information" game I assume that there are two types of South Korean leaders. One type prefers **01** to **03** and the other prefers **03** to **01**. The first type includes decisionmakers who still give Taiwan a heavy importance. This type will do anything to improve relations with its former ally, even risking the newly-established ties with the PRC. I would call this type "pro-Taiwan." The other type includes leaders who do not dare to take a chance of ruining a favorable relationship with the PRC for any reason. For them, maintaining or improving the relationship with the PRC is the first priority. I would call this type "pro-China." For South Korea, the payoffs of the pro-Taiwan type (SK1) and the pro-China type (SK2) are:

- (i) pro-Taiwan (SK1) type: $02 > 01 > 03$
 (ii) pro-China (SK2) type: $02 > 03 > 01$

I also assume that Chinese leaders are either “radical nationalist” types or “economy-oriented realist” types.¹² Here, the “economy-oriented realist” type simply means giving more weight to economic reform than other issues and a readiness to maintain a good relationship with South Korea as long as the latter does not violate the “one China” principle. On the other hand, the “radical nationalist” type involves paying so much attention to ideological principles that any significant socioeconomic ties with Taiwan would not be tolerated, even at the risk of losing a good chance for economic development. For the PRC, then, the payoffs of the “radical nationalist” type (CH1) and the “economy-oriented realist” type (CH2) are:

- (iii) radical nationalist (CH1) type: $03 > 01 > 02$
 (vi) economy-oriented realist (CH2): $03 > 02 > 01$

In this game, the strong assumptions that South Korea prefers 03 to 01 and the PRC prefers 02 to 01 are somewhat relaxed. Each player knows his own type but is uncertain about its counterpart's preference. (P)CH represents the probability that the PRC is the CH1 type and (Q)SK means the belief that South Korea is the SK1 type.

As is evident from the payoffs, CH1 prefers the strategy of retaliation (R), while CH2 prefers the strategy of no retaliation (\sim R). However, South Korea's strategy depends either on its own preference or its perception of the PRC's stance and on the expected utility of reducing informal ties with Taiwan rather than gambling that the PRC is predominantly the CH2 type. If South Korea is the SK1 type, then it will choose to “maintain” strong relations with Taiwan no matter which strategy it anticipates for the PRC to choose. However, if South Korea is the SK2 type, then it will choose to reduce its ties with Taiwan (\sim M) when the expected utility of choosing this strategy is greater than the expected utility of choosing the “maintain” strategy, i.e., $EU^{sk2}(\sim M) > EU^{sk2}(M)$.¹³ On the other hand, if $EU^{sk2}(\sim M) <$

¹²Here I use Professor Samuel Wu's suggestion of the terms “radical nationalist” and “economy-oriented realist.”

¹³Here, $EU^{sk2}(\sim M) = U^{sk2}(O3)$ and $EU^{sk2}(M) = (P) CH * U^{sk2}(O1) + (1 - (P) CH) * U^{sk2}(O2)$.

$EU^{sk2} (M)$, then SK2 will choose to “maintain.” That is, when $(P)CH > [U^{sk2} (02) - U^{sk2} (03)] / [U^{sk2} (02) - U^{sk2} (01)]$, the equilibrium strategies for SK1, SK2, CH1, and CH2 are $(M, \sim M, R, \sim R)$ and when $(P)CH < [U^{sk2} (02) - U^{sk2} (03)] / [U^{sk2} (02) - U^{sk2} (01)]$, the pure strategy Nash equilibrium is $(M, M, R, \sim R)$.

Implications of the Game Results

The results of the “complete information” game suggest that South Korea should maintain ongoing socioeconomic relations with Taiwan as long as it does not violate the “one China” principle. That is, it would be in South Korea’s best interests to keep its friendly relationship with Taiwan.

The findings of the “incomplete information” game suggest that if South Korean leaders are pro-Taiwan, then no matter what Chinese leaders believe, they will choose to maintain an ongoing relationship with Taiwan at the risk of disturbing its newly-established relationship with the PRC. However, if South Korea is pro-Chinese, then its perception about Chinese leaders’ opinions will make a difference. If pro-China South Korean leaders’ (SK2’s) perception that Chinese leaders are radical nationalists (CH1) increases, South Korea is less likely to maintain its relationship with Taiwan, no matter what opinions PRC leaders actually hold. In this case, the outcome will be **03**.

On the other hand, if pro-China South Korean leaders’ perception that the PRC is more economy-oriented and realistic (CH2) increases, South Korea is more likely to maintain its existing relationship with Taiwan. The outcome in this case will be either **01** or **02**, even if the PRC actually leans to the CH1 type.

The results of the “incomplete information” game seem to indicate that Chinese leaders might be willing to bluff South Korea. They could hint at retaliation against South Korea if South Korea maintains its relationship with Taiwan, no matter what their true leanings actually are. However, based on the results of the game theoretical analysis, we have learned that South Korean policies toward China or Taiwan should not be based on Beijing’s verbal expressions or threats but on how the PRC has actually responded to similar situations. That is, it is most important for South Korea to investigate where the PRC actually stands or how the PRC has responded to other nations which have attempted to improve relations with Taiwan.

Empirical Analysis

In this section, I conduct an empirical analysis to examine the impact of cooperation and conflicts between South Korea and Taiwan on the PRC-South Korean relationship. The dependent variable is the PRC's cooperative behavior toward South Korea (CHSK). To investigate the influence of South Korea-Taiwan relations on the PRC's behavior toward South Korea, two independent variables are included: South Korea's cooperative and antagonistic behavior toward Taiwan (SKTW) and Taiwan's cooperative and antagonistic behavior toward South Korea (TWSK).

We might also expect reciprocal behavior between South Korea and the PRC. Consequently, South Korea's cooperative and antagonistic behavior toward the PRC (SKCH) is also included as an independent variable. It would also be interesting to discover if the improvement (or deterioration) of the relationship between the two sides of the Taiwan Strait has any significant influence on the PRC-South Korean relationship. I have therefore also included both the PRC's cooperative and antagonistic behavior toward Taiwan (CHTW) and Taiwan's cooperative and antagonistic behavior toward the PRC (TWCH) as independent variables.

Based on the theoretical development in the above sections and elsewhere, one would expect two things from the empirical analysis. First, based on the above game theoretical analyses, the relationship between South Korea and Taiwan is expected not to have a significant influence on the PRC-South Korean relationship. Elsewhere, I have also argued that reciprocity is a common strategy in regional power politics.¹⁴ In this analysis, one would expect that South Korea's behavior toward the PRC will have a significant impact on the PRC's behavior toward South Korea.

This empirical study covers records from January 1, 1991 to December 31, 1995. To measure the independent and dependent variables, I developed an "event" data set for three dyads—the PRC and South Korea, South Korea and Taiwan, and the PRC and Taiwan—

¹⁴For example, see Woosang Kim, "An Expected Utility Model of Regional Rivalry: A Case of North and South Korea," *Asian Perspective* 15, no. 2 (Fall/Winter 1991): 125-48; and Chi Huang, Woosang Kim, and Samuel Wu, "Rivalry Between the ROC and the PRC: An Expected-Utility Theoretical Perspective," in *Inherited Rivalry: Conflict Across the Taiwan Straits*, ed. Tun-jen Cheng, Chi Huang, and Samuel Wu (Boulder, Colo.: Lynne Rienner, 1995), 25-46.

based on two of the most influential daily newspapers in South Korea, the *Chosun Ilbo* and the *Choongang Ilbo*. I rely on the Conflict and Peace Data Bank (COPDAB) coding scheme, developed by Edward E. Azar and his associates.¹⁵

To briefly explain the COPDAB data set: COPDAB is a longitudinal collection of daily "events," distinct from routine exchanges, among 135 nation-states during the period 1948-78 and are reported in over 70 reputable sources. The intensity measure (called conflict scale category) is on a scale from 1 to 15, with 1 being the most cooperative (voluntary unification into one state) and 15 being the most confrontational (full-scale air, naval, or land battles). The score of 8 represents neutral acts.

For the dependent variable—the PRC's cooperative behavior toward South Korea (CHSK), the quantity of the PRC's cooperative behavior toward South Korea was measured each two months during the five-year timespan. For the independent variables—SKCH, SKTW, TWSK, CHTW, and TWCH—the degree of cooperative and antagonistic behavior for each dyad in each two-month period was measured as the amount of antagonistic behavior subtracted from the amount of cooperative behavior.

The dependent variable of this empirical analysis is the PRC's cooperative behavior toward South Korea, and is a typical discrete random variable called "event count." With event count data, the ordinary least squares estimates are inefficient, have inconsistent standard errors, and may produce unreasonable predictions of a negative number of events.¹⁶ Event count models, which are built on the data generating process of count data, are much more appropriate for my research purpose. The simplest and most popular event count model is the Poisson regression model; Poisson distribution assumes that the probability of an event occurring at one time is constant and independent of all previous events.¹⁷

¹⁵See Edward E. Azar, "The Conflict and Peace Data Bank (COPDAB) Project," *Journal of Conflict Resolution* 24, no. 1 (March 1980): 143-52; and Edward E. Azar, *Conflict and Peace Data Bank (COPDAB) 1948-1978: Daily Aggregations*, 2nd ICPSR edition (Michigan: Inter-University Consortium for Political and Social Research [ICPSR], 1982).

¹⁶Gary King, "Statistical Models for Political Science Event Counts: Bias in Conventional Procedures and Evidence for the Exponential Poisson Regression Model," *American Journal of Political Science* 32, no. 3 (August 1988): 838-63.

¹⁷Gary King, "Variance Specification in Event Count Models: From Restrictive Assumptions to a Generalized Estimator," *American Journal of Political Science* 33, no. 3 (August 1989): 762-84.

Table 1
Poisson Regression Results

Variable	Poisson Estimate
Constant (s.e.)	-2.3887 (0.7920)
SKCH (s.e.)	1.3273 (0.3229)*
SKTW (s.e.)	0.1582 (0.1813)
TWSK (s.e.)	-0.0274 (0.2245)
TWCH (s.e.)	0.1818 (0.1467)
CHTW (s.e.)	0.0874 (0.1026)

*Significant at the 0.05 level, two-tailed test.

Table 1 presents the results of the Poisson regression analysis. The Poisson regression estimates of parameters and their standard errors are reported. Findings of the analysis were as expected, as the independent variable that captures South Korea's cooperative and antagonistic behavior toward the PRC (SKCH) was the only variable that had a statistically significant impact on the PRC's behavior toward South Korea. All other variables included in the model were statistically insignificant at the 0.05 level.

This result indicates that reciprocity works between South Korea and the PRC. As long as South Korea maintains friendly relations with the PRC, any incremental change in South Korea-Taiwan relations does not seem to influence the PRC's behavior toward South Korea. This finding parallels the results of the game theoretical analysis, which also suggests that South Korea can maintain ongoing socioeconomic relations with Taiwan as long as it does not violate the "one China" principle. Indeed, as suggested by both the game theoretical and empirical analyses, South Korea should maintain the highest possible unofficial relations with Taiwan but stop short of a formal recognition of Taiwan as an independent nation-state.

Conclusion

In this paper I have introduced two simple extensive-form games and conducted the Poisson regression analysis to investigate the im-

portant factors that might influence PRC-South Korean relations. One of the most interesting questions examined in the paper is the PRC's potential behavior toward South Korea after any possible change in South Korea-Taiwan relations. The findings of the analysis have indicated that any incremental change in South Korea-Taiwan relations will not influence the PRC's behavior toward South Korea as long as South Korea maintains friendly relations with the PRC. As suggested in this study, South Korea should maintain high unofficial relations with Taiwan as long as it does not violate the "one China" principle.

Recently, Taiwan and Cambodia reopened semiofficial ties and exchanged representative offices to improve trade and other civilian ties. Although the offices are at a semiofficial level, they are expected to have consular functions.¹⁸ In 1995, Gambia established diplomatic relations with Taiwan. Such major powers as France and Germany have also tried to improve their relationships with Taiwan. Chinese leaders have not done much to retaliate against these countries. Even when Washington permitted President Lee Teng-hui's private visit last year, the PRC did not come close to severing its relationship with the United States. When France decided to sell Mirage 2000-5 jet fighters to Taiwan, the PRC retaliated by ordering the closure of the French consulate-general in Guangzhou in one month; the retaliation came after repeated warnings that France would pay a heavy price for the sale. Less than two years later, PRC President Jiang Zemin made a state visit to France.¹⁹

Facing the twenty-first century, the PRC recognizes that its complex interdependence with other major powers and neighbors, including South Korea, will be the basis for its economic reform and development. Other countries' improvement of relations with Taiwan, short of formal recognition, will not jeopardize any of those countries' interdependence with the PRC. For instance, in July 1991, Beijing put forward its ten-point plan for the reunification of China. The plan suggested that Taiwan would be allowed to keep its own military forces and given the right to buy "necessary weapons from overseas" as long as it did not "harm the national interests" of a unified China.²⁰ Careful investigation of Beijing's policies toward Taiwan thus shows

¹⁸*The Korea Herald* (Seoul), September 13, 1994.

¹⁹*Ibid.*, November 14, 1992; December 24, 1992; September 10, 1994; and July 21, 1995.

²⁰*Ibid.*, July 28, 1991.

that there is enough room for South Korea to maintain a good relationship with both China and Taiwan.

South Korea could even be a leader in establishing international customs and norms in the diplomatic treatment of Taiwan. It should maintain its policy of granting extensive diplomatic privileges to Taiwan but stop short of formal recognition, as the United States, Japan, Germany, and France do. Strategically speaking, South Korea is better off by maintaining informal ties with Taiwan at a maximum. Elsewhere, I have also suggested that the South Korean government should allow Taiwan to include the term "Taipei" in its "official" name by which it is known in South Korea²¹ and the South Korean government subsequently did.²² Unless South Korea violates the "one China" principle, it can even pursue drastic improvement of socioeconomic ties with Taiwan, and it can always wait and see how the PRC responds to its policy changes toward Taiwan.

Improvement of its current relationship with Taiwan may indeed be a good strategy for South Korea. One of the PRC's national priorities is economic reform and development. To successfully accomplish the goal, the PRC needs not only strong economic relationships with its neighbors and major powers in the world but also stability with its neighboring countries. Even if the PRC becomes hostile in the event of close informal ties between South Korea and Taiwan, South Korea has enough time and strategies to respond to the PRC's potential demands. However, to successfully respond without losing its interests in Taiwan, the Seoul government needs cooperation from the Taipei government. The former must maintain clear communication channels with leaders in Taipei and let them know that South Korea will not give in more than is necessary to Beijing in order to maintain formal relations.

Both South Korea and Taiwan know how important the stability of the Northeast Asian region is for their prosperity. Any seemingly trivial issue between the two sides should not block the road toward cooperation and interdependence between them. Such issues as the South Korea-Taiwan aviation talks and trade talks for automobile

²¹See note 6 above.

²²On July 27, 1993, the South Korean government announced the establishment of unofficial ties, which is close to full diplomatic ties, with Taiwan. Taiwan agreed to use the name "Taipei Mission in Korea," while South Korea accepted the name "South Korean Mission in Taipei." See *The Korea Herald*, July 28, 1993.

imports and bartering fruit should reach an agreement. The South Korean government should allow Taipei government officials to participate in talks as long as they do not use the official name of the Republic of China. Independent of South Korean informal ties with Taiwan, it should increase its interdependence not only with Taiwan but also with China through more frequent economic, scientific, technological, and cultural exchanges.