Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

By: The Editorial Board

# Balance or risk – A new phase in Seoul's strategic positioning

The early presidential election scheduled for 3 June is the biggest test for South Korea's political stability in decades.

The Constitutional Court's decision to lift President Yoon Suk Yeol's declaration of a state of emergency, which he imposed at the end of last year, marked the first serious cracks in the government's until recently unchallenged authority.

Many had officially remained silent about the deep tensions between the restriction of civil rights and the fear of the North Korean threat. Now voters are faced with a choice between two visions for the future that differ fundamentally in their approach to foreign policy and domestic economic strategy.

In December 2024, Yoon declared a state of emergency under the pretext of escalated threats from the North Korean side.

The move was widely criticised—not only because it violated legal procedures but also because it touched the very foundations of democracy in a country that has significantly strengthened its role in regional security in recent years.

In April, the Constitutional Court ruled that a state of emergency can only be imposed if there is an imminent threat to constitutional order and not just because of possible provocations from the north.

The disregard for parliamentary approval on the one hand and the mass protests by citizens on the other led to a loss of confidence in Yoon as a statesman capable of striking a balance between protecting security and respecting freedoms.

## Balanced approach vs. tough stance

Lee Jae-myung and Kim Moon-soo are in the spotlight. Lee, the Democratic candidate, has so far shown that he understands the need for a balanced approach.

He criticised overdependence on the alliance with Washington, but in the final weeks of the campaign, he adjusted his views to the reality that American support is the backbone of defence against the North Korean threat.

At the same time, he is hinting at greater dialogue with Beijing to avoid trade penalties that followed the tough sanctions imposed in 2017.

When it comes to North Korea, Lee does not want to return to previous programmes that provided for far-reaching concessions to Pyongyang.

His idea is to resume dialogue, but only after Pyongyang has allowed the inspection of its nuclear facilities.

In this way, South Korea would maintain its credibility with its allies, who are demanding a tough stance, while offering the possibility of concessions if strict conditions are met.

> Only when Pyongyang fulfils at least the basic criteria can compromises or a relaxation of pressure be considered —Kim

In contrast to him, Kim of the People's Party has a tough stance. He argues that South Korea must maintain the existing sanctions and insist on the increased presence of UN peacekeepers to monitor North Korea's compliance with the agreement until it fulfils the minimum conditions for a return to the negotiating table.

Only when Pyongyang fulfils at least the basic criteria—such as granting inspectors access to its nuclear facilities — can compromises or a relaxation of pressure be considered.

His position is that no relaxation of pressure should be shown, as this would be interpreted as weakness.

With Kim at the helm, the strategic partnership between the US and South Korea would remain intact and likely be expanded in

the form of joint exercises with Japan and Australia.

For Kim's conservative constituency, it represents security, but diplomatic circles are already warning that a tougher stance could only increase tensions in the region and prompt Beijing to introduce additional trade barriers.

## Economy and foreign policy decisions

The economy is inextricably linked to these foreign policy decisions. Trump's tariffs on Korean steel and aluminium shipments have hurt auto and semiconductor exports.

Lee proposes negotiating a special trade deal that would allow lower tariffs and thus accelerate exports. He believes that rapid economic stabilisation could bring growth to one per cent of the gross domestic product next year.

Kim, on the other hand, believes that it is pointless to offer the US additional concessions now, as the current administration would not respond with more support.

> A slowdown in growth and a decline in employment in the export sector with current tariffs

Therefore, South Korea should wait for a change in Washington before attempting further compromises.

Kim believes that it is not fair to offer greater military co-operation without the guarantee that the US will lower tariffs immediately, as South Korea would give more than it gets.

If the current tariffs are maintained, forecasts point to a slowdown in growth and a decline in employment in the export sector, which would increase voter dissatisfaction.

## South Korea-Japan relations

Relations with Japan have always been a painful segment of Korean politics. Trade in semiconductors and automobiles requires close coordination and interdependence, but historical injustices and the memory of occupation complicate efforts to rebuild trust.

In May, Lee emphasised that maintaining a minimum number of cooperation channels was necessary to sustain joint military exercises and strategic technology projects.

He is not forgetting the issue of reparations for slave labour imposed by the Japanese in World War II, but he is willing to avoid overly harsh rhetoric in the interests of future development.

Kim, on the other hand, has openly rejected any possibility of co-operation until the Japanese government acknowledges the full historical damage and offers an apology and compensation.

Such a stance by his supporters in the People's Party is met with applause because it represents the idea of national dignity, but Western officials are already warning that this could disrupt the military co-operation necessary for the security of the entire region.

> Lee's victory could lead to new talks on limiting tariffs and strengthening trilateral co-operation with Japan and the United States

Washington is closely monitoring the developments in Seoul. Reports are circulating in State Department and Pentagon corridors that Lee's victory could lead to new talks on limiting tariffs and strengthening trilateral co-operation with Japan and the United States, albeit under tougher conditions.

However, this new initiative should be limited to a formal encouragement to avoid tensions within the AUKUS format itself and to

maintain the impression of a coherent defence against North Korea.

If Kim emerges victorious, Washington will even support the strengthening of military co-operation, but fear will remain that trade relations will then deteriorate and the investment from China in key sectors will be further closed.

## No easy task

The most likely path for Lee would be a cautious return to negotiations with Pyongyang, insisting on a rigorous inspection of nuclear facilities. In this way, South Korea would gain Beijing's support for greater influence in the region, while Pyongyang would be forced to make some concessions.

The risk is that if North Korea does not meet the minimum requirements, Lee will face accusations of losing credibility and betraying national interests. Another risk is that a quick lifting or easing of sanctions would provoke resistance from American conservatives and the Japanese leadership.

Even then, South Korea would be perceived as a country pursuing a pragmatic policy and trying to reduce tensions on the peninsula.

> Kim's victory would mean a de facto confirmation of his predecessor's policy

On the other hand, Kim's victory would mean a de facto confirmation of his predecessor's policy. In practice, this means close coordination with Washington, a tightening of sanctions against North Korea and the end of any hope of immediate dialogue.

This decision would prompt Beijing to increase economic pressure and thus cut South Korea off from Chinese markets and investments.

Exporters would therefore have to intensify their search for partners in the European Union and India.

A strong alliance would guarantee regional security, but South Korea would bear the economic cost of slow growth and rising unemployment.

## A balance between the Americans and the Chinese

What can already be predicted is that the next president in Seoul, regardless of who wins, will have no easy task striking a balance between the Americans and the Chinese while pursuing a sensible policy towards Pyongyang.

The question is how the new administration will manage the weight of historical disputes with Japan while simultaneously attempting to revive the export boom and facilitate new trade agreements with Europe.

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Should there be new trade shocks, there could be further protests, and the economy is likely to shift investment to the services and technology sectors, which are less affected by tariff barriers.

In addition to strategic relations with the major powers, the extraordinary elections must also re-examine the internal dynamics of civil society.

Without the support of voters who no longer trust their leaders to always tell them the

truth, the new government's efforts to compromise with Pyongyang or forge a stronger alliance with Washington are questionable.

Voters believe that the security and prosperity issue demands immediate attention, necessitating a swift decision on course.

Given its historical wounds and economic challenges, South Korea is currently torn between the potential to serve as a regional mediator and further involvement in the rivalries of major geopolitical powers.

After 3 June, it will become clear whether citizens believe in a new model of dialogue and balance or whether they will advocate traditionally strong alliances that imply a strict stance against all those who threaten peace in the region.