

Smart Talk
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This product presents a policy-oriented summary of the Smart Talk.

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China's Evolving North Korea Policy: Implications for Seoul & Washington

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The East Asia Institute (EAI) hosted Dr. John S. Park, senior research associate at the U.S. Institute of Peace's Center for Conflict Analysis & Prevention, on August 6, 2010 for a Smart Talk on China's evolving North Korea policy. He examined the implications of deepening Communist Party of China (CPC)-Workers' Party of Korea (WPK) ties for Seoul and Washington. Leading experts in South Korea participated in the discussion and exchanged their views on China-North Korea relations, China-U.S. relations, post-*Cheonan* measures, and the future prospects for the Six-Party Talks. The following is a summary of Dr. Park's presentation.

Xiaokang and China's Foreign Policy

Xiaokang, China's development policy of bringing the majority of the population into the middle class by 2020, has been the core objective of the CPC since it was introduced by Deng Xiaoping. Chinese leaders have tailored traditional foreign policy principles in order to further *Xiaokang* goals. They have placed specific emphasis on two essential factors to strengthen *Xiaokang* goals – a stable external environment on China's borders and stable relations with the United States.

From this perspective, North Korea has constituted a major instability factor for China in Northeast Asia. At key moments since the early 1990s, North Korean instability – either due to massive natural disasters, ineffective

economic policies, or acts of brinkmanship – has posed a major challenge to the secure environment required to achieve *Xiaokang* goals. To address this North Korean instability factor, Beijing tailored its two primary foreign policy principles – non-intervention in the internal affairs of other states and cooperation in multilateral institutions – to develop the “Four Sentences” that comprise its DPRK policy. The first is non-proliferation in Asia, a message directed to North Korea. The second is peaceful settlement through dialogue, a message directed to the United States. The third is peace and stability on the Korean Peninsula, a message directed to all parties. The fourth is the need to give necessary consideration to North Korea's security concerns, a message directed to the United States.

Although the Four Sentences comprise Beijing's long-term approach to the Korean Peninsula and remain unaltered, the means for achieving these objectives have changed since the early 2000s. Beijing has become more proactive and entrepreneurial in its handling of the ongoing North Korean nuclear imbroglio. This trend culminated in the start of Beijing's chairmanship of the newly launched Six-Party Talks in August 2003. Rather than a discreet behind-the-scenes approach that characterized its diplomatic activities during the 1994 North Korean nuclear crisis, Beijing adopted an overt posture and assumed significant political risk by chairing the Six-Party Talks process.

Fostering Sustainable Stability in Northeast Asia

Xiaokang is a key factor in understanding why stabilizing North Korea constitutes a top policy priority for Beijing. Closely related to *Xiaokang* is the leadership's need to promote social stability in China. In practical terms, this means closing the income gap between different regions in China. Among China's chronically poorest provinces are the three bordering North Korea – Liaoning, Heilongjiang, and Jilin. By fostering sustainable stability in Northeast Asia, Beijing is seeking to facilitate sustainable economic development in these provinces. Beijing's two primary means for doing so have been bolstering DPRK regime stability with Chinese political capital and promoting DPRK resource development for mutual benefit. We should not be surprised by this separate, parallel Sino-DPRK track that has no linkage to progress with DPRK denuclearization. China, like all countries, is seeking to further its national interests.

An important distinction is that Beijing conducted these bilateral efforts through its CPC International Department channel with North Korea. This has been part of an ongoing effort by Beijing to rebuild the Sino-DPRK relationship since ties were severed by Pyongyang in response to China's establishment of diplomatic relations with Seoul in 1992. After a "lost decade" of frozen relations, Chinese overtures began to gain traction in the early 2000s. Vice Premier Wu Yi's visit to Pyongyang in October 2005 for the 60th anniversary celebrations of the founding of the WPK marked a highpoint. The reason was the inclusion of Commerce Minister Bo Xilai who signed landmark bilateral agreements for the joint development of DPRK mineral resources.

Premier Wen Jiabao's October 2009 visit to Pyongyang marked a further deepening of

the CPC-WPK relationship. While the occasion was the 60th anniversary of founding of diplomatic relations, the significance lay in the comprehensive delegation that Wen headed. Among the Chinese delegation members were the commerce minister, the chief of the National Development and Reform Commission – the main architects and implementers of Chinese economic development – in addition to senior officials from the CPC International Department and PLA.

Economic Engagement with North Korea and Denuclearization

The main message from Wen's visit was that the CPC would bolster the stability of the WPK through a comprehensive bilateral relationship centered on expanding economic engagement. In practice, seeking to achieve the goals of *Xiaokang* and securing strong bilateral commercial ties have resulted in the creation of close localized connections between North Korea's Hamgyong-buk-do and China's Jilin province. The symbiotic relationship that exists between these two border provinces can be characterized as "Ham-Ji" – a sub-regional area where the border is relatively porous and facilitates coping mechanism-type activities in nascent DPRK markets.

Given that China's economic engagement with North Korea is not directly linked to DPRK denuclearization activities, Pyongyang currently enjoys the benefits of its bilateral economic interactions with China without pressure to meet the immediate obligations of Six-Party Talks agreements. In a sense, Beijing's North Korea policy has evolved to become a Chinese version of the "Sunshine Policy" initiated by the former ROK president Kim Dae-jung and carried through by his successor Roh Moo-hyun.

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The current sanctions regime against North Korea does not actually prohibit much of the commercial activities and economic linkages in which China is engaged. In the unique language of the UN, both Security Council Resolutions 1874 and 1718 do not prohibit member states from engaging in economic development and humanitarian activities in North Korea, which is how Beijing characterizes its economic interactions. In practice, while financial sanctions continue to dominate Washington’s approach to dealing with Pyongyang, PRC state-owned enterprises and private firms have been deepening their interactions with DPRK state trading companies.

Implications for Seoul and Washington

First, China has realized significant progress in the CPC-WPK track and bolstered North Korean stability. Innocuous Sino-DPRK “education, tourism and development” agreements signed by Premier Wen during his October 2009 Pyongyang visit are facilitating a host of follow-up deals. On July 30, PRC Ambassador Liu Hongcai and DPRK Foreign Trade Minister Ri Ryong-nam signed an economic and technical cooperation accord. Soon after, Special Advisor for Nonproliferation and Arms Control Robert Einhorn visited Seoul to seek South Korean cooperation on implementing Iran sanctions and discuss the “new” DPRK sanctions. The intensifying CPC-WPK economic and political relationship raises serious questions about the efficacy of DPRK sanctions.

Second, China’s evolving North Korea policy constitutes one of two pillars in its “balanced Korean Peninsula” approach. It is highly unlikely that China will deviate from this approach and select one Korea over the other

— even if there is a future DPRK provocation. The *Cheonan* Incident sets a dangerous precedent where North Korea evaded a direct military response from South Korea and pressure from Beijing.

Third, the growing CPC-WPK partnership is taking place while Washington implements existing and “new” DPRK financial sanctions. An unintended consequence of this policy tool is that North Korea is becoming more dependent on China during an accelerated DPRK leadership succession process.■

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