



UNITED STATES INSTITUTE OF PEACE www.usip.org

SPECIAL REPORT

2301 Constitution Ave., NW • Washington, DC 20037 • 202.457.1700 • fax 202.429.6063

ABOUT THE REPORT

Events of the past year underscore the uncertainty and volatility of relations between North Korea and its neighbors in Northeast Asia, heightening security concerns for South Korea, Japan, and the United States in particular. As North Korea's most important economic and political partner, China will continue to play a central role in influencing North Korean choices both at home and in its foreign policy. The United States and China have a strong common interest in stability and peaceful outcomes on the Korean peninsula. Hence it is vital that the United States and its allies in the region have a clearer understanding of the current influences and interests shaping Chinese North Korean policy. This report is sponsored by the Center for Conflict Management.

ABOUT THE AUTHOR

A specialist on Chinese politics and foreign policy, Bates Gill is currently director and chief executive officer of the Stockholm International Peace Research Institute. He previously led centers for research and analysis on China and Asian affairs at the Center for Strategic and International Studies and at the Brookings Institution. His recent books include *Governing the Bomb: Civilian Control and Democratic Accountability of Nuclear Weapons* (co-editor, 2010) and *Rising Star: China's New Security Diplomacy* (2010). The author wishes to thank Oliver Bräuner for his helpful research assistance in the completion of this report.

© 2011 by the United States Institute of Peace.
All rights reserved.

SPECIAL REPORT 283

JULY 2011

CONTENTS

Introduction	2
Interests and Influences	3
Unassailable Touchstone: Stability	4
Economic Interests	4
Political and Security Interests	6
Implications and Policy Recommendations	8
Appendix	10

Bates Gill

China's North Korea Policy

Assessing Interests and Influences

Summary

- Over the course of 2010, China has taken a more conciliatory official approach toward recent North Korean provocations, putting it at odds with South Korea, Japan, and the United States.
- At least three factors shape China's interactions with North Korea: an increase in the number of actors with a perceived interest in shaping foreign policy decision-making, a deepening of opinion among Chinese elites on foreign policy matters, and an expansion in the forms and contents of expression in China.
- The primary strategic goal on which nearly all parties in China agree is stability. A policy has been developed that aims to achieve stability by emphasizing economic development in North Korea, better understanding the present and future North Korean political-military system, and developing a closer relationship with it.
- For the United States and its allies, these developments call for an even deeper understanding of internal debates and politics regarding foreign and security policy development and decision-making in China.
- These developments also demand an even more hard-nosed recognition of Chinese interests in North Korea and the kind of partner Beijing is—or is not—likely to be in supporting U.S. and allied priorities on the Korean peninsula.

ABOUT THE INSTITUTE

The United States Institute of Peace is an independent, nonpartisan institution established and funded by Congress. Its goals are to help prevent and resolve violent conflicts, promote postconflict peacebuilding, and increase conflict management tools, capacity, and intellectual capital worldwide. The Institute does this by empowering others with knowledge, skills, and resources, as well as by its direct involvement in conflict zones around the globe.

BOARD OF DIRECTORS

J. Robinson West (Chair), Chairman, PFC Energy • **George E. Moose** (Vice Chairman), Adjunct Professor of Practice, The George Washington University • **Judy Ansley**, Former Assistant to the President and Deputy Security Adviser under President George W. Bush • **Anne H. Cahn**, Former Scholar in Residence, American University • **Chester A. Crocker**, James R. Schlesinger Professor of Strategic Studies, School of Foreign Service, Georgetown University • **Kerry Kennedy**, President, Robert F. Kennedy Center for Justice and Human Rights • **Ikram U. Khan**, President, Quality Care Consultants, LLC • **Stephen D. Krasner**, Graham H. Stuart Professor of International Relations, Stanford University • **John A. Lancaster**, Former Executive Director of the National Council on Independent Living • **Jeremy A. Rabkin**, Professor, George Mason School of Law • **Judy Van Rest**, Executive Vice President, International Republican Institute • **Nancy Zirkin**, Executive Vice President, Leadership Conference on Civil Rights

MEMBERS EX OFFICIO

Michael H. Posner, Assistant Secretary of State for Democracy, Human Rights, and Labor • **James N. Miller**, Principal Deputy Under Secretary of Defense for Policy • **Ann E. Rondeau**, Vice Admiral, U.S. Navy; President, National Defense University • **Richard H. Solomon**, President, United States Institute of Peace (nonvoting)

The views expressed in this report do not necessarily reflect the views of the United States Institute of Peace, which does not advocate specific policy positions.

To request permission to photocopy or reprint materials, e-mail: permissions@usip.org

Introduction

“We, together with the Korean comrades, will steadily develop the bilateral friendship and cooperation in the spirit of inheriting tradition, facing up to the future, building good neighborly friendship and strengthening cooperation. In this way, we will work hard to accelerate socialist construction in the two countries, promote interests common to the two sides and defend and promote the peace, stability and prosperity of the region.”¹

—General Secretary of the Central Committee of the Communist Party of China Hu Jintao, in his speech at a banquet in honor of the General Secretary of the Workers’ Party of Korea Kim Jong-il, Beijing, May 26, 2011

China’s official, public approach toward North Korea has raised difficult questions in Washington, Seoul, and Tokyo. Especially since the mid- to late 2000s, tensions on the Korean peninsula and the surrounding region have grown more acute in the wake of actions taken by Pyongyang. When North Korea detonated a nuclear device in 2006, Beijing issued some of its harshest language to date in chastising Pyongyang for “flagrantly conduct[ing] a nuclear test in disregard of the common opposition of the international community.”² China also agreed to support sanctions imposed on North Korea as mandated by United Nations Security Council Resolutions 1718 (2006) and 1874 (2009), although Beijing’s official language in the wake of the 2009 North Korean nuclear test was far less harsh.³

However, over the course of 2010—even after North Korea’s sinking of the South Korean corvette *Cheonan* in March 2010 and the shelling of South Korea’s Yeonpyong Island in November that year, with a tragic combined loss of fifty lives—China seemed to take an even more conciliatory official approach in public, calling for calm and seeking to restart the Six-Party Talks process. At the same time, Beijing’s support of the UN Security Council president’s condemnation of the sinking of the *Cheonan* was not strong, and its reaction to the U.S.–South Korean military exercises conducted in July 2010 was vociferous at very senior levels.

More broadly, in spite of increasingly provocative and risky actions taken by Pyongyang in direct contravention of UN Security Council resolutions, as well as the spirit and letter of other agreements intended to underpin security and stability on the Korean peninsula, China’s economic and political support for Pyongyang appears to have wavered little. Beijing has hosted at least seven visits of North Korean leader Kim Jong-il to China over the past eleven years, in 2000, 2001, 2004, 2006, twice in 2010, and in 2011. The most recent visit, in May 2011, featured meetings and a state banquet between Kim Jong-il and paramount Chinese leader Hu Jintao and other members of the Standing Committee of the Politburo of the Chinese Communist Party (CCP). China has also sent senior leaders to Pyongyang, including Premier Wen Jiabao in October 2009, Defense Minister Liang Guanglie in November 2009, member of the Political Bureau Standing Committee of the Chinese Communist Party Zhou Yongkang in October 2010, and State Councilor Dai Bingguo (China’s top foreign policy figure), most recently in December 2010. Perhaps most tangibly, Beijing’s economic relationship with North Korea has steadily strengthened over the past decade. According to the Chinese ambassador to North Korea, trade volume between China and North Korea has grown six-fold between 2000 and 2009.⁴ China’s exports to North Korea nearly doubled from 2007 to 2008 alone.⁵ Trade between the two countries experienced a slight downturn in 2009 when the UN imposed sanctions in the wake of North Korea’s nuclear test in 2008. However, by 2010, trade rebounded and reached its previous levels and will likely continue to expand.⁶

Meanwhile, and in distinct contrast, over the past several years South Korea, Japan, and the United States have all pulled back in their relations with Pyongyang. This shift has included not only strong support for UN-related sanctions and condemnatory statements, but also tougher bilateral measures to sharply limit economic and political relations with

Pyongyang, as well as closer trilateral and bilateral consultations and activities aimed to restrain and reverse destabilizing North Korean activities, including, possibly, closer military relations between Japan and South Korea.⁷

The differences in positions toward North Korea between China, on the one hand, and South Korea, Japan, and the United States, on the other, have clearly strained Beijing's ties with Seoul, Tokyo, and Washington over the past year. Beijing has managed even to frustrate the United Nations and its concerns, expressed through the UN High Commissioner for Refugees, by refusing access to areas in China's northeast, along its border with North Korea, where tens of thousands of North Koreans are said to be living illegally. Perhaps even more ironically, Beijing has pursued these policies at the same time that Chinese citizens, in surveys, express a dislike for the North Korean leadership, especially its hereditary succession.⁸ All the while, stability on the Korean peninsula seems more and more tenuous.

China's North Korea policy in the early 2000s was seen by most observers as playing a constructive role in helping facilitate the Six-Party Talks and broker a diplomatic solution to resolve the political and security stand-off between North Korea and its neighbors. Indeed, Beijing's role in these efforts generated a well-founded pride and sense of diplomatic accomplishment within China. But, by the end of the decade, China's North Korea policy had become a source of increasing disappointment, frustration, and frayed relations between Beijing and key partners in the region, and one of the most divisive questions within Chinese foreign policy circles.⁹

To address China–North Korea relations, this report examines some of the key economic, political, and security interests and influences at play in China—especially those of so-called new or underexamined actors—that have led to the current problematic situation for Chinese diplomacy and for the region.

Interests and Influences

Discerning precise foreign and security policy decision-making mechanisms is difficult for any country, and particularly so for China, where such processes remain largely closed to outside scrutiny. Examining highly sensitive issues is all the more challenging. However, it has become increasingly possible to identify key actors in North Korea policy and to get a sense of their interests and preferred outcomes in relation to that policy. This is especially true today as an increasing range of actors and opinions arise within China to actively seek to assert their interests in the country's foreign policy and outcomes.¹⁰

At least three important and relatively new factors are at play in China's interactions with its foreign partners. First is the increase in the number of actors with a perceived interest in shaping foreign policy—a result of China's ongoing and ever-deeper integration with the world and a concomitant increase in the scope and importance of Chinese security, political, and economic interests and influence in virtually every corner of the globe. Today in China a growing number of institutions—from traditional elements within the government and Communist Party, to the People's Liberation Army (PLA), to local governments, the media, financial institutions, major enterprises, and netizens—are increasingly trying to have and often succeeding in having their voices heard and heeded on foreign policy issues.

Second is a deepening of opinion among Chinese elites on foreign policy matters—a greater knowledge and sophistication, and hence greater diversity, of individual and institutional views coming to the fore. Interestingly, this means not only the expected differences of opinion between different institutions, but also increasing differences of opinion within institutions or identifiable constituent groups.¹¹

Third is an expansion in the forms and contents of expression. This expansion has two facets, one practical and one more normative, or atmospheric. On the one hand, consistent

The differences in positions toward North Korea between China, on the one hand, and South Korea, Japan, and the United States, on the other, have clearly strained Beijing's ties with Seoul, Tokyo, and Washington.

with the pattern elsewhere in the world, the Information Technology revolution has brought far more modes of communication into China than were available in the past. But, on the other hand, and perhaps more important, the allowable space for communication has also expanded considerably. This expansion has allowed for far greater public and private expression of alternative, questioning, and contrary views.

The outcome is an increasingly complex process shaping foreign and security policy decisions that reflects these three factors and the interplay among them and the various actors, interests, and influences. Given the sensitivity of North Korea policy, top Chinese leaders may try to assert greater control and so-called democratic centralism over such deliberations, but differences of opinion and approach nevertheless arise. The interesting points to follow are the set of interests and influences that appear to dominate at a given time, the outcomes they seek and achieve, and the implications of these developments for China and its neighbors.

Unassailable Touchstone: Stability

Despite differences on tactics and approach, the primary strategic goal on which nearly all parties in China agree is stability, both at home and in China's foreign relations, particularly within the country's near-abroad. With respect to North Korea, Chinese approaches apparently involve avoiding conflict and ensuring a peaceful process in addressing peninsula security problems, promoting smooth economic and political transitions, maintaining strong and predictable political and economic relations, preserving positive relations and dialogue with all the principal parties to peninsula security questions, ensuring a non-nuclear peninsula and avoiding a nuclearization of the region, and limiting the military role of the United States in and around the Korean peninsula.¹² These are not mutually exclusive points, and can be contradictory as well as complementary.

In seeking to ensure its preferred outcomes along all these fronts, Beijing's leading foreign policy decision-makers must nevertheless give relatively greater priority to some and less to others, depending on the circumstances of the moment. At times, differences within Chinese leadership circles about North Korea policy can cause a temporary paralysis, especially in particularly sensitive and disruptive times. For example, Beijing took several days to issue a statement in response to the conclusions of the multinational investigation into the sinking of the *Cheonan*. According to interviews with Chinese researchers, "China's silence was due to the inability of the top leadership to reach a consensus on how to react."¹³

In recent years, especially since Pyongyang's actions have become more and more provocative and troubling, it appears that certain interests, and the influence of certain actors behind them, have gained ground to coalesce around a North Korea policy that emphasizes economic development in North Korea and a closer understanding of and relationship with the North Korean political-military system.

Economic Interests

Taking nominal figures (not adjusted for inflation), imports from and exports to China account for an increasingly dominant share of North Korea's total trade over the past several years: from approximately 31 percent to 40 percent between 2005 and 2008.¹⁴ With the cutoff of most merchandise trade between South Korea and North Korea since 2008, China's share of North Korea's overall trade will loom even larger. The Korea Trade-Investment Promotion Agency claims that China accounted for 79 percent of North Korea's trade volume in 2009 (other than inter-Korea trade). According to more recent data sourced from the Chinese Customs authority, China-North Korea trade in 2010 reached \$3.4 billion, a record

Beijing took several days to issue a statement in response to the conclusions of the multinational investigation into the sinking of the Cheonan. According to Chinese researchers, "China's silence was due to the inability of the top leadership to reach a consensus on how to react."

high. Exports from North Korea to China leapt by 51 percent in 2010 over 2009, and Chinese exports to North Korea rose by 21 percent over the same period.¹⁵ Moreover, the Congressional Research Service finds that China has not fully enforced a ban on exports of luxury goods to North Korea, as mandated by UN Security Council resolution 1874.¹⁶

Chinese investment in North Korea has likewise increased over the past decade, and especially since 2007. United Nations figures indicate that Chinese investment grew almost thirty-fold, from \$1.5 million to approximately \$42 million, between 2002 and 2008. Other data suggests that it leapt in one year, between 2007 and 2008, from \$18.4 million to \$41.2 million. However, Chinese government figures from January 2008 note much larger sums: eighty-four Chinese investment streams in North Korea with a total value of \$440 million.¹⁷ If one accepts the data providing the lower figure of \$41.2 million in 2008, the amount equates to some 94 percent of the total foreign direct investment (FDI) to North Korea that year. If the larger figure is \$440 million is more accurate, it presents an even more stunning picture of Chinese dominance as an investor in North Korea. As Liu Hongcai, Chinese ambassador to Pyongyang, noted in late 2010, “As Pyongyang attaches more importance to developing its economy and improving the livelihood of its people, it is reaching out for more foreign economic cooperation. Such a need provides business opportunities for many Chinese enterprises.”¹⁸

The visit of Chinese Premier Wen Jiabao to North Korea in October 2009—the first by a Chinese premier since Li Peng in May 1991, a nearly twenty-year hiatus—was formally in honor of the sixtieth anniversary of diplomatic relations between the two countries. Wen’s delegation included a range of Chinese Communist Party and government officials, however, and activities in Pyongyang included signing numerous agreements on trade, technology, and development, among them those related to computer software, economic assistance, tourism, educational exchanges, and wildlife protection.¹⁹

The visit gave further impetus to Chinese investment and infrastructure projects in North Korea, especially the joint development of economic development zones between the two countries, including ones at Sinuiju opposite Dandong, along the Tumen River at the far northeast part of the joint border, the Rason project between Rajin and Sonbong on North Korea’s northeast coast, and along the approximately 250-kilometer stretch of the Yalu River between Dandong and Tonghua.²⁰ Chinese investors are also making inroads at Kaesong, the largest South Korean investment in the North. To ease customs procedures at certain border crossings, China and North Korea have established “green channels” and North Korean companies have been allowed to open accounts in Chinese renminbi that can be converted to U.S. dollars, Euros, Japanese yen, and other currencies.²¹

Inside North Korea, major Chinese investments appear to have primarily targeted the mining and minerals sector—China is now believed to be the largest investor in this sector—but have also included transport infrastructure upgrades and investments in the pharmaceutical, computer hardware, and energy sectors. The nature of investments has evolved as well. According to one Chinese analyst, “Major Chinese investors have changed from small and medium-sized commercial enterprises before 2002 to the current large state and private listed production enterprises. All the projects they have invested are strategically important, their cooperation partners are large enterprises under the DPRK government, the cooperation term is long, and their investment scale is large.”²² In one of the most ambitious projects to date, the Chinese firm Shangdi Guanquan Investment plans to invest \$2 billion in the Rason free trade area to build coal-fired power plants, an oil refinery, and accompanying roads, railroads, and harbors in the area.²³ According to the company website, Shangdi Guanquan Investment is a wholly state-owned enterprise under the Chinese State Council.²⁴

The growth in China’s trade and investment with North Korea appears when many of North Korea’s economic partners—especially South Korea—are pulling back, and international

Chinese investment in North Korea grew almost thirty-fold, from \$1.5 million to approximately \$42 million, between 2002 and 2008.

sanctions and isolation for North Korea have been increasing (since 2006). Chinese trade and investments, as well as provision of humanitarian assistance, help sustain the North Korean economy and provide greater stability for the country and its ruling party. Building up economic relations with North Korea has the added value of helping bolster the economies of regions in China's northeast rust belt—Liaoning and Jilin provinces—that border on North Korea and have been the scene of some of the greatest labor unrest in China. Interestingly, since the late 2000s, about half of China's exports to North Korea flow through Jilin Province (previously, the vast bulk of trade came and went through Dandong, in Liaoning Province), indicating a greater distribution of wealth to other parts of northeast China as a result of increased border trade.²⁵ The degree to which expanded economic cooperation with North Korea could contribute to improved economic prospects for northeast China will mean that both local governments and domestic security authorities will be vested in economic development and the accompanying reduced likelihood of unrest in this part of the country. Firms involved in infrastructure development and with an ability to exploit North Korea's mineral wealth—said to range between \$3.7 trillion and \$6 trillion according to recent estimates by foreign analysts, including the South Korean government²⁶—have some of the greatest interest to see a continued expansion in China–North Korea trade and investment. Chinese imports of North Korean coal increased by 54 percent in 2010 over 2009—to \$394.4 million, or about one-third of all North Korean exports to China in 2010; in 2010, Chinese iron ore imports from North Korea doubled over 2009.²⁷

Political and Security Interests

Historical and political relations between China and North Korea continue to have a particular influence on bilateral policy and practice. Most important in this regard are several factors dating back a half-century or more: their alliance and joint sacrifice in the Korean War, their common history as communist states, their shared experience as postcolonial countries in the developing world, and a shared self-perception as aggrieved, weak countries that can stand up to stronger powers.

These commonalities—in addition to the geopolitical exigencies of a shared 880-mile (1,415-kilometer) border—have in turn led to a well-entrenched narrative of comradesly relations, and, as one prominent Chinese analyst trenchantly observed, “morbid reminiscence.”²⁸ Despite considerable ups and downs over the past six decades, this narrative has nevertheless persisted and is possibly even stronger in character today, because of—not in spite of—North Korea's troubling provocations and uncertainties of its succession process. It is probably no coincidence that the recent uptick in party-to-party ties appears to begin in the wake of Kim Jong-il's stroke in 2008. In speaking of China–North Korea ties in late 2010, the Chinese ambassador to Pyongyang expressed a confidence rooted in “the glorious history of the China-DPRK ties, in the profound friendship between the two peoples and in the expanding common interests of the two countries.”²⁹

Party-to-party ties are at the center of China–North Korea relations. Although the point is debated by some, many outside observers suggest that the Chinese Communist Party and its agencies concerned with foreign relations have especially strong interests and influence on the development and implementation of Chinese policy toward North Korea, well beyond that of other bodies, such as the Ministry of Foreign Affairs. The Chinese Communist Party Central Committee International Department (also known as the International Liaison Department or Zhonglianbu) plays a key role in China's international relations, especially those with countries characterized by a long-standing party-to-party relationship, such as North Korea. A look at more recent relations between the two countries illuminates this point; the appendix also outlines the extent and special access of party-to-party

relations between Pyongyang and Beijing, especially during periods of regional tension and diplomatic duress.

For example, when the head of the International Department of the Chinese Communist Party, or his counterpart in the Workers' Party of Korea (WPK), travels to Pyongyang, or Beijing, each is allowed access to the other country's top leadership. The arrangements for Kim Jong-il's visits to China are handled by the CCP International Department, not the Ministry of Foreign Affairs.³⁰ A number of key individuals with long-standing ties to the International Department are in highly influential foreign policy positions with respect to North Korea. Dai Bingguo, for example, China's senior foreign policy official, served from 1997 to 2003 as the head of the International Department. Now a state councilor, a position more senior than the foreign minister, he continues to play an important role in policy toward North Korea, such as when he was tasked to visit Pyongyang (and other northeast Asian capitals) after the North Korean shelling of Yeonpyong Island in late 2010. His successor in the International Department is Wang Jiarui, also a key figure in China–North Korea relations. Deputy Foreign Minister and Foreign Ministry Communist Party Secretary Zhang Zhijun—who may be tapped as the next foreign minister—is not a career Foreign Ministry official, but has instead spent his career in the International Department. The current Chinese ambassador to Pyongyang, Liu Hongcai, is also not a career Foreign Ministry official. Liu, who has held the position since early 2010, is a vice minister—as are his ambassadorial colleagues in Brazil, France, Germany, India, Japan, Russia, the United Kingdom, and the United States—a reflection of the importance attached to the position. Previously, his career had been in the international relations department of the Chinese Communist Party, where he rose to the rank of deputy director.³¹

Given the traditional friendship between the countries' militaries, the regular military-to-military exchanges between them, and the important security concerns China has with respect to the Korean peninsula, the Chinese People's Liberation Army also has a strong voice in deliberations over policy toward North Korea. Military-to-military relations between the two sides drifted in the late 1990s but have come back to life in the last several years. The visit of CCP Politburo Standing Committee member Zhou Yongkang to Pyongyang in October 2010, where he joined North Korean leader Kim Jong-il and his heir apparent, Kim Jong-un, on the dais to observe celebrations of the sixty-fifth anniversary of the Worker's Party of Korea was also notable. He is secretary of the CCP Central Commission for Political and Legal Affairs and is in overall charge of the country's internal security, signaling the possibility for the Chinese domestic security apparatus to assume a more important role with regard to North Korea policy.

Working from open sources, it is difficult to know whether the activities of China's military- and intelligence-related bodies currently extend to any involvement with North Korea's pursuit of a nuclear weapons capability or other capabilities related to weapons of mass destruction (WMD), including ballistic missiles. Recent unclassified Central Intelligence Agency (CIA) reports to Congress on the proliferation of weapons of mass destruction, and issued to cover 2006, 2008, 2009, and 2010, do not identify China as a supplier of nuclear or other WMD-related materials and assistance to North Korea. In its report for 2007, however, the CIA stated that "private Chinese businesses continue to sell materials, manufacturing equipment, and components suitable for use in ballistic missile, chemical weapon and nuclear weapon programs to North Korea." Its reports for 2003, 2004, and 2005 remarked on Chinese entity cooperation with North Korea related to ballistic missiles, although the 2003 report noted that "in September 2003, China stopped at the China–North Korea border a shipment of chemicals that could have been used in North Korea's nuclear program."³² A recently produced report by the UN panel of experts constituted to monitor compliance with UN Security Council resolutions 1718 (2006) and 1874 (2009) found that a "neighbouring

third country,” widely understood to be China, served as a transshipment point for ballistic missile related items between North Korea and Iran.³³

Given the sensitivity of these concerns, it is even more difficult to know how or whether any such activities, if ongoing, are part of a broader Chinese foreign and security policy approach to North Korea. It is possible that Chinese entities are interacting in various capacities with elements of North Korea’s WMD programs; many of these elements in North Korea are known to use sophisticated measures to falsify and obscure their true identities in hopes of evading suspicion. However, such interactions are most likely undertaken by Chinese business entities and—with perhaps the exception of intelligence-gathering efforts—are not direct government efforts to engage with North Korean WMD programs. The degree to which Beijing clamps down on Chinese entities that in any way support North Korean WMD programs, especially in the currently more fluid environment, will be an important indicator of how seriously Beijing takes its commitment to stemming such activity.

The CCP and those concerned with foreign and internal security have a common interest in ensuring that relations with North Korea contribute to China’s overall stability. In particular, they likely envision that goal as being achieved by avoiding conflict and ensuring a peaceful resolution of security issues on the Korean peninsula, promoting a stable political situation in North Korea, improving political and military relations with North Korea, and deflecting the influence of the other key players, particularly the United States and a strengthened U.S.–South Korea military alliance, in shaping outcomes on the peninsula that are contrary to Chinese interests.

By giving greater priority to party-to-party and military-to-military relations, Chinese leaders may develop a greater sense of the political and security situation in North Korea and be in a better position to engage the new North Korean leadership likely to succeed to power over the next several years. Improved understanding of the political and security situation in North Korea should in turn contribute to Beijing’s ability to ensure less disruptive outcomes on the Korean peninsula or along their shared border region.

Implications and Policy Recommendations

These developments point to a few troubling implications about Chinese–North Korea policy.

First, the United States and other concerned members of the international community must come to grips with the reality that certain elements within the constellation of Chinese foreign and security policy seem to be gaining an upper hand in shaping policy toward North Korea. These voices are not entirely new but appear to be asserting greater leverage. They include individuals and institutions related to CCP international relations and propaganda bodies, the Chinese military and internal security apparatus, provincial governments in China’s northeast, and companies with growing economic interests in North Korea.

This development flows not only from the uppermost concern with stability vis-à-vis North Korea, but also from practical matters of communication and political correctness. Sensitivities of North Korea policy aside, Party bodies and the military are far more experienced and effective as bureaucratic actors in having their voices heard and heeded, both internally and in public circles. On the other hand, progressive or more internationalist advocates for a more constructive approach of cooperation with concerned foreign partners, have, in the words of one prominent observer, fallen silent since 2008, as more nativist, realist, and narrowly self-interested perspectives have gained ascendancy.³⁴

For the United States and its partners in the region, expectations of China as a constructive partner in relation to U.S. interests regarding North Korea—including in facilitating multilateral discussions with North Korea such as the Six-Party Talks—need to be adjusted and reassessed. Discussions within the United States as well as between Washington and

The United States and the international community must come to grips with the reality that certain elements within the constellation of Chinese foreign and security policy seem to be gaining an upper hand in shaping policy toward North Korea.

Beijing should explicitly explore and seek to understand the key players in China concerned with policy toward North Korea, and their interests, how they are affecting China's approach to its neighbor, and the negative implications these developments have for U.S. interests. This situation also calls for increased resources at home, as well as closer coordination and intelligence-sharing between the United States and its allies, especially South Korea and Japan, aimed at a deeper understanding of internal debates and politics of foreign and security policy development and decisions in China.

Second, the intensification of cross-border economic activity between China and North Korea raises not only questions about China's deepening stakes in that bilateral relationship, but also concerns related to proliferation and compliance with relevant UN Security Council resolutions. The possibility continues to increase that Chinese territory—including Hong Kong and Macau—could be used as a transit point for goods and financial flows that contribute to North Korean WMD programs or otherwise violate UN-imposed sanctions against North Korea. As far as transport by rail, ship, or air are concerned, the number of transborder origination and crossing points between China and North Korea is relatively small, largely concentrated in corridors in China's northeast, and these areas should be monitored more intensively. Consistent with requirements of UN Security Council resolutions, the United States and other concerned countries in the region should engage more persistently with Beijing to raise concerns about China–North Korea economic interaction, allegations that China has been a transshipment point for banned items to and from North Korea, and look to cooperative means to help China strengthen its ability to prevent flows of WMD-related material and technologies, conventional weapons and munitions, and other proscribed goods.

Third, in the near term, the United States and other concerned neighbors might be able to expect some differences to arise between China and North Korea in certain areas. Concerned observers of China–North Korea relations should more deeply examine how well China's more active engagement in North Korea is received by North Koreans. Examples abound in other parts of the developing world, where domestic governments and citizens chafe at Chinese investment and business practices perceived as too aggressive and only cursorily concerned with local economic concerns. More broadly, the leadership in Pyongyang has never appeared entirely comfortable in its reliance on its enormous neighbor, but will continue to warily extract maximum benefit from its bilateral relations. At the same time, debates behind the scenes in China about North Korea policy remain divisive, especially given provocations by Pyongyang. In the words of a Chinese scholar, Beijing struggles with an intellectual ambivalence in its North Korea policy, and will do so for some time to come.³⁵ In other words, although interaction between China and North Korea is deepening across a broad spectrum of economic and political activity, a strategic wariness remains that could be the basis—in China, at least—for Beijing to return to a less accommodating posture toward North Korea and to encourage a more constructive engagement from Pyongyang. Expectations on the part of the United States and allies in the region, however, should be modest on this point in the near term, because any shift is unlikely to result in significant reversal of trends in China–North Korea relations.

In sum, current Chinese engagement aims to strengthen, not strain, ties with North Korea in the run-up to the 2012 leadership succession in Beijing and the ongoing succession in Pyongyang, with the principal focus on party-to-party links and steady accretion in economic ties, investments, and development assistance. This approach may coincide with some longer-term but for the moment lower-ranking objectives shared by other concerned parties (such as Japan, South Korea, and the United States), such as development assistance, economic reform, and avoidance of precipitous political and economic collapse in the North. But they are not obviously consistent with other priorities, such as rolling back

Current Chinese engagement aims to strengthen ties with North Korea with the principal focus on party-to-party links and steady accretion in economic ties, investments, and development assistance.

the North Korean nuclear program, preventing proliferation from North Korea, and deterring provocative military actions by Pyongyang. On the contrary, this strategy, on its surface at least, looks to have at least two principal aims: ensuring stable political transition in North Korea and continuing the present regime, and steadily sustaining and developing the country's economy.

The strategic upshot points to an ever-deeper relationship between Beijing and Pyongyang and ever-higher stakes for Beijing that solutions on the Korean peninsula come on its terms. This in turn demands an even more hard-nosed recognition of Chinese interests in North Korea and the kind of partner Beijing is—or is not—likely to be in supporting U.S. and allied priorities on the Korean peninsula. Such an assessment is especially important as Washington and its allies search for new and more productive ways forward for Korean peninsula security.

Appendix

Chinese Communist Party (CCP)–Workers’ Party of Korea (WPK) and other China–North Korea exchanges, 2009–2011 (selected list)

2009

January 21–23: Chinese party official Wang Jiarui of the Chinese Communist Party Central Committee International Department visits Pyongyang and meets high-level Democratic People’s Republic of Korea (DPRK) officials. He delivers a letter to Kim Jong-il from President Hu Jintao on the occasion of Lunar New Year.

April 13–17: Vice Chairman of the National Committee of the Chinese People’s Political Consultative Conference Li Jinhua leads a delegation to Pyongyang and meets DPRK top legislator Kim Yong-nam.

August 3–7: CCP delegation, headed by Luo Shugang, deputy head of the Department of Publicity of the CCP Central Committee, makes a goodwill visit to Pyongyang and meets Workers’ Party of Korea (WPK) counterparts.

September 16–18: A Chinese delegation led by State Councilor Dai Bingguo visits Pyongyang and meets top legislator Kim Yong-nam and vice foreign ministers Kang Sok-ju and Kim Yong-il. Dai delivers a letter from general secretary of the CCP Hu Jintao to Kim Jong-il.

September 22: Wang Zhaoguo, vice chairman of China’s National People’s Congress Standing Committee and member of the Political Bureau of the CCP Central Committee, meets Kil Chol-hyok, secretary of the DPRK Central Committee of the Kim Il Sung Socialist Youth League, in Beijing.

October 4–6: Premier Wen Jiabao visits North Korea and meets Chairman Kim Jong-il and other senior officials on the occasion of the sixtieth anniversary of diplomatic relations between China and the DPRK.

October 15–20: Kim Yang-gon, director of the WPK United Front Department (in charge of inter-Korean relations), visits China.

October 27–31: Choe Thae-bok, secretary of the WPK Central Committee, leads a delegation in Beijing to meet Chinese counterparts. He meets with Hu Jintao, Wang Jiarui, and Liu Yunshan, member of the CCP Central Committee and director of the CCP Central Committee Propaganda Department.

November 16–20: Wang Wei, member of the Standing Committee of the Central Commission for Discipline Inspection of the CCP and vice minister of the Ministry of Supervision, leads a CCP cadres delegation to visit the DPRK.

2010

February 6–9: Wang Jiarui, head of the International Department of the CCP Central Committee, leads a delegation to North Korea. He meets Kim Yong-il, director of the International Affairs Department of the WPK Central Committee, on February 7. He meets Kim Jong-il on February 8 and delivers a letter from President Hu Jintao, and holds talks with Choe Thae-bok, secretary of the Workers’ Party of Korea Central Committee.

February 23: Kim Yong-il, director of the International Affairs Department of the WPK Central Committee, leads a delegation to Beijing and meets President Hu Jintao and Wang Jiarui.

April 29–May 1: DPRK legislator Kim Yong-nam, president of the Presidium of the Supreme People’s Assembly, visits China. He attends the opening ceremony of the Shanghai World Expo and meets Chinese leaders including Hu Jintao on April 30.

May 3–7: Kim Jong-il pays an unofficial visit to China and meets President Hu Jintao in Beijing.

June 12–22: A WPK delegation led by Kim Chang-ryong, DPRK minister of Land and Environment Protection, visits Beijing, Tianjin, Dalian, and Shenyang. The DPRK delegation meets senior party officials on June 21 in Beijing, including Li Yuanchao, Politburo member, secretary of the Secretariat of the 17th CCP Central Committee, and head of the Organization Department of the CCP Central Committee, and Wang Jiarui.

August 16–18: China's Special Representative for Korean Peninsular Affairs Wu Dawei visits North Korea and meets Foreign Minister Pak Ui-chun, Director of the International Affairs Department of the WPK Central Committee Kim Yong-il, and vice foreign ministers Kim Kye-gwan and Kim Song-gi.

August 26–30: Kim Jong-il visits northeast China and meets President Hu Jintao in Changchun.

September 30–October 2: A WPK delegation led by Choe Tae-bok, secretary of the WPK Central Committee, visits China. He meets Wang Jiarui and Liu Yunshan.

October 9–11: CCP delegation headed by Zhou Yongkang, a member of the Standing Committee of the Political Bureau of the CCP Central Committee and secretary of the CCP Central Commission for Political and Legal Affairs, visits Pyongyang and meets with Kim Jong-il, Kim Yong-nam, Kim Yong-il, and other WPK officials.

October 19: Zhou Yongkang and Liu Qi, member of the Political Bureau of the CCP Central Committee and secretary of the CCP Beijing Municipal Committee, meet in Beijing with a goodwill delegation of the WPK headed by Mun Kyong-dok, an alternate member of the Political Bureau, secretary of the Central Committee, and chief secretary of the Pyongyang City Committee of the WPK.

November 5: Wang Jiarui of the International Department of the CCP Central Committee in Beijing meets with a delegation of *Rodong Shinmun* newspaper headed by Kim Ki-ryong, member of the Central Committee of the WPK and editor-in-chief of the *Rodong Shinmun*.

December 9: Chinese State Councilor Dai Bingguo meets with Kim Jong-il in Pyongyang.

2011

February 14–15: Chinese State Councilor and Minister of Public Security Meng Jianzhu meets with Kim Jong-il in Pyongyang. During his trip, he also meets with Kim Yong-nam, president of the Presidium of the Supreme People's Assembly of the DPRK, as well as with high-level WPK officials Ri Yong-ho, member of the Presidium of Political Bureau of the WPK Central Committee and chief of general staff of the Korean People's Army, and Ju Sang-song, a member of the Political Bureau of the WPK Central Committee and minister of People's Security.

April: Kim Kye-gwan, the first vice-minister of the DPRK Ministry of Foreign Affairs, meets in Beijing with Chinese Foreign Minister Yang Jiechi, Vice Foreign Minister Zhang Zhijun and Wu Dawei, Chinese special representative for Korean Peninsula affairs. The exact date of the meeting is not known.

May 20–26: Kim Jong-il visits China at the invitation of President Hu Jintao. During his visit, he travels to Heilongjiang, Jilin, and Jiangsu provinces, holds meetings, and has a state banquet with Hu in Beijing, as well as with other members of the Standing Committee of the Politburo of the CCP and other senior CCP officials. Dai Bingguo, Chinese state councilor in charge of foreign affairs, Dai Bingguo, and Wang Jiarui, head of the CCP Central Committee International Department, accompany Kim throughout his visit in China.

June 13: Li Yuanchao, member of the CCP Politburo and head of the CCP Organization Department, travels to Pyongyang and meets, among others, Kim Jong-il and his apparent successor, Kim Jong-un. Li is accompanied by, among others, Wang Jiarui, head of the CCP International Relations Department, and Sun Zhencai, head of the CCP for Jilin Province.

Notes

1. Full text of Hu Jintao's congratulatory message to DPRK's Kim Jong-il for 65th anniversary of ruling party, October 9, 2010, reproduced in English by Korean Central News Agency, <http://www.kcna.co.jp/item/2011/201105/news27/20110527-32ee.html>.
2. United Nations Department of Public Information, *Security Council Condemns Nuclear Test by Democratic People's Republic of Korea, Unanimously Adopting Resolution 1718 (2006)*, SC/8853, October 14, 2006, www.un.org/News/Press/docs/2006/sc8853.doc.htm.
3. See, for example, United Nations Department of Public Information, *Security Council Condemns Nuclear Test by Democratic People's Republic of Korea, Unanimously Adopting Resolution 1718 (2006)*, SC/8853, October 14, 2006, www.un.org/News/Press/docs/2006/sc8853.doc.htm; United Nations Department of Public Information, *Security Council, Acting Unanimously, Condemns in Strongest Terms Democratic People's Republic of Korea Nuclear Test, Toughens Sanctions*, SC/9679, June 12, 2009, www.un.org/News/Press/docs/2009/sc9679.doc.htm.
4. "Chinese Ambassador Lauds Extraordinary Year of China-DPRK Ties," October 12, 2010, <http://kp.chineseembassy.org/eng/zxxx/t760240.htm>.
5. See Dick K. Nanto, Mark E. Manyin, and Kerry Dumbaugh, *China-North Korea Relations* (Washington, DC: Congressional Research Service, January 2010), table 1, 14.
6. "Article on Past, Present of PRC-DPRK Economic Cooperation," *Yatai Diqu Fazhan Baogao [Asia-Pacific Regional Development Report]*, April 28, 2011, translated by Open Source Center World News Connection, KPP20110428032003.
7. Martin Fackler, "Japan to Propose Closer Military Ties with South Korea," *New York Times*, January 4, 2011.
8. Zhu Feng, "China's Policy Toward North Korea: A New Twist?" PacNet no. 60, December 8, 2010.
9. Linda Jakobson and Dean Knox, *New Foreign Policy Actors in China* (SIPRI policy paper 26, Stockholm International Peace Research Institute, 2010), 17. See also the comments of Linda Jakobson in "Zhonglianbu' Most Influential in Decision-Making on Pyongyang," *Korea Times*, September 27, 2010, www.koreatimes.co.kr/www/news/nation/2010/10/116_73597.html.
10. On the increasing pluralization of China's foreign policy generally, see, for example, Linda Jakobson and Dean Knox, *New Foreign Policy Actors in China* (SIPRI policy paper 26, Stockholm International Peace Research Institute, 2010); David Shambaugh, "Coping with a Conflicted China," *Washington Quarterly* 4, no. 1 (Winter 2011): 7-27.
11. In "Coping with a Conflicted China," Shambaugh describes the cognitive complexity and spectrum of discourse that characterize the debate in China on its approach to international affairs and its identity in the world.
12. John S. Park highlights China's so-called four sentences that constitute its North Korea policy. They are nonproliferation, peaceful settlement through dialogue, peace and stability on the Korean peninsula, and consideration of North Korea's security concerns. See his "North Korea's Leadership Succession: The China Factor" (USIP On the Issues Series, Washington, DC, September 28, 2010), www.usip.org/publications/the-issues-north-korea-s-leadership-succession-the-china-factor-0.
13. Jakobson and Knox, *China's New Foreign Policy Actors*, 17.
14. Nanto, Manyin, and Dumbaugh, *China-North Korea Relations*, 15.
15. Bomi Lim, "China's North Korea Trade Best Birthday Gift for Kim," *Business Week*, February 16, 2011, www.businessweek.com/news/2011-02-16/china-s-north-korea-trade-best-birthday-gift-for-kim.html.
16. Nanto, Manyin, and Dumbaugh, *China-North Korea Relations*, 19.
17. The figure of \$41.2 million in FDI from China represented some 94 percent of total FDI to North Korea in that year. These data are drawn from Nanto, Manyin, and Dumbaugh, *China-North Korea Relations*, 16, and Dick Nanto and Emma Chanlett-Avery, *North Korea: Economic Leverage and Policy Analysis* (Washington, DC: Congressional Research Service, January 22, 2010), 34.
18. "Chinese Ambassador Lauds Extraordinary Year," 2010.
19. Nanto, Manyin, and Dumbaugh, *China-North Korea Relations*, 31n78.
20. "Dandong, Tonghua Get Inland Port," *China Business News*, December 2, 2010, <http://cnbusinessnews.com/dandong-tonghua-get-inland-port/>.
21. "Article on Past, Present of PRC-DPRK Economic Cooperation."
22. Ibid.
23. "China Backs North's Rason Project," *Joongang Daily*, January 7, 2011, <http://joongangdaily.joins.com/article/view.asp?aid=2930656>.
24. See the Shangdi Guanqun Investment, <http://www.sd-guanqun.com/>.
25. "Article on Past, Present of PRC-DPRK Economic Cooperation."
26. Jerry Guo, "North Korea's Untapped Mineral Wealth," *Newsweek*, October 28, 2009, www.newsweek.com/blogs/wealth-of-nations/2009/10/28/north-korea-s-untapped-mineral-wealth.html.
27. Lim, "China's North Korea Trade."
28. Feng, "China's Policy Toward North Korea."
29. "Chinese Ambassador Lauds Extraordinary Year," 2010.
30. "Zhonglianbu' Most Influential in Decision-Making on Pyongyang," *Korea Times*, September 27, 2010, www.koreatimes.co.kr/www/news/nation/2010/10/116_73597.html.
31. As an interesting side note, Liu was born in Panshan county of Liaoning province, about 200 kilometers west of Dandong and the North Korean border.
32. See the annual and semiannual reports by the CIA, *Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions*, accessed at: www.fas.org/irp/threat/wmd.htm.
33. See *Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009)*, National Committee on North Korea, www.ncnk.org/resources/publications/55808872-UN-Panel-of-Experts-NORK-Report-May-2011.pdf. See also "China Holds Up Report on North Korean Proliferation," *Global Security Newswire*, May 18, 2011, http://gsn.nti.org/gsn/nw_20110518_3045.php.

34. Shambaugh, "Coping with a Conflicted China," 23, 24.
35. Feng, "China's Policy Toward North Korea." On the issue of broader debate within China on its foreign relations, particularly vis-à-vis the United States, see Minnie Chan, "We Don't Want to Replace US, Says Dai Bingguo," *South China Morning Post*, December 8, 2010, especially the commentary by Shi Yinhong and Jin Canrong.

An online edition of this and related reports can be found on our Web site (www.usip.org), together with additional information on the subject.

Of Related Interest

- *China and the United States* by Wu Xinbo (Special Report, June 2011)
- *The Need to Pursue Mutual Interests in U.S.–PRC Relations* by Thomas J. Christensen (Special Report, April 2011)
- *Chinese Negotiating Behavior* by Richard H. Solomon (1999)
- *Managing Crisis and Sustaining Peace between China and the United States* by Wu Xinbo (Peaceworks, April 2008)
- *Negotiating on the Edge: North Korean Negotiating Behavior* by Scott Snyder (1999)
- *Chinese Views: Breaking the Stalemate on the Korean Peninsula* by Scott Snyder and Joel Wit (Special Report, February 2007)



**United States
Institute of Peace**

2301 Constitution Ave., NW
Washington, DC 20037

www.usip.org