

China's Post-*Cheonan* and -*Yeonpyeong* Policy toward North Korea

Sukhee Han
Yonsei University

October 2012

Knowledge-Net for a Better World

The East Asia Institute (EAI) is a nonprofit and independent research organization in Korea, founded in May 2002. The EAI strives to transform East Asia into a society of nations based on liberal democracy, market economy, open society, and peace.

The EAI takes no institutional position on policy issues and has no affiliation with the Korean government. All statements of fact and expressions of opinion contained in its publications are the sole responsibility of the author or authors.

 **EAI** is a registered trademark.

© Copyright 2012 EAI

This electronic publication of EAI intellectual property is provided for non-commercial use only, as long as it is unaltered and complete. Copies may not be duplicated for commercial purposes. Unauthorized posting of EAI documents to a non-EAI website is prohibited. EAI documents are protected under copyright law.

The East Asia Institute
909 Sampoong B/D, Eulji-ro 158
Jung-gu, Seoul 100-786
Republic of Korea
Tel 82 2 2277 1683
Fax 82 2 2277 1684



China's Post-*Cheonan* and -Yeonpyeong Policy toward North Korea

Sukhee Han
Yonsei University

October 2012

I. Introduction

Traditionally China has emphasized peace and stability on the Korean Peninsula as an important strategic interest in its security.¹ As East Asian history demonstrates, China has long perceived the Korean Peninsula as a strategic catalyst for its security and safety, and therefore it has never allowed any other power, other than itself, to exercise control of the peninsula. China has decided to intervene in Korea militarily four times—in 1592, 1627, 1894, and 1950—combating the potential challengers for securing its own suzerainty over the peninsula.² Although China's sphere of influence shrank to the northern half of the peninsula in the wake of the end of the Korean War in 1953, its interest in North Korea as a strategic buffer has remained consistent until the present. Given Pyongyang's strategic value as a buffer state, Beijing's primary objective with the North has been the survival of its backward and fragile regime, and peace and stability remain as the necessary prerequisite for its regional security.³

However, the recent security environment on the peninsula has never achieved the expectations of China as it has grown. A series of Pyongyang's arbitrary military provocations, including its sinking of the *Cheonan* in March 2010, its bombardment of Yeonpyeong Island in November of 2010, and its unauthorized launch of a long-range missile in April 2012 have profoundly undermined the security environment around the Korean Peninsula. In addition, the sudden death of Kim Jong-il in December 2011 has further aggravated the regional sense of security uncertainty. This unstable security situation per se may be indicative of the term "status quo minus." Status quo minus implies a



situation in which a weak and isolated North Korea raises an imminent security threat by “demonstrating an enhanced capacity to deliver weapons of mass destruction and adopting more bellicose rhetoric and behavior.” (Goldstein 2006, 131-136) In this context, economically desperate North Korea tends to implement aggressive provocations on the basis of its belief that Pyongyang’s assertive behavior helps its regime survival.⁴ Subsequent U.S. military counteraction against North Korea’s violence will inevitably force China to intervene in the North Korean quagmire.

As a political ally, economic supporter, and diplomatic patron to Pyongyang’s regime, China has exerted whatever diplomatic influence and intervention it can on the North as far as these help maintain peace and stability in the region.⁵ Once it intervenes, China’s strategic objective is to shift the security situation on the Korean Peninsula from a status quo minus to a status quo plus. “Status quo plus,” in contrast to status quo minus, indicates a situation in which North Korea stops imposing a serious threat or provocation to neighboring states. In this context, the risk of intense crisis or military confrontation remains “at a modest level,” by the major presence of U.S. military stationed in South Korea. Also, the U.S. security alliance works as a hedge against a deterioration of strategic stability on the Korean Peninsula. To the extent that North Korea’s belligerence can be successfully constrained, security and stability on the peninsula and broadly in the Northeast Asian region may be sustained.⁶

For China, status quo plus seems to be the most preferred security context for the region. China believes that status quo plus shapes North Korea to be kinder, gentler, and more reform-oriented. It also understands status quo plus as “the best way to ensure Pyongyang’s survival,” without any sudden major changes. (Scobell 2004, 16-17) Therefore, China, in pursuit of reaching a status quo plus has to deal with three different North Korean issues: North Korea’s nuclear ambitions, Pyongyang’s economic predicament, and the North’s violent provocations in the region. Despite no immediately satisfactory outcome expected in a short time period, China has consistently implemented its political, economic, and diplomatic influence to shift the regional security situation from status quo minus to status quo plus.



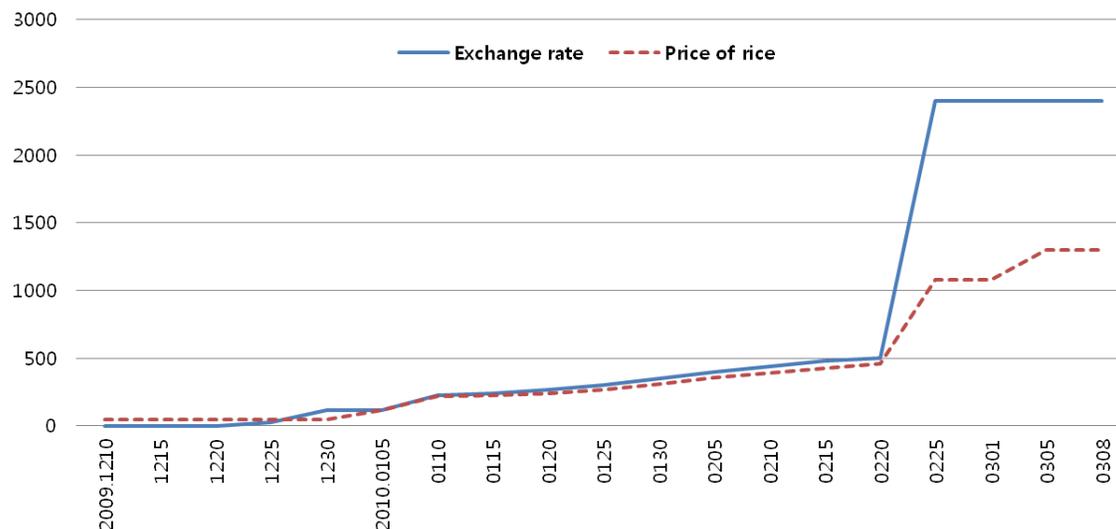
II. The North Korean Threat and Status Quo Minus

The major reason to define the post-2010 security situation on the Korean Peninsula as status quo minus is that North Korea, despite its economic backwardness, diplomatic isolation, and political volatility, poses a variety of security threats to the Northeast Asian region. North Korean threats can be classified into three dimensions. First, Pyongyang's nuclear threat for about twenty years has continued to undermine Northeast Asian regional stability. Despite the Agreement Framework of 1994 and the eight-year-long Six-Party Talks, North Korea has continued to develop its nuclear devices, and it ultimately tested them twice in 2006 and 2009.⁷ Even after the nuclear tests, no specific diplomatic measures have been found to dismantle Pyongyang's unauthorized nuclear development except the Six-Party Talks. (Nanto and Manyin 2010) Despite the death of his father, however, Kim Jong-un seems to have no intention of giving up his nuclear program and therefore the Six-Party Talks have little chance of meeting their founding goal: North Korea's nuclear dismantlement. Although China has consistently argued for the resumption of the Six-Party Talks, China falls short of convincing the regional powers and in the meantime the North's nuclear threats are getting more serious for South Korea's security. (Chanlett-Avery 2012)

Second, North Korea's military provocations toward the South have caused profound security threats to the entire region. Two cases, including the tragedy of the *Cheonan* in March 2010 and the North's bombardment of the South's Yeonpyong Island in November 2010, have shown that North Korea can provoke security threats to the South at any time without declaration of war. (Thompson 2010; Swaine 2010; 2011) Furthermore, these provocations have also showed that the bilateral confrontation on the Korean Peninsula risk being escalated to a face-off between the regional powers: the United States and China. The cases of the *Cheonan* and Yeonpyong divided regional security structure into two alliance systems, the U.S.-Korean alliance and the Chinese-North Korean alliance, and the potential confrontation between the two alliance systems creates regional instability. (Michishita 2009, 139-152) To maintain regional security and stability, the vicious cycle that begins from North Korea's provocations to the South, as a first step, should be controlled. Pyongyang's provocations, alarming Seoul and prompting it to improve its defense capabilities, forced the implementation of a U.S.-South Korea joint military exercise. And China, suspicious of U.S. military intentions, tends to be at odds with the United States and South Korea, while improving its diplomatic and economic ties with the North. At this stage, the key point is how to stop North Korea's further provocations toward the South. For regional crisis prevention, China's diplomatic influence on the North is essential. (Byun 2010)



<Table 1> North Korea's Exchange Rate and Price of Rice after the Currency Reform



(Sources: Daily NK)

Third, North Korea's domestic economic difficulties pose potential threats to the region. The North Korean economy has been in decline for many decades, and particularly in recent periods, due to a number of events, it has further aggravated the state of economic crisis. North Korea's currency reform in 2009 inter alia has brought the biggest economic shock on the domestic front.⁸ Currency reform, a forced exchange of old currency with new currency at the rate of 100 to 1, has resulted in a deadly inflation and food shortages among the North Korean public (Table 1). Although the Pyongyang government has consistently attempted to ease public discontent, economic hardship among the North's population has already increased beyond what the public can bear. (Lim and Lee 2011) For China, North Korea's economic difficulties are a chief factor threatening China's consistent economic development. Massive flows of its refugees into China's northeastern territory may slow regional economic growth, and Pyongyang's potential regime instability may damage China's further development of its economy.



III. China's Strategies for Status Quo Plus

For many decades, China has consistently emphasized its pursuit of peace and stability on the Korean Peninsula. Claiming that peace on the peninsula is conducive to its consistent economic development, China has put its foremost efforts into maintaining the peninsula's peace and stability. Given North Korea's actions in 2010 as a source of creating the status quo minus, however, China, as a major actor influencing the North, has felt that it should play a key role to prevent the Kim Jong-un regime from provoking the region further. Chinese activities fall into three categories: dealing with Pyongyang's nuclear ambitions through the resumption of the Six-Party Talks; relieving the North's economic stalemate with strengthened economic interactions between China and North Korea; and precluding North Korea's potential military provocations with a "rapid response system.

1. Resumption of the Six-Party Talks

Since 2003, the Six-Party Talks have served as a major ground for diplomatic discussions to deal with North Korea's nuclear program. The major goal of the talks has been to prevent the North from possessing nuclear weapons and from further development of its nuclear devices.⁹ Although there have been six rounds of talks which have convened on and off for eight years, however, the Six-Party Talks have produced disappointing consequences with no substantial progress in North Korea's denuclearization.¹⁰ North Korea has in fact mobilized more resources toward the goal of becoming a genuine nuclear power during this time: it has increased its bomb grade material, it has further tested its detonation device, and it has also further tested its delivery capabilities.¹¹ The Pyongyang government now seems to be confident in identifying itself as a nuclear state. However, the Chinese government has still put the highest priority on the resumption of the Six-Party Talks. Claiming that the talks are the unique measure that can deal with North Korea's nuclear problems in a diplomatic and peaceful fashion, the Beijing government has consistently emphasized that the Six-Party Talks should be convened as early as possible without any conditions. (Hays and Hamel-Green 2010) Given no better alternatives, the majority of Chinese scholars and political elites support the Six-Party Talks as a major diplomatic venue in dealing with Pyongyang's nuclear ambitions (Table 2).



<Table 2> Chinese Perception of the Six-Party Talks for Resolving the Nuclear Issue



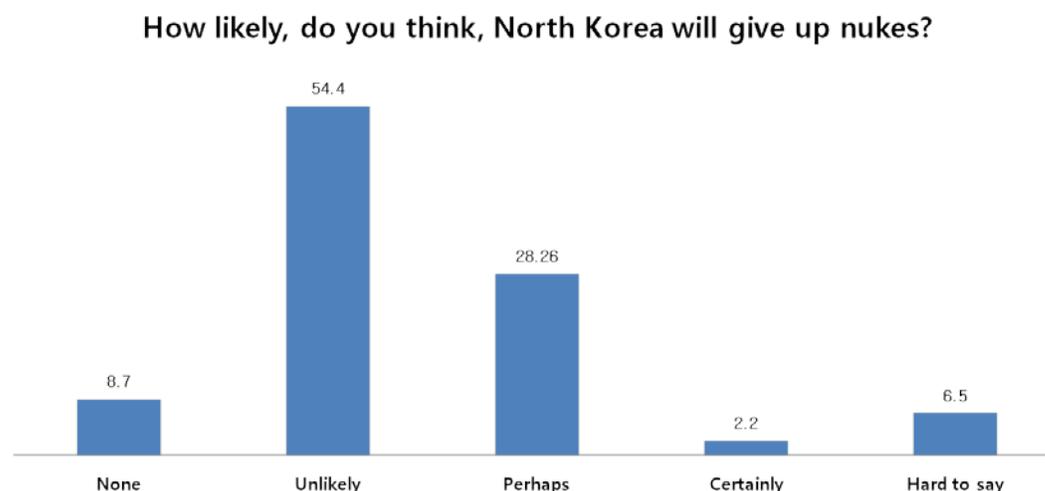
(Source: Lee, Sunny. 2012. "Chinese Perspectives on North Korea and Korean Unification." *Academic Paper Series*. Korea Economic Institute (KEI). January 24. http://blog.keia.org/wp-content/uploads/2012/01/sunnylee_paper.pdf.)

In contrast to China's efforts and enthusiasm for the resumption of the Six-Party Talks, responses of the regional states, including South Korea, the United States, and Japan, have been very restrained to say the least. The major reason for the lack of enthusiasm among the neighbors is their recognition that North Korea's denuclearization cannot be achieved with the Six-Party Talks as they are. The United States, despite its official statements, seems to have caught on to the idea that the North Koreans will be impossible to deter in their pursuit of nuclear weapons amid lukewarm diplomatic multilateralism.¹² Even China's foreign policy elites have confirmed that the North Korean government has no intention of giving up its nuclear program. (Ming 2007; Yuanhua 2007; Dingli 2008; Bin 2009) As seen in Table 3, more than half of the Chinese respondents doubt the possibility of North Korea giving up its nuclear weapons, while 28.3 percent of respondents vaguely confirm the Pyongyang regime to give them up. At this stage, the most important factor for the resumption of the Six-Party Talks is North Korea's sincere and faithful attitude toward denuclearization. In particular, North Korea should understand that no economic and diplomatic rewards can be secured without its voluntary will to change itself in advance. For example, U.S.-North Korean preliminary contacts are the preparatory venue for the resumption of the Six-Party Talks. If North Korea suggests persuasive commitment for denuclearization, the resumption of the Six-Party Talks seems to be pos-



sible immediately. But as witnessed in its botched rocket launch on April 13, following the conciliatory U.S.-North Korean agreement on February 29 in 2012, the Kim Jong-un regime has been evaluated as lacking in sincerity and failing to deserve the faith of the international community.¹³

<Table 3> Chinese Perception on North Korea's Abandonment of Its Nuclear Arsenal



(Source: Lee, Sunny. 2012. "Chinese Perspectives on North Korea and Korean Unification." *Academic Paper Series*. Korea Economic Institute (KEI). January 24. http://blog.keia.org/wp-content/uploads/2012/01/sunnylee_paper.pdf.)

However, Beijing still persists in attempting to persuade regional powers including South Korea to participate in the Six-Party Talks. Despite there being no possibility of North Korea's denuclearization through the talks, the Chinese government's enthusiastic claims regarding South Korea's participation in the Six-Party Talks will produce no meaningful consequences at all. For China, instead, it seems to be more conducive to restarting the Six Party Talks, if the North can be persuaded to change its orientation from regime survival with nuclear weapons to regime survival without nuclear weapons. The Seoul government also does not deny the *raison d'être* of the Six-Party Talks, but cannot agree to the resumption of them without firm commitment for the complete resolution of Pyongyang's nuclear ambitions. (Um 2011) Instead of holding the talks for the sake of talking, the Chinese diplomatic efforts towards the North must include an ingredient of carrot and stick to show the North Koreans that their nuclear card and brinkmanship are not conducive to solving their political, security, and economic problems.¹⁴ Cooperation between South Korea and China is crucial to make the Six-Party Talks work for denuclearization.



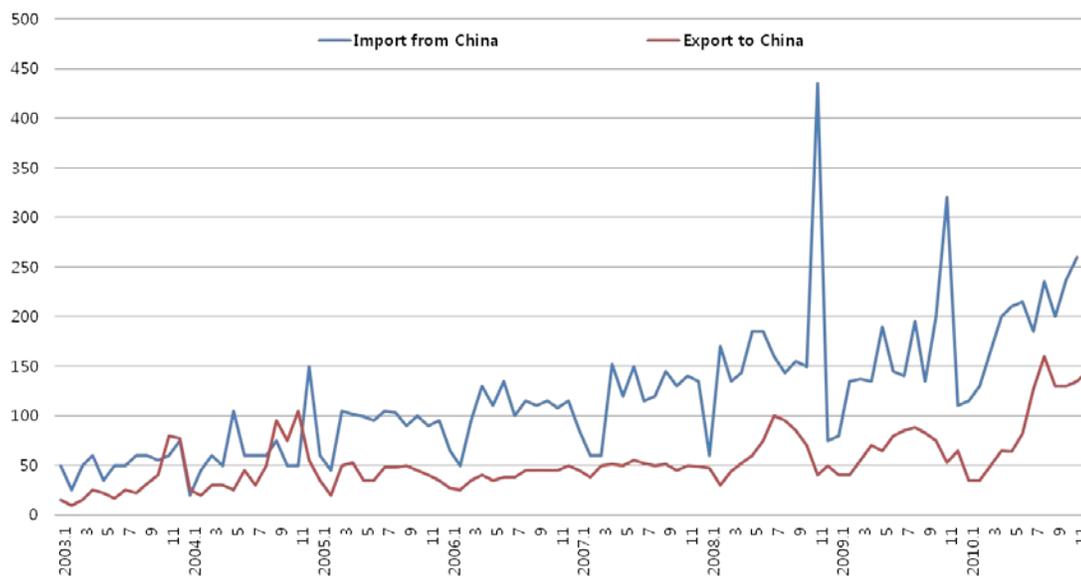
2. Strengthening Economic Interactions with the North

With the unexpected second nuclear test by the Pyongyang regime in May 2009, the Beijing government seems to have begun to reconsider its North Korean policy. Pyongyang's bold implementation of the tests, twice, despite China's unambiguous objections to them, provided an opportunity to review the effectiveness of its North Korea policy.¹⁵ But China's consequential policy direction was not to denounce Pyongyang's unauthorized nuclear tests, nor tighten the grip over the Kim Jong-il regime through its economic leverage, but to stabilize the North Korean economic difficulties and prevent the North from further social decay by actively expanding bilateral economic exchange.¹⁶ This, of course, runs counter to the efforts of the other members of the Six-Party Talks as well as the solidified action of the United Nations which the Chinese have agreed to. In fact, the North Korean economic situation has been in dismal crisis. Currency reform in 2009, UN economic sanctions in the wake of its nuclear test in 2009, and South Korea's 5.24 measure of 2010 to sever its bilateral economic exchange with the North have been all combined to undermine the North Korean economic performance.¹⁷

Beijing's objective looks clear. In the short term, its objective seems to be the North's regime survival and social stability, (Lee 2011) and it also wants to reorient Pyongyang to the reform and open door policy in the long run. Recognizing economic backwardness as the source of North Korea's security threat, China has exerted a variety of efforts to improve Pyongyang's economy in particular by dint of trade and investment. Since early 2010, the Sino-North Korean trade volume has been sharply increasing. As seen in Table 4, North Korea has increased its trade with China and, in particular, its exports to China have grown to their highest since 2003.



<Table 4> North Korea's Trade with China

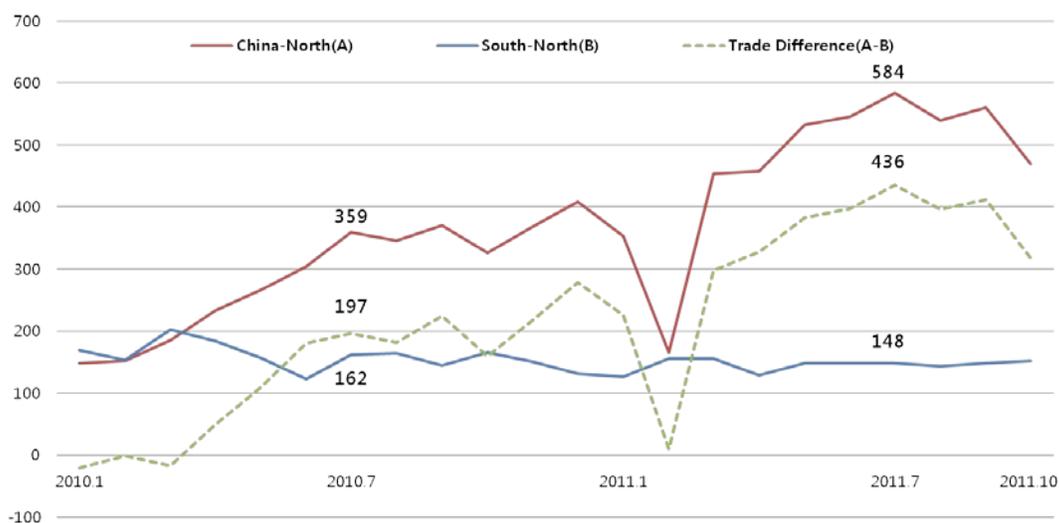


(Source: Lee, Young-hoon. 2011. "An analysis of China's Economic Influence over North Korea (Korean)." Presented to an international conference "Sino-North Korean Economic Cooperation, How do we evaluate?" May 26. Seoul, Korea. <http://nacsi.or.kr>)

But the North may have a hidden intention behind its increase in trade with Beijing. The increased volume in the Beijing-Pyongyang trade has coincided with the trade cut in inter-Korean trade since May 24, 2010. In the wake of the *Cheonan* tragedy, the Lee Myong-bak government declared a cessation of all inter-Korean economic exchanges except the Kaesung industrial park. For South Korea, this is a necessary step not only to punish North Korea's inhumane provocation, but also to put pressure on the North to adjust itself to fit with international norms and regulations.¹⁸ For the North, South Korea's 5.24 measures may have been a big economic challenge and, therefore, Pyongyang intends to offset the inter-Korean trade with the expansion of trade with China. Consequently, there seems to have been no big changes in the North's overall trade volume, but that does not mean that the recent decline of inter-Korean trade has traded off with Sino-North Korean trade (See Table 5).



<Table 5> Monthly Trade Development of China-North and South-North (2010~2011)
(unit: million dollars)



(Source: The Korea International Trade Association website (www.kita.net))

For example, there have been 77 major export items from the North to the South, including sand and garlic, but the North's exports to China do not include any of these items. Instead, anthracite is North Korea's major export item to China. In fact, Kim Jong-il deemed anthracite a strategic resource and constrained it from North Korea's exports. Given the growth of exporting volume, from \$40 million (January-May 2010) to \$450 million (June-December 2010), and to \$270 million (January-April 2011), the fact that the North exports anthracite to China indicates that Pyongyang has been lacking any product to export to China, except mineral resources. Although Pyongyang has exerted its best efforts to demonstrate that the South 5.24 measure fails to pressure the North even by exporting strategic resources to China, the facts reveal that the Pyongyang government has rather fallen into a profound economic crisis. (Yoo 2010) China's investment intends to salvage the North Korean economy from further deterioration. The Chang-Ji-Tu developmental project and infrastructure programs are cases. The major objective of the Chang-Ji-Tu project is to secure new outlets and momentum for the development of the largely neglected Northeastern part of China (mostly Heilongzhang, Liaoning, and Jilin provinces). But for the success of the project, Chang-Ji-Tu should be developed along with the northern parts of North Korea, including Rajin and Sunbong. In order to secure the shipping outlets for China's industries in the northeastern area, massive Chinese investment in the North is expected.¹⁹ Chinese civilian investment into the North also serves as a major buttress for North Korean economic stability. Since Chi-



nese civilian corporations invest in the North based on a purely economic rationale, they tend to play a major role to transfer Chinese know-how for economic reform and open door policies to the North. From this perspective, Chinese investment in the North seems to contribute to the short-term economic stabilization and long-term promotion of the reform and open door policy of North Korea.²⁰

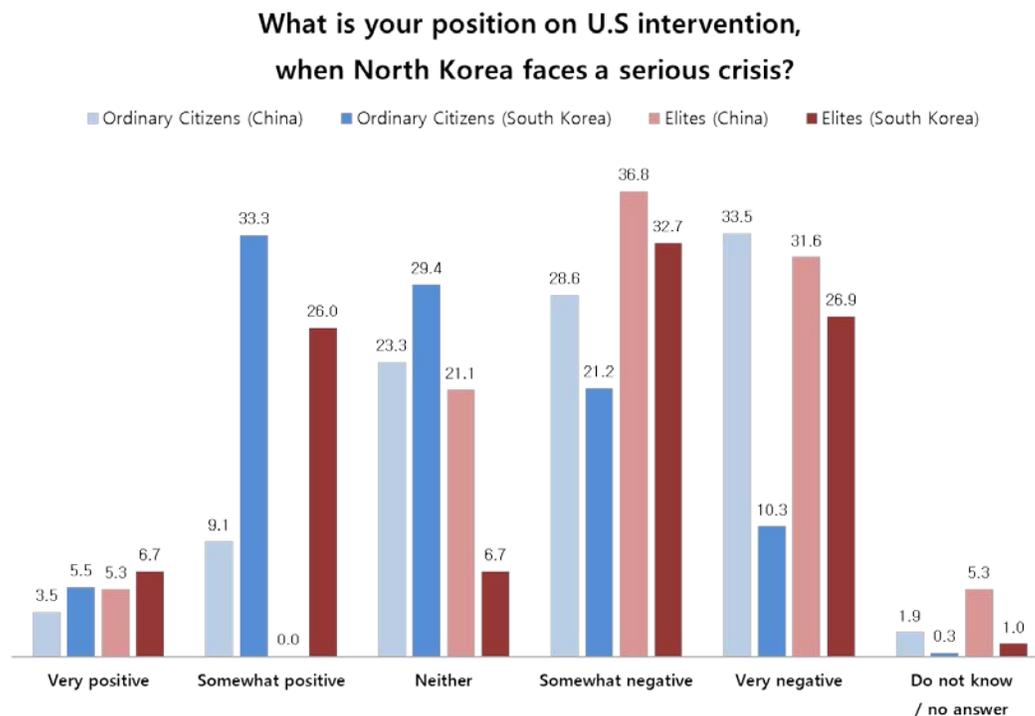
In contrast to the Chinese government's expectations, however, China's investment into North Korea has had limited consequences. The majority of Chinese civilian investors run mid-or small-sized corporations; their headquarters are usually located in Jilin or Liaoning; their businesses are in the fields of mining, services, and light industry; and they tend to do business with the North in the form of joint ventures. From these civilian investors' perspective, it is not attractive to invest in North Korea in comparison to other neighboring states, including South Korea, Thailand, Vietnam, Myanmar, and Mongolia. Due to a variety of North Korea's unfavorable domestic investment conditions—rent-seeking, lack of infrastructure, underdeveloped legal system, and immature transaction practices—Chinese investors are bound to lose their appetite to invest in the North. (Thompson 2011)

3. Chinese Dealing with Pyongyang's Military Provocations

The U.S.-South Korea joint military exercise in the wake of the Yeonpyong Island bombardment in 2010 seemed to have been a nightmare for China. In particular, the involvement of a U.S. aircraft carrier in the ensuing military exercise caused serious security concerns among Chinese leaders. Chinese leaders seemed to neglect Pyongyang's provocation as a source of regional security instability and, instead, denounced the U.S. military drills for curbing the North's belligerent behavior as a regional security threat.²¹ Concerning the North's military provocation as a direct pretext for inducing U.S. military intervention into the region, Chinese leaders have struggled to dissuade the North from committing further provocations toward the South. In particular, the Chinese have irritatingly been cautious regarding the U.S. potential intervention into the East Asian region in general and the Korean Peninsula in particular. As Table 6 reveals, the majority of Chinese elites (68.4 percent) and ordinary citizens (61.9 percent) have responded negatively to the United States' possible intervention in the North under a contingency situation.



<Table 6> Chinese Position on the U.S. Intervention in the North under Crisis

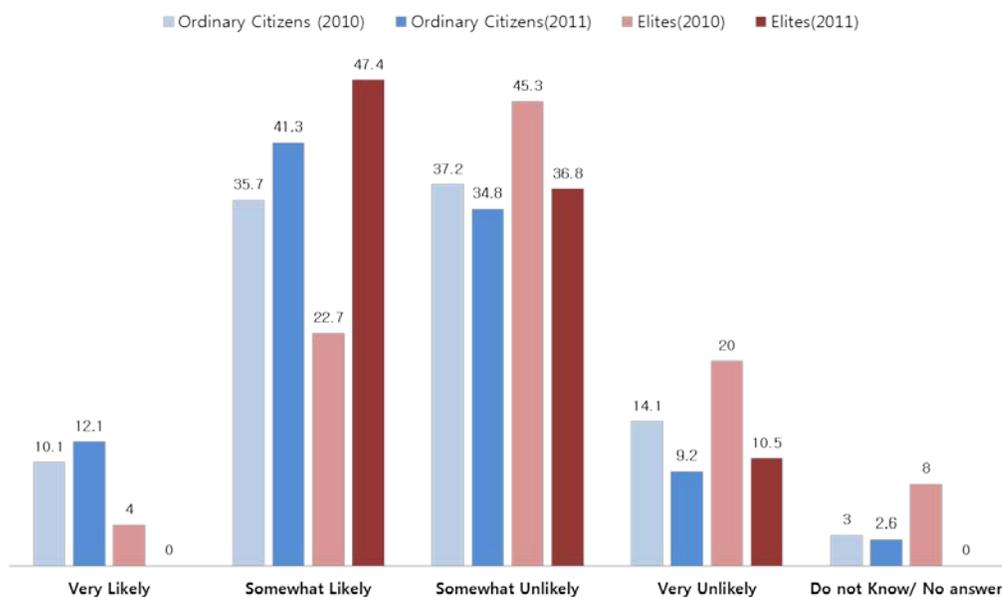


(Source: EAI-ARI, “ROK and China’s public Perception (2011)” survey)

Along with the possibility of U.S. intervention, another situation that China tries to evade is potential military conflict between Seoul and Pyongyang. In fact, China has been seriously concerned about the potential inter-Korean military clashes since the Yeonpyeong Island shelling. (Jin Meihua2010) As seen in Table 7, a growing number of both Chinese citizens and Chinese elites recognize the increasing possibilities of inter-Korean military clashes. In comparison to the 2010 survey, the 2011 survey indicates that a greater number of ordinary citizens (from 45.8 to 53.4 percent) and elites (from 26.7 to 47.4 percent) speculate about the likelihood of potential clashes on the peninsula, while a smaller number of ordinary citizens (from 51.1% to 44.0 percent) and elites (65.3 to 47.3 percent) consider clashes unlikely.



<Table 7> Chinese Perception of Possibility of Inter-Korean Military Clash



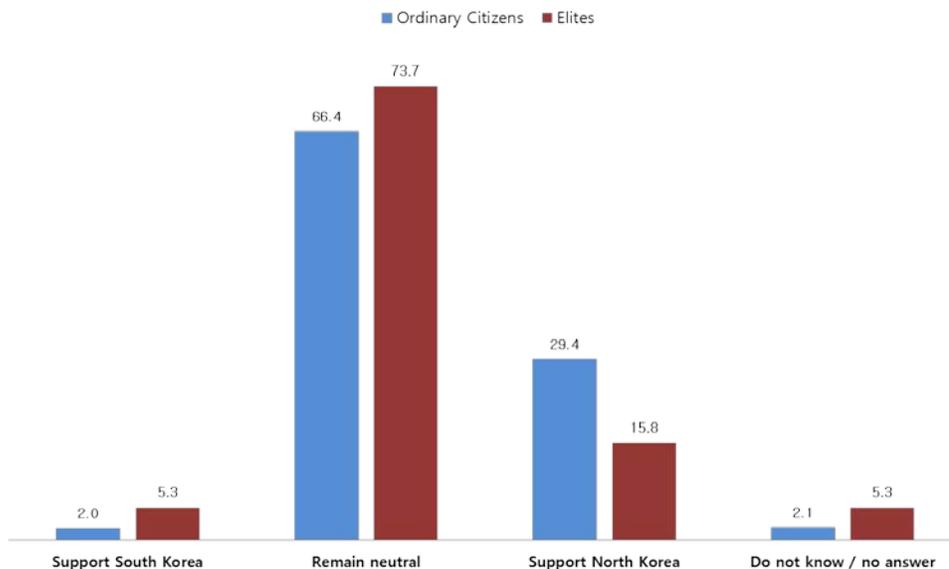
(Source: EAI-ARI, “ROK and China’s Public Perception (2011)” Survey)

Although an increasing number of Chinese recognize the high possibility of bilateral clashes between Seoul and Pyongyang, a majority of both Chinese elites and ordinary citizens believe that China should take a neutral position in case of an inter-Korean confrontation, even when it reaches serious levels. As Table 8 indicates, 73.7 percent of elites and 66.4 percent of ordinary citizens in China support China’s neutral approach to the potential military clash between the South and the North. This survey data seems to reflect a change in perception among the Chinese toward Korea. As a traditional ally, China should have supported the North when Seoul and Pyongyang clashed. But as shown in Table 9, it is interesting that a greater number of Chinese elites (31.6 percent) respond negatively than positively (21.1 percent) to the issue of Chinese support for Pyongyang’s regime under crisis. It is also interesting that 42.1 percent of Chinese elites respond neither positively nor negatively to Chinese support of the North Korean regime when in danger. However, the Chinese people still respond somewhat sensitively to the issue of the North’s regime instability. More than half of China’s ordinary citizens (55.9 percent) evaluate Chinese support of the North Korean regime positively when it is under serious crisis.



<Table 8> Chinese Position in Case of Inter-Korean Conflict

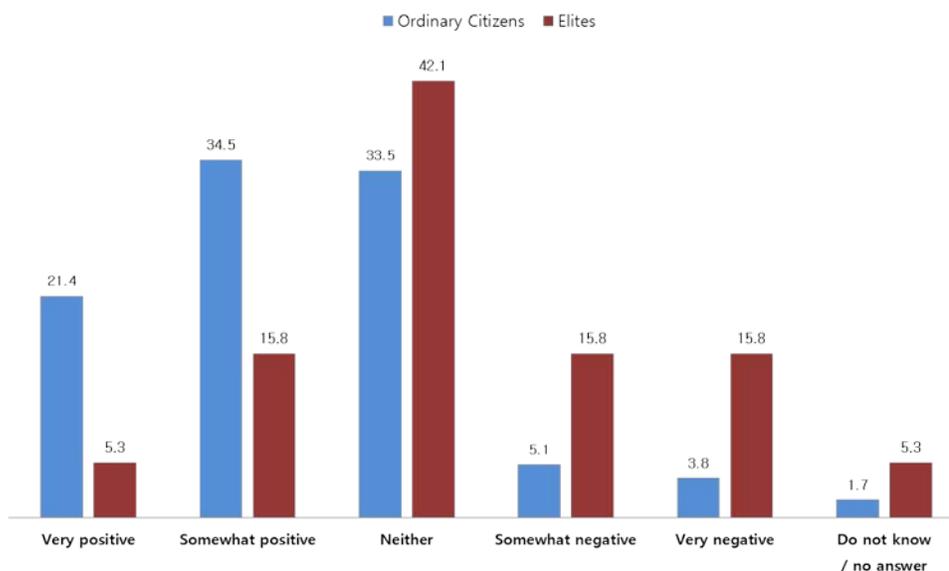
When conflicts between South and North reach a serious level,
how should China react?



(Source: EAI-ARI, “ROK and China’s public Perception (2011)” survey)

<Table 9> China’s Support of North Korean Regime under Crisis

What is your position on China supporting North Korea,
when North Korea’s regime faces a serious crisis?



(Source: EAI-ARI, “ROK and China’s public Perception (2011)” survey)



Given all the complexities arising from North Korea's provocations, Beijing should do its best to restrain Pyongyang. China, as a way to restrict the North from venturing into another military provocation, seems to have attempted to establish an institutionalized security system between itself and North Korea, called the "Rapid Response System."²² According to the document, the Rapid Response System defines several regulations for both the Chinese and the North Korean military to promote regional security. First, China and North Korea should discuss in advance any behavior which may influence the stability of the Korean Peninsula or cause any security troubles in the region. Second, China should build up Special Forces to deal exclusively with Korean affairs in an immediate fashion. These forces should be trained and deployed conducive to the specific situation of the Korean Peninsula. Third, China and North Korea should establish a united command headquarters to coordinate both forces' military activities and to promote cooperation between the Chinese and North Korean militaries. Fourth, China should help the North Korean government promote an information system as well as help coordinate its information structure with the North's for intimate information sharing between the two states. Fifth, both states should construct a joint military exercise system and promote joint combat capabilities by dint of joint military exercises on a regular basis.

Although the concept of the Rapid Response System is not officially published or declared by the Chinese government, however, the concept itself reflects China's North Korean dilemma. Pyongyang's arbitrary and relentless provocations keep undermining the peace and stability of Northeast Asia, and subsequently irritate China's security concerns. In the wake of the death of Kim Jong-il in December 2011, in particular, China seems to feel further difficulties in dealing with the Kim Jong-un regime. Although it is premature to evaluate the less-than-a-year old Kim Jong-un regime, however, the young Kim thus far seems to have little interest in keeping peace and stability over the region and to have no intention to introduce a reform and open-door policy in his own land.²³ Given China's limited influence over the North, it is reasonable for China to initiate a new policy or measure for stopping North Korea's provocations directly. Furthermore, the concerted expectation among the regional states would be to return to the status quo plus, in which North Korea refrains from violent provocations.



IV. Conclusion

Since 2009, North Korea has yet again attracted international attention as a regional source of instability. Despite its neighboring states' unambiguous objections, the Pyongyang government conducted its second nuclear test in 2009, provoked the South with the covert sinking of the *Cheonan* and the shelling of Yeonpyong Island, and launched a long range missile, allegedly a satellite, that failed. North Korea's series of provocations agitated the neighboring states, putting the region into the status quo minus situation. In this context, China's role and influence are highly required for the stability of the region. China has consistently emphasized the stability of the Korean Peninsula, and following its commitment China has attempted to introduce peace and stability on the peninsula with its renewed policy toward the North.

Initially, China, in dealing with the North's nuclear ambitions, has advocated the resumption of the Six-Party Talks. Claiming that the Six-Party Talks are the only alternative to settle North Korea's nuclear problems, the Chinese government has heightened its pressure on the participating governments to reconvene the Six-Party Talks. China's recent suggestion of a three-step proposal, which sets the Inter-Korean Dialogue and the United States-North Korean negotiations as prerequisites for the resumption of the Six-Party Talks, was surely a more refined proposal for the resumption of the Six-Party Talks. Also, U.S.-North Korea contacts in Geneva also provide potential for another round of the Six-Party Talks. But the most important factor at this stage is North Korea's sincerity regarding dismantling its nuclear devices on the diplomatic table. If China proves its capability to lead the North to denuclearization, the Six-Party Talks could be resumed on the support of participating states in a short period of time.

On the domestic front, China's recent expansion of economic influence in terms of trade and investment in the North seems to be contributing to North Korea's dilapidated economy. Although South Korea's nationalists fear that due to the suspension of inter-Korean economic exchanges, North Korea's economic dependence on China has been intensified,²⁴ China's economic support in terms of trade and investment helps Pyongyang escape from the dangers of collapsing. But the question is whether the North will initiate profound policy change to reform and open door, following China's suggestion. The pursuit of reform and open door policies is what all regional powers welcome. And these powers also support China's persuasion and pressure on the North to reorient its developmental policy. But China's current approaches have not brought forth Pyongyang's commitment to a reform and open door approach.

There exists a gap in perception between China and its neighbors, as well as with



much of the rest of the world, in either seeing the North Korean problem as a political concern which needs to be contained, or seeing the North Korean problems as issues which must be addressed separately. For instance, China recognizes correctly that the root cause of all the problems of North Korea is political in that they are caused by the concern of regime survival. Most others are addressing the problems of North Korea, ranging from human rights to nuclear proliferation, in a separate manner. As long as this perceptual gap exists, the policies of the parties interested in North Korea will have differing aims and effects. There needs to be a structured mechanism for addressing and, more importantly, resolving these differences of perception in order to influence North Korea in any way – be it for the containment of the North Korean regime, and/or the resolution for the problems that it is causing for regional peace, respectively.

Furthermore, and more important, China must begin to recognize that containing and maintaining the current situation through ad hoc policies is not enough to return the situation to status quo plus. China needs to provide and manage its diplomatic resources in a more sincere and coherent manner to persuade the North to slowly open up its economy to reform and address the nuclear issue in a more constructive manner. The nature of the regime in Pyongyang itself is the problem. As long as that regime remains in power, the unfortunate Koreans that live in that territory will suffer, South Korea and Japan will be held hostage at gun-point, and the region will remain volatile. It is time that the international community in general, and the non-North Korean members of the Six-Party Talks in particular, to put forth a concerted and unified policy that aims to either resolve or change the nature of the North Korean regime. ■

Acknowledgement

The author appreciates the insightful comments from Chaesung Chun on the first draft of this working paper.



Endnotes

¹ Tang Jiaxuan, a former minister in Chinese ministry of foreign affairs, clearly expressed that the stability of the Korean peninsula is conducive to China's strategic interests and concern when Mr. Hayashi Yoshimasa, Liberal Democratic Party (LDP) member of the House of Councilors in the Diet (national legislature) of Japan, leading a delegation of his LDP fellows in the Diet, visited him at the end of December 2011. See *Chosun Daily*, 2011. December 25.

http://news.chosun.com/site/data/html_dir/2011/12/25/2011122500221.html.

² For China's military intervention in the Korean Peninsula in history, see Park, Hongseo. 2006. "A Neorealist Explanation of Chinese Military Intervention in the Korean Peninsula: Power Shifts, Threat Perceptions, and Rational Choice." *Korean Political Science Review* (Korean). 40, no. 1: 181-200.

³ For the Chinese perception of North Korea as a strategic buffer, see Shen, Dingli. 2006 "North Korea's Strategic Significance to China." *China Security* Autumn: 19-34. <http://www.chinasecurity.us/pdfs/Issue4full.pdf>.

⁴ For the argument that North Korea in a desperate economic situation would take an aggressive posture, see Cha, Victor D. 2002. "Hawk Engagement and Preventive Defense on the Korean Peninsula," *International Security* 27, no. 1: 40-78.

⁵ For comprehensive bilateral relations between China and North Korea, see Scobell, Andrew. 2004. "China and North Korea: From Comrades-in-Arms to Allies at Arm's Length," SSI (*Strategic Studies Institute*) Monograph March. <http://www.carlisle.army.mil/ssi/pdf/PUB373.pdf>; Byman, Daniel and Jennifer Lind. 2010. "Pyongyang's Survival Strategy: Tools of Authoritarian Control in North Korea," *International Security* 35, no. 1 Summer: 44-74.

⁶ In addition, Goldstein also includes "serious reform" and "transformation" as scenarios for the future security situation on the Korean Peninsula. China may welcome North Korea's serious reform, which directs Pyongyang's commitment to follow China's successful path of reform and open door policies. Contrastingly, China may be reluctant to see North Korea's transformation, which assumes North Korea's collapse and subsequent unification of the peninsula in favor of Seoul. See Goldstein, "Across the Yalu," pp. 141-143.

⁷ For the Chinese dilemma over North Korea's nuclear test, see Swaine, Michael D. 2009 "China's North Korean Dilemma," *China Leadership Monitor*, no. 30 Fall. <http://media.hoover.org/sites/default/files/documents/CLM30MS.pdf>.



⁸ For the serious economic repercussion of Pyongyang's currency reform on its society, see Lee, Younghoon. 2010. "North Korea's Economic Crisis: Review and Speculation [Korean]" JPI Policy Forum, No 20110-8 March. Jeju Peace Institute. <http://www.jpi.or.kr/contents/?mid=KR1710>.

⁹ For a comprehensive analysis of the Six-Party Talks, see Bajoria, Jayshree. 2009. "The Six-Party Talks on North Korea's Nuclear Program." *Backgrounder* July 1. <http://www.cfr.org/proliferation/six-party-talks-north-koreas-nuclear-program/p13593>, and also see the U.S. State Department's official website <http://www.state.gov/p/eap/regional/c15455.html>.

¹⁰ Gintner, Lawrence E. 2008. "The Six-Party Talks and the Future Denuclearization and Rehabilitation of North Korea," *Pacific Focus* 23, no 3 December: 294-311; Kwak, Tae-Hwan. 2010. "The Six-Party Talks and North Korea's Denuclearization: Evaluation and Prospects," *Pacific Focus* 25, issue 2 August: 211-236. Even some Chinese scholars, including Yan Xuetong of Qinghua University, have claimed that the Six-Party Talks have failed to move toward the North's denuclearization. See Cong, Zhang. 2009. "Yan Xuetong: Chaohemiju caixiang [Yan Xuetong: Speculating the ambiguities of North Korean nuclear capability]," *Lingdao Wencui [Leaders' Literary Collection]*, no. 9: p.135. In addition, Zhang Liangui, Wang Zaibang and Li Ju also have negative perspectives on the future prospects of the Six-Party Talks.

¹¹ For a study claiming that North Korea's nuclear capabilities reach a level of concerning, see Moon, Juhyun. 2010. "Haiksilhum ul Tonghae bon Bukhan ui Haknungryok [An Evaluation of North Korea's Nuclear Capability Based on Nuclear Tests]," *Tongil Munjae Yongu [Journal on Unification Issues]* no. 53: 41-58.

¹² For a negative evaluation of the Six-Party Talks for Pyongyang's denuclearization, see Feaver, Peter. 2010. "Time to give up on six-party talks?" *Foreign Policy*, November 30. http://shadow.foreignpolicy.com/posts/2010/11/30/time_to_give_up_on_six_party_talks; Snyder, Scott., Ralph Cossa and Brad Glosserman. 2006. "Whither the Six-Party Talks?" *United States Institute of Peace* May. <http://www.usip.org/publications/whither-six-party-talks>.

¹³ For the U.S.-North Korean agreement on February 29, 2012, see *The Economist*. 2012. "Leap of Faith: North Korean Nuclear Progress," March 1. <http://www.economist.com/blogs/banyan/2012/03/north-korean-nuclear-progress>; *The Economist*. 2012. "Admission of Failure: North Korea's botched "satellite" launch," April 13. <http://www.economist.com/blogs/banyan/2012/04/north-koreas-botched-satellite-launch>.



¹⁴ For Chinese perception of the Six-Party Talks, see Chu, Shulong and Xinzhu.Lin. 2008. “The Six-Party Talks: A Chinese Perspective,” *Asian Perspective* 32, no. 4: 29-43. <http://www.asianperspective.org/articles/v32n4-c.pdf>

¹⁵ For China’s reaction to Pyongyang’s nuclear test, see Glaser, Bonnie S. 2009. “China’s Policy in the Wake of the Second DPRK Nuclear Test,” *China Security*. 5, no. 2: 1-11; Zhang, Hui. 2009. “The North Korean nuclear test: The Chinese reaction,” *Bulletin of the Atomic Scientists*. 2 June. <http://www.thebulletin.org/web-edition/features/the-north-korean-nuclear-test-the-chinese-reaction>. For scientific data on North Korea’s nuclear test, see Fedchenko, Vitaly. 2009. “North Korea’s Nuclear Test Explosion, 2009.” SIPRI Fact Sheet, December. <http://books.sipri.org/files/FS/SIPRIFS0912.pdf>. For the US reaction, see Medalia, Jonathan. 2010. “North Korea’s 2009 Nuclear Test: Containment, Monitoring, Implications.” *CRS Report for Congress*. November 24. <http://www.fas.org/sgp/crs/nuke/R41160.pdf>.

¹⁶ China’s policy of consistent economic assistance to North Korea has remained even after Kim Jong-un’s malicious missile test on April 13, 2012. The U.S. even suspected China’s potential assistance to the North’s missile program. See Ryan, Missy. 2012. “China assisting North Korean missile program: Panetta,” *Reuters*, April 20. <http://www.reuters.com/article/2012/04/20/us-usa-northkorea-china-idUSBRE83I1JQ20120420>.

¹⁷ For May 24 measure, see Foster-Carter, Aidan. 2010. “South Korea-North Korea Relations: On the Edge,” *Comparative Connections* 12, no. 2: July. http://csis.org/files/publication/1002qnk_sk.pdf.

¹⁸ For the post-*Cheonan* Sino-North Korean economic relations, see Kim, Sung Chull. 2010. “Coercion Versus Engagement: The *Cheonan* Incident and Its Aftermath,” *EAI Background Brief*. No. 564: October 1. http://www.eai.nus.edu.sg/Vol2No4_SungChullKim.pdf.

¹⁹ For a comprehensive explanation of the Chang-Ji-Tu development, see “Chang-Ji-Tu guihua gangyao [A comprehensive summary of Chang-Ji-Tu].” 2009. December 18. <http://panshi.jlfda.gov.cn/CL0147/2642.html>. A detailed study about the Chang-Ji-Tu, see Choi, Wugil. 2010. “China’s Northeastern Development Project and Chang-Ji-tu (Korean),” *Korean Journal of Northeast Asia*. vol. 57: pp. 35-59; KIEP Beijing Office, “China’s Third Tuman Cooperation Project (Korean),” <http://www.kiep.go.kr/skin.jsp?page=4&num=184936&mode=view&field=&text=&grp=publication2&bid=Pub0303&ses=USERSESSION&psize=10r>. Thompson, Drew. “Silent Partners: Chinese Joint Ventures in North Korea,”



<http://uskoreainstitute.org/research/special-reports/silent-partners-chinese-jointventures-in-north-korea>.

²⁰ For Chinese perception of Chang-Ji-Tu, see *People's Daily*. 2009. "Chang-Ji-Tu, zhenxing dongbei xinyinqing[chang-ji-tu, Promoting the New Engine in Northeastern Provinces]." November 17. <http://finance.people.com.cn/GB/10388383.html>.

²¹ *Huanqiu wang [Global Times]*. 2010. "Zhuanjia cheng Meiguo zai Zhongguo zhoubian pinpin xuanwu Beihou xinli shiheng [An expert says there is a psychological imbalance behind the US' frequent military exercise around China]." August 18. http://world.huanqiu.com/roll/2010-08/1023035_2.html; *Liaowang GuanCha*. 2012. "Yangpingdao paosheng yu Meiguorende yinying [Bombardment of Yeonpyeong island and Americans' shadow]." May 5. <http://www.lwgcw.com/NewsShow.aspx?newsId=16988>; *People's Daily*. 2010. "Loushou shaojiang shendu pouxi Zhongguo fandui Meihan Huanghai junyande wudian yiju [General Luoshou deeply analyzes 5 rationales of China's opposition against the US-Korean joint military exercise in the Yellow Sea]." July 13. <http://military.people.com.cn/GB/42969/58519/12132612.html>.

²² "Zhongchao liji zhuochu zhenjing shijiede xingdong [China and North Korea will implement actions surprising the world soon: Responding to any event happen on the peninsula]." <http://military.china.com/critical3/27/20101203/16277137.html>.

²³ One of the major events to reflect this argument was Pyongyang's recent launch of a rocket on April 13, 2012. Despite pressure from China, the North launched its so-called "satellite" in an uncompromising fashion. See Snyder, Scott and See-won Byun. 2012. "China's Post-Kim Jong Il Debate," *Comparative Connections* 14, no. 1: April. http://csis.org/files/publication/1002qnk_sk.pdf.

²⁴ Majority of South Korea's opposition news media urge the Lee administration to resume economic interaction with the North as early as possible.



References

- Goldstein, Avery. 2006. "Across the Yalu: China's Interests and the Korean Peninsula in a Changing World." in Alastair Iain Johnston and Robert S. Ross, ed., *New Directions in the Study of China's Foreign Policy*. Stanford : Stanford University Press. pp. 131-161.
- Scobell, Andrew. 2004. *China and North Korea: From Comrades-in-Arms to Allies at Arm's Length*. Strategic Studies Institute of the US Army War College (SSI). Carlisle, United States.
- Nanto, Dick K. and Mark E. Manyin. 2010. "China-North Korea Relations," *CRS Report for Congress*. December 28. <http://www.fas.org/sgp/crs/row/R41043.pdf>.
- Chanlett-Avery, Emma. 2012. "North Korea: U.S. Relations, Nuclear Diplomacy, and Internal Situation," *CRS Report for Congress*. January 17. <http://www.fas.org/sgp/crs/nuke/R41259.pdf>.
- Thompson, Drew. 2010. "China's Perspective of Post-Cheonan Regional Security," AIPS Symposium on "Post-Cheonan Regional Security, Seoul Korea. August 13; 2010. Michael D. Swaine, "Perceptions of an Assertive China," *China Leadership Monitor*. no. 32: Spring. <http://www.hoover.org/publications/china-leadership-monitor/article/5297>; Swaine, Michael D. 2011. "China's Assertive Behavior Part One: On "Core Interests"," *China Leadership Monitor*. no. 34: 2011. <http://www.hoover.org/publications/china-leadership-monitor/article/67966>.
- Michishita, Narushige. 2009. "Playing the Same Game: North Korea's Coercive Attempt at U.S. Reconciliation." *Washington Quarterly*, vol. 32, no. 4, October: pp. 139-152.
- Byun, See-Won. 2010. "North Korea's Provocations and Their Impact on Northeast Asian Regional Security," *North Korea's Provocations*. Center for U.S.-Korea Policy. December. <http://asiafoundation.org/resources/pdfs/ByunNorthKoreasProvocationsDec2010.pdf>.
- Lim, Sunhee and Kyoduk Lee. 2011. "Recent Perceptual Changes among the North Korean citizens and Regime Instabilities in North Korea: after the currency reform [in Korean]." *Analysis of Unification Contour* 2011-05. Korean Institute for National Unification. <http://www.kinu.or.kr/upload/neoboard/DATA02/uni11-05.pdf>.
- Hayes, Peter and Michael Hamel-Green. 2010. "The Path Not Taken, the Way Still Open: Denuclearizing the Korean Peninsula and Northeast Asia" *Special Report* 10-001: January 5th. <http://www.nautilus.org/fora/security/10001HayesHamelGreen.pdf>.



- Liu, Ming. 2007. "Chaoxian He Shixian Yu Liufang Huitan: Pinggu Yu Zhuanwang [North Korea's nuclear test and the Six-Party Talks: Evaluations and Prospects]." *Guoji GuanCha [International Observation]*. no. 3
- Shi, Yuanhua. 2007. "Chaoxian heshizha yu chongkai liufang huitan [North Korean nuclear test and resumption of the Six-Party Talks]." *Dongbeiya Luntan [Northeast Asian Dialogue]*. no. 1
- Shen, Dingli. 2008. "Yazhou yu shijie de hewenti [East Asia and International nuclear problem]." *Guoji GuanCha [International Observation]*. no. 4
- Li, Bin. 2009. "Chaohe wenti yu chaoxian bandao jianli anquan guizhide qianjing [North Korean Nuclear Problem and Prospects for the establishment of Security Regulations on the Korean Peninsula]." *Shijie Jingji yu Zhengzhi [World Economics and Politics]*. no. 12.
- Um, Sangyoon. 2011. "Speculation for the resumption of the Six-Party Talks and Future orientation for Korea's responses (Korean)." *Situation and Policies*. Sejong Institute, September. http://www.sejong.org/Pub_ci/PUB_CI_DATA/k2011-09_4.PDF.
- Lee, Namju. 2011. "Changes in China's North Korean Policy and North Korea's Reform and Open Door (Korean)," <http://www.kifs.org/contents/sub3/forum.php?method=info&searchKey=&searchWord=&offset=&slId=2467>.
- Yoo, Seung-kyung. 2010. "North Korea's Deepening Economic Dependency on China [Korean]," *LG Business Insight*. No. 1112. www.kefplaza.com/labor/down.jsp?idx=9408&fileId=9087.
- Thompson, Drew. 2011. "Silent Partners: Chinese Joint Ventures in North Korea," Monograph, *A U.S.-Korea Institute at SAIS Report*. February. <http://uskoreainstitute.org/research/special-reports/silent-partners-chinese-jointventures-in-north-korea>.
- Jin, Meihua. 2010. "Yanpingdao shijiande beihou jiaoli [Behind Competition of the Yeonpyeong island incident]." *Shijie Zhishi*, no. 24. <http://mall.cnki.net/magazine/Article/SJZS201024020.htm>
- Xinhua Xinwen*. 2010. "Yanpingdao shijiande beihou jiaoli: hui dailai zhanzheng ma? [Behind Competition of the Yeonpyeong island incident: Does this possibly cause a war?]." December 15. http://news.xinhuanet.com/world/2010-12/15/c_12882210.htm.



Author's Biography

Sukhee Han
Yonsei University

Sukhee Han is currently an associate professor of Chinese studies at the Graduate School of International Studies, Yonsei University. He completed both undergraduate and MA program at the Department of Political Science and Diplomacy, Yonsei University. He continued his M.A.L.D. and Ph.D. degree programs at the Fletcher School of Law and Diplomacy. With the completion of his Ph.D. in 1998, he moved to Beijing and accumulated his career as a lecturer at Peking University's School of Government and as a research fellow at the Chinese Academy of Social Science in Beijing. Professor Han's area of interest is in Chinese security and foreign policy as well as business practices in China. His recent English publications include "South Korea between the United States and China since the Global Financial Crisis" (2010), "The Evaluation of Beijing Consensus: A Case of China-Angola Relations"(2009), "China's Pursuit of Peaceful Power Transition: A Case of ICT" (2009), "Public Diplomacy between China and the World: The 2008 Beijing Olympic Torch Relay, A Test Case"(2009), "The Rise of China, Power Transition and South Korea's Soft Hedging"(2009), "Support and Apprehension: Chinese Views on the US Presidential Election"(2009), and "From Engagement to Hedging: South Korea's New China Policy" (2008).

Knowledge-Net for a Better World

- This article is the result of the East Asia Institute's research activity of the Asia Security Initiative Research Center.
- Any citation or quotation is prohibited without prior permission of the author.
- The contents of this article do not necessarily reflect the views of the EAI.
- The East Asia Institute, an Asia Security Initiative core institution, acknowledges the MacArthur Foundation for its generous grand and continued support.

