

South Korea Chooses Development Over War

by Mike Billington

July 7—Chinese President Xi Jinping, the initiator of the “New Silk Road” for Central Asia and beyond, and the “New Maritime Silk Road” for Southeast Asia and the Indian Ocean, continued to give concrete meaning to his commitment to the cooperative development of all Asian nations, during his summit in South Korea July 3-4.

While Seoul has been subjected to intense pressure from Washington to participate in President Obama’s military and economic confrontation with China, President Park Geun-hye has refused to submit, and instead, welcomed China’s leader to a red-carpet reception, based on extensive trade and economic development agreements. South Korea has insisted that being an ally of the United States cannot, and will not, mean joining in the insane confrontation against China demanded by Washington, nor the self-destructive, no-growth financial bail-out and bail-in looting taking place across the trans-Atlantic region.

President Xi arrived in Seoul with 250 top Chinese business leaders. The trip began with Presidents Xi and Park announcing agreements making the Chinese yuan and the Korean won directly exchangeable, so that their booming trade can be carried out with their own currencies, rather than in dollars, freeing them from double transaction charges and from fluctuations in the value of the dollar. The yuan is only the second currency, after the dollar, which is now directly convertible with the won.

Also, at a joint press conference, President Park said South Korea and China will aim to complete long-running trade talks by the end of this year. China also agreed to include South Korea as one of the countries that can invest in the domestic Chinese stock and bond markets.

AP reported July 3 that South Korea’s two-way trade with China was \$229 billion last year, exceeding the combined value of South Korea’s trade with the

U.S. and Japan. Xi told reporters after the summit that the two countries will strive to boost their trade to over \$300 billion annually. U.S. trade with South Korea remained stagnant at \$125 billion last year, about the same as the previous year.

China is also a huge market and a production base for South Korean exporters such as Samsung, Hyundai, and LG, which are key foreign investors for China. Samsung’s sales within China surged from \$23 billion in 2011 to \$40 billion in 2013.

President Xi is also offering South Korea participation in its plan to launch an Asia Infrastructure Investment Bank (AIIB), with 22 nations now showing interest. The AIIB will create a \$100 billion fund to invest in the desperately needed infrastructure across Asia. As reported elsewhere in this issue of *EIR*, the U.S. has even intervened to pressure Seoul to keep out of this crucial and beneficial project, claiming that vast infrastructure development is simply a trick by Beijing to break up the U.S.-South Korea alliance!

The U.S. response to this is reflected by *New York Times* reporter Jane Perlez, who wrote on July 3 that Xi’s trip to Seoul is only intended to “unsettle U.S. alliances in Northeast Asia and fortify his argument for a new security architecture in the region, with China as the dominant player.”

Dealing with North Korea

The *Korean Herald* on July 3 pointed to one crucial reason that South Korea wants to join the AIIB: that “participation in the infrastructure investment bank could help South Korea prepare for a possible reunification of the two Koreas, which would require a massive amount of funds for infrastructure.”

A key aspect of the summit is that President Xi visited Seoul before visiting Pyongyang, breaking the precedent of past Chinese presidents. While Western scholars and journalists emphasized the fact that China has the same concerns as the West about North Korea’s nuclear weapons program—which is certainly true—they ignore the more important fact that South Korea’s refusal to break with China is based not only on their extensive economic cooperation, but also on the fact that China, like Russia, actually wants to *solve* the problem with North Korea—avoiding the confrontational methods of Washington, which offers only threats and a military buildup, but rather by offering North Korea a stake in regional development projects involving Russia, China, and South Korea.



Office of the President of the Republic of Korea

Chinese President Xi Jinping joins South Korean President Park Geun-Hye in Seoul July 4, where the two leaders reached a number of important economic and trade agreements—much to the consternation of London and Obama's Washington.

China Daily editorialized on July 4 that “China remains opposed to the D.P.R.K.’s [North Korea’s] pursuit of nuclear weapons, which severely harms China’s national interests. In fact, Beijing expects Pyongyang to focus on economic development rather than seek nuclear weapons. Only by doing so will there be a chance of rapprochement on the Korean Peninsula. However, Beijing continues to insist that the D.P.R.K.’s security concerns need to be considered if it is to be encouraged back on a sound track.” The editorial goes on to note that North Korea’s nuclear weapons program has been used by the Obama Administration to justify the vast military buildup around China, claiming it is aimed at North Korea.

In fact, South Korea has directly rejected Washington’s effort to use the North Korea problem to draw Seoul into a military buildup around China. In addition to the U.S. pressure not to join China’s plans for vast infrastructure development across the region through the AIIB, the Obama Administration has also demanded that Seoul agree to the deployment of THAAD (Terminal High Altitude Area Defense) missile systems on its territory, claiming that the U.S. wants to help in their defense against a potential North Korean attack. The South Korean government has repeatedly told Washington, and released to the press, that they have no need for high-altitude missiles against the threat from North Korea (North Korea is

only 35 miles from Seoul), and that it is obvious that the THAAD missiles would be aimed at Beijing, not Pyongyang.

Just days after Xi’s visit to Seoul, the North Korean official news agency KCNA released a statement calling for North and South Korea to work together to “achieve reunification through a federal formula in Korea where differing ideologies and social systems exist,” and to “create the atmosphere favorable for reconciliation and unity, to end calumnies and vituperations,” as reported by Itar-Tass from Russia. The statement calls for both sides to end “reckless hostility and confrontation,” including the regular military exercises carried out by both sides. How this will develop remains to be seen.

Territorial Disputes To Be Settled

The territorial disputes between China and its neighbors in the South and East China Seas have become flashpoints for war with China. This is being stoked by the Obama Administration on three fronts: lavish praise for Japanese Prime Minister Shinzo Abe’s executive decision to “reinterpret” Japan’s post-war pacifist Constitution, now allowing Japan to join in a U.S. war in the region; signing a deal with Philippine President Noyonoy Aquino to deploy U.S. air, sea, and land forces and equipment throughout the Philippine islands; and encouragement of Vietnam’s violent attacks on a Chinese oil rig in contested territory in the South China Sea.

Here again, South Korea has not fallen for the trap set by Obama and his British imperial backers. Presidents Xi and Park agreed during the summit that the territorial disputes between the two nations will be settled through bilateral negotiations, which will begin in 2015.

When nations act together on the basis of their common economic interests, the Empire’s tools for division and conflict are easily overcome—a lesson for those in the region caught up in the madness of the Empire’s drive for war.

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