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**NAVAL
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MONTEREY, CALIFORNIA

THESIS

**CHINA AND NORTH KOREA: A PECULIAR
RELATIONSHIP**

by

David M. Mrosek

March 2011

Thesis Co-Advisors:

Alice Miller
James Clay Moltz

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CHINA AND NORTH KOREA: A PECULIAR RELATIONSHIP

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Lieutenant, United States Navy
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Submitted in partial fulfillment of the
requirements for the degree of

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(FAR EAST ASIA, SOUTHEAST ASIA, AND THE PACIFIC)**

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ABSTRACT

Since Beijing organized the six-party talks in 2003 and persuaded North Korea to participate, much of the international community has applauded China's leadership in attempting to stabilize the region. However, some U.S. policymakers and regional experts have mistaken China's preference for a non-nuclear Korea as indication that Beijing's policy goals are more similar to U.S. policy goals than is accurate. Some mistake China's policy priorities in the region and, therefore, do not understand why Beijing does not take a more hard-line stance against North Korea. Others overestimate China's ability to influence North Korea. The purpose of this thesis is to provide a clearer understanding of Beijing's short-term and long-term policies toward North Korea and the limits of Beijing's ability to influence Pyongyang's behavior, in order to assist U.S. policymakers in formulating realistic strategies toward interaction with China on Korean peninsula issues.

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LIST OF ACRONYMS AND ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
CCP	Chinese Communist Party
CRS	Congressional Research Services
DPRK	Democratic People's Republic of Korea
FDI	Foreign Direct Investment
HEU	Highly Enriched Uranium
IAEA	International Atomic Energy Agency
JIG	Joint Civil Military Investigation Group
JDF	Japanese Self-Defense Forces
KIC	Kaesong Industrial Complex
KMT	Kuomintang
KWP	Korean Workers Party
NPT	Non-Proliferation Treaty
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PRC	People's Republic of China
ROK	Republic of Korea
SCO	Shanghai Cooperation Organisation
SEZ	Special Economic Zone
WFP	World Food Program

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I. INTRODUCTION

A. THE *CHEONAN*

On 20 May 2010, an international “Joint Civil Military Investigation Group” (JIG) composed of technical experts from the United States, Australia, Britain and Sweden concluded that a Republic of Korea (ROK) naval vessel, the *Cheonan*, which sank off the coast of South Korea two months earlier, had been destroyed by a torpedo and that, “the evidence points overwhelmingly to the conclusion that the torpedo was fired by a North Korean submarine.”¹ Washington characterized the attack as an “act of aggression” and South Korea promised “stern action.”² The People’s Republic of China (PRC), in much softer language, “has called for restraint on all sides.”³ This tolerant tone is in character with China’s historic support for North Korea. While in recent times, China may have joined the United Nations in condemning North Korea’s nuclear ambitions, there is a distinct difference in Beijing’s attitude and level of concern for North Korea’s “rogue” behavior compared to that of the United States and its regional partners.

Beijing’s policy goals toward the Korean peninsula do not correlate with stated U.S. goals of “peaceful reunification on the principles of free democracy and a market economy.”⁴ But then, what exactly are China’s goals for the Korean peninsula? What does China desire in the short term and the long term? How strongly is China able to influence North Korea in pursuit of its objectives? In order to understand China’s behavior in Korean peninsula affairs, it is necessary to define China’s policy goals toward North Korea and assess its ability to achieve them. Only by understanding China’s

¹ “‘North Korean torpedo’ sank South’s navy ship—report,” *BBC News*, May 20, 2010, accessed May 20, 2010, http://news.bbc.co.uk/2/hi/world/asia_pacific/10129703.stm.

² *Ibid.*

³ *Ibid.*

⁴ “Joint Vision for the Alliance of the United States of America and the Republic of Korea,” The White House Office of the Press Secretary, June 16, 2009, accessed June 1, 2010, http://www.whitehouse.gov/the_press_office/Joint-vision-for-the-alliance-of-the-United-States-of-America-and-the-Republic-of-Korea/.

intentions and limitations, can Beijing's interaction with regional and international powers in negotiations with North Korea be appreciated.

B. IMPORTANCE

China's policy objectives toward North Korea affect U.S. foreign policy in three areas: nuclear proliferation; stability within the region; and growing Chinese economic and political power. In each of these areas, U.S. policymakers must understand China's point of view in order to determine whether and how China's objectives can coincide with U.S. policy. Sino-U.S. cooperation over Peninsula affairs is a litmus test of whether Washington will be able to respond to China's rise in a competitive or in a cooperative manner, and determine if China will become a rival or a regional partner in ensuring global peace and stability.

Since Beijing organized the six-party talks in 2003, and persuaded North Korea to participate, much of the international community has applauded China's leadership in attempting to stabilize the region. However, some U.S. policymakers and regional experts have mistaken China's preference for a non-nuclear Korea as an indication that Beijing's policy goals are more similar to U.S. policy goals than is accurate. Some mistake China's policy priorities in the region and, therefore, do not understand why Beijing does not take a more hard-line stance against North Korea. Others overestimate China's ability to influence North Korea. *New York Times* columnist Thomas Friedman once indicated that China could resolve the North Korean nuclear issue by saying to Pyongyang, "You will shut down your nuclear weapons program and put all your reactors under international inspection, or we will turn off your lights, cut off your heat and put your whole country on a diet. Have we made ourselves clear?"⁵ Friedman fails to recognize all of the dynamics involved in China and North Korea's relationship, which prevent China from taking such drastic measures, and Friedman is not alone in his misperception.

⁵ Thomas Friedman, "Brussels Sprouts," *New York Times*, May 11, 2005, accessed May 28, 2010, <http://www.nytimes.com/2005/05/11/opinion/11friedman.html>.

According to a 2010 report for Congress, “the exact nature of China’s security concerns, its political objectives, and the extent of its influence on North Korean actions has remained elusive to many observers of PRC-North Korean relations.”⁶ That lack of knowledge has made deciphering Beijing’s reactions toward North Korean crises difficult to comprehend or predict. The purpose of this thesis is to provide a clearer understanding of Beijing’s short-term and long-term policies toward North Korea and the limits of Beijing’s ability to influence Pyongyang’s behavior in order to assist U.S. policymakers in formulating realistic U.S. strategies toward interaction with China on North Korean issues.

C. HYPOTHESES

This thesis posits three hypotheses. China’s short-term objective for the Democratic People’s Republic of Korea (DPRK) is to maintain the status quo. China’s long-term objective is to encourage an evolution of the DPRK into a stable and economically prosperous, nonnuclear regime that remains aligned toward Beijing. Lastly, China’s relationship with North Korea is less coercive in nature than many believe, and instead is one of peculiar interdependence.

Beijing does not advocate Pyongyang’s pursuit of nuclear weapons, nor does it desire the regional instability and threat of war resulting from North Korea’s unpredictable and provocative behavior, such as the recent sinking of the *Cheonan*. However, recognizing Pyongyang’s entrenched position and determination to maintain its current regime, Beijing prefers to maintain the status quo over any other options that might result in instability or war. An often-heard quip regarding Beijing’s policy on North Korea is, “No war, no collapse, and no nukes.” Therefore, in the short term, Beijing may cooperate with some international measures in an attempt to influence Pyongyang, but it will not advocate any attempts to effect regime change either by war or economic strangulation. It will continue to advocate diplomatic measures and peaceful methods to convince North Korea to denuclearize and to behave.

⁶ Dick K. Nanto, Mark E. Manyin, and Kerry Dumbaugh, eds., “China–North Korea Relations,” Congressional Research Service, January 22, 2010, 3.

Despite Chinese rhetoric in support of peaceful unification of the Koreans, Beijing fears that a unified Korea would have strong ties with the United States, eliminating the buffer zone that North Korea provided. A reunified Korea would also eliminate North Korea's value as political and military leverage against the U.S. stance on Taiwan. Lastly, China has a population of nearly two million ethnic Korean-Chinese living just north of the Chinese-North Korean border. A unified Korea might provide the impetus for a separatist movement. Therefore, instead of a reunified Korea, China's long-term objective is to encourage an evolution of the DPRK into a stable and economically prosperous, non-nuclear regime that remains aligned toward Beijing.

While China's position as Pyongyang's largest trade partner and its primary external source of food and fuel would indicate a potential for a unilateral coercive relationship, in reality, North Korea seems to have surprisingly strong leverage against Beijing. Pyongyang has proven masterful at manipulating China's fears of collapse and regional instability to balance against Beijing's economic influence. Pyongyang is also aware of its significance to Beijing's core interest in reunification of Taiwan and employs that knowledge to directly counter Beijing's attempts to influence Pyongyang. By manipulating these factors in its favor, North Korea has succeeded in avoiding a one-sided dependence on China and instead has established a peculiar interdependency between the two nations.

D. TOPICS AND SCOPE BY CHAPTER

The purpose of this thesis is to provide a better understanding of Beijing's short-term and long-term policies toward North Korea and the limits of Beijing's ability to influence Pyongyang's behavior. This knowledge will hopefully assist U.S. policymakers in formulating constructive strategies toward interaction with China on North Korean issues. This thesis focuses on specific factors that have impacted Beijing's preferences toward the Korean peninsula and limit its coercive capabilities over Pyongyang. These include: the current nature of China and North Korea's historic alliance; China's broader foreign policy priorities and specifically toward the Korean peninsula; Pyongyang's significance to China's policy objectives; China and North

Korea's economic relationship; and Pyongyang's understanding and ability to manipulate international dynamics in its favor. Exploration of these factors facilitates the construct of a credible framework to test the three hypotheses of this thesis. In order to logically present the research and summary findings, the remainder of this thesis has been organized in the following manner.

Chapter II provides a framework necessary to understand Chinese-North Korean relations today. It begins with a brief historical overview of China and North Korea's relationship and explores the growth and eventual deterioration of Chinese and North Korean cultural bonds. Today, common anti-Japanese and anti-U.S. sentiments are the most significant common views shared by China and North Korea. Next this chapter provides a broad overview of China and North Korea's national security concerns and policy priorities. China's strategic objectives are to maintain stability and peace in order to continue its economic rise. North Korea's primary objective is to achieve nuclear weapons state status and thereby render itself largely immune from external intervention into its domestic affairs. Both nations perceive the United States simultaneously as the greatest potential facilitator, and the biggest obstacle, in achieving their respective political objectives.

Chapter III gathers and evaluates evidence that provide indications of Beijing's preferences for the Korean peninsula. Beijing's official policy toward Pyongyang has evolved from a well articulated security partnership into a more ambiguous relationship, except in the case of denuclearization. In the face of this ambiguity, three approaches are taken to establish China's actual preferences toward North Korea. The first approach is a comparison of the most prevalent arguments regarding Pyongyang's significance to Beijing. The validity of these arguments is tested against key characteristics of China's broader foreign policy. The results indicate that North Korea's primary significance to China is in its role as political and military leverage over the United States position on Taiwan, and in North Korea's role as a buffer between U.S. and Chinese forces. The second approach is a case by case study of China's responses to North Korean provocations since the Korean War. The evolution of China's stance against nuclear proliferation and North Korea's recent success in developing nuclear weapons has placed

Beijing and Pyongyang at odds. As a result, China has recently adopted a more punitive approach toward constraining Pyongyang's behavior, but has not changed its consistent preference for peaceful means to resolve the Korean peninsula dilemma. The third approach is an in-depth exploration of China's perspective of collapse or war on the Korean peninsula and how that perspective limits Beijing's policy options. China's stance against collapse or war is not unique; arguably no nation desires either scenario, but the consequences for China would be unique in scope and nature. Beyond the immediate consequences of a war or collapse on the Korean peninsula, Beijing also fears potential long-term repercussions to China's national security.

Chapter IV applies the evidence gathered in the previous chapters to prove the first two hypotheses of this thesis. It begins by establishing why Beijing prefers a continued status quo on the Korean peninsula in the short term. Based on a broad consensus that China's primary objective is stability and that China fears war or collapse, there is little argument against this perception. Some conjecture that changing international dynamics and increasing instability caused by North Korea's provocations may be causing a shift in China's stance. As a variation, there is also the speculation that these changing dynamics may provide a window of opportunity to urge China to change its stance. This thesis argues that while there are some elements of truth to these speculations, there is no conclusive evidence to support a belief that China would be willing to pursue regime change in North Korea.

In contrast to the broad consensus on Beijing's preferences for North Korea in the short term, there are various schools of thought on China's preferences in the long term. These differences range from whether or not Beijing desires a reunified Korea or two separate Koreas; and Beijing's preference on the political nature of a future separate North Korea, ranging from neutrality, socialism, or just political alignment with China versus the United States. After addressing each of these arguments separately based on the framework and evidence established in the previous chapters, this section concludes that in the long term, Beijing desires Pyongyang's gradual evolution into a stable and economically prosperous, non-nuclear regime, aligned with Beijing.

Having established Beijing's preferences for the Korean peninsula, Chapter V explores Beijing's ability to influence Pyongyang in pursuit of those preferences. Despite Beijing's position as North Korea's largest trade partner and its greatest source of foreign aid, Beijing's coercive capabilities are limited by two factors that are often minimized. Beijing is not North Korea's only source of trade and foreign assistance. Pyongyang has demonstrated a remarkable ability to procure other sources of revenue and survive extreme economic hardship in the meanwhile. Secondly, Pyongyang has demonstrated that it is keenly aware of its strategic importance to China and has utilized that knowledge to counter Beijing's economic leverage. Placing China's economic leverage in perspective and demonstrating Pyongyang's ability to counter Beijing's economic leverage presents a clearer picture of China and North Korea's relationship. Contrary to what some believe, it is not an asymmetrical coercive relationship slanted in Beijing's favor. Instead, as the third hypothesis of this thesis suggests, it is one of peculiar interdependence, based on each country's reliance on the other to achieve its respective strategic goals.

The concluding Chapter VI summarizes the findings of this thesis and identifies areas for additional research. This thesis focuses on the key players in Korean peninsula dynamics, but in doing so, marginalizes the impact of broader international dynamics such as the rise of India or the growing role of international institutions. Written from a realist viewpoint, this thesis largely focuses on broader security concerns of state actors and does not take into account the value of alternative theoretical viewpoints such as competing elite perspectives that would be covered from a constructivist viewpoint. With flaws and limitations considered this thesis then offers some recommendations for policy makers.

Washington and Beijing do not share the same priorities when dealing with North Korea. Considering the primacy of Taiwan reunification as one of China's core strategic concerns and North Korea's manipulation of that factor, U.S. policy makers might want to consider a comprehensive approach to resolving the North Korean and Taiwan dilemmas. Outside of that, if Washington is not willing to risk war against North Korea to effect regime change, policy makers may want to come to grips with the fact that

China is not likely to change its preferences on the Korean peninsula to suit the United States. The United States can pursue its current course, follow China's lead on engagement with Pyongyang, or pursue bilateral engagement with Pyongyang.

II. BIG BROTHER–LITTLE BROTHER

A. EVOLUTION OF SINO-NORTH KOREAN RELATIONS

1. New Bonds Formed in the Fire of Revolution and War

Chinese and North Koreans share an ancient history dating back thousands of years. In this age-old relationship, China enjoyed the role of “big brother” to Korea’s “little brother,” as Koreans perpetually looked toward China as the epicenter of culture and civilization. In more recent times, China and North Korea have forged new bonds in the fires of communist revolution, the horrors of Japanese occupation, and the fierce battles and tribulations shared in the brutal Korean War. These bonds were based on common ideology, anti-Japanese sentiment, and anti-U.S. sentiment. Communism, exported from the Soviet Union, shaped the birth of China’s and North Korea’s modern incarnations as the People’s Republic of China (PRC) and the Democratic People’s Republic of Korea (DPRK). The Chinese Communist Party (CCP) that defeated the Chinese Nationalists and took power in 1949 was created with financial support and ideological guidance from Moscow. The Soviets occupied the northern half of the Korean peninsula upon agreement with the United States to accept the surrender of Japanese forces on the peninsula the end of World War II and orchestrated the Korean Workers Party’s (KWP) eventual ascendance to power in 1948. Many of the senior leaders in both the CCP and the KWP received their political educations in the Soviet Union and throughout the reign of Joseph Stalin, China and North Korea maintained very close relations with their ideological progenitor. As a result of the Sino-Soviet split in the 1960s, the eventual collapse of the Soviet Union in 1991 and China’s and North Korea’s divergence from Marxist-Leninist communist principles, ideological bonds between China and North Korea have diminished.

In contrast, the brutal Japanese occupation of Korea since 1910 and parts of China during World War Two (WWII) continue to bind Chinese and Koreans in a common hatred for the Japanese. During their occupation of Korea, the Japanese attempted to wipe out the Korean culture, forcing the Koreans to speak and write only in Japanese.

Many Korean women were forced to serve as prostitutes known as “comfort women” to satiate Japanese soldiers. Things were no better in Japanese-occupied China. In a particular brutal event, known as “the Rape of Nanking,” Japanese soldiers butchered hundreds of thousands of unarmed Chinese men, women, and children. Often the ingrained hatred and distrust for the Japanese are reignited by perceptions of resurgent Japanese nationalism. When Japanese Prime Minister Koizumi visited a Japanese war shrine in 2002 that housed the remains of known Japanese WWII war criminals, both China and North Korea responded with outrage and protest.⁷

Chinese and North Korean cultural bonds and a common anti-U.S. sentiment played an important factor in Beijing’s decision to enter the Korean War in 1950. The “Big Brother–Little Brother” relationship facilitated Mao Zedong’s efforts to raise strong public support for the war effort despite the reticence of many other Chinese leaders.⁸ Because of the strength of ideological rifts during the Cold War era, the United States was perceived as the greatest external threat to both the PRC and the DPRK in the 1950s. This perception heavily influenced China’s decision to assist North Korea as Beijing feared an American military presence on the Korean Peninsula so close to China. According to some estimates, China suffered over 900,000 casualties and North Korea over 600,000, during the three-year conflict.⁹ Although China and the United States would grow increasingly close over the next six decades, China and North Korea have never stopped perceiving the United States as a significant external threat.

B. A DIVERGENCE IN PATHS

1. North Korea

North Korea’s isolationist tendencies are rooted in Kim Il-Sung’s political philosophy of self-reliance known as “*Juche*.” Kim Il-Sung perpetuated “*Juche*” as a means of consolidating his personal power. By isolating North Korea from the outside

⁷ John Cherian, “A Visit and Its Aftermath,” *Frontline* 18 (2001):15–28.

⁸ Andrew Scobell, *China and North Korea: From Comrades-In-Arms to Allies at Arm’s Length* (Carlisle, PA: Strategic Studies Institute, 2004), 1.

⁹ Michael Hickey, “The Korean War—an Overview,” *BBC*, last updated March 10, 2011, accessed March 10, 2011, http://www.bbc.co.uk/history/worldwars/coldwar/korea_hickey_01.shtml#four.

world, Kim began incrementally recreating North Korean reality. Kim Il-Sung perverted the communist principle on which the DPRK had been founded into a cult of personality based on totalitarian dictatorship. Over the 40 years he reigned, Kim instituted ritual adulation for his person, rewrote history books, and built great monuments to portray himself as the savior of the Korean people from the Japanese and American devils. During this period, Kim Il-Sung marginalized the part Chinese played in the Korean War. The sum total of Kim's efforts had the effect of raising him to a level of near-divinity in the eyes of common North Koreans.¹⁰

Kim Il-Sung designed and implemented an incredibly rigid hierarchical and hereditary governing structure built specifically to ensure the survival of his regime. His son, Kim Jong-Il adopted his father's leadership style and has perpetuated the totalitarian nature of the regime. All media is under state control, freedom of speech is nonexistent, travel out of the country, except for government elites, is strictly prohibited. All visitors into the country are closely monitored and allowed limited freedom of movement. Over the last two decades, there has been a slight increase in information flow into North Korea, primarily from China. Growing illicit activities in the porous border regions has facilitated transference of information into North Korea. Yet by all indications, the increased flow of information has had little impact on the regime's control over the population. Today many consider North Korea as the most closed off society in the modern world. The average North Korean is lucky to have a television or radio regulated to allow only government controlled broadcasts and only the most trusted elites are allowed to have cell phones, access to the Internet, or travel outside the country.¹¹

Since before the Korean War, North Korea's primary goal has been to effect a reunification of the Koreas under Pyongyang's rule. That goal seemed plausible for the first two decades, based on comparable economic performance in the North and the South and North Korea's superior military forces. South Korea's economic boom in the 1970s,

¹⁰ Andrei Lankov, *North of the DMZ* (Jefferson, NC, and London: McFarland and Company, Inc., 2007), 7–30.

¹¹ Ralph Hassig and Kongdan Oh, *The Hidden People of North Korea: Everyday Life in the Hermit Kingdom* (Plymouth, UK: Rowman and Littlefield Publishers, Inc., 2009), 158–164.

North Korea's failing economy, the loss of Soviet support, and the questionable military support of China has since made reunification under Pyongyang unlikely.

North Korea's economy managed to rebound from the devastation of U.S. air strikes during the Korean War and prospered at least until the late 1960s. North Korea was rich in ores and hydroelectric sources of power. A heavy industrial infrastructure set up by the Japanese and rebuilt and expanded upon by the Soviets allowed a motivated North Korean workforce to produce goods in sufficient amounts to offset the inherent fallacies of a command economy, at least for a while.¹²

By the early 1960s, Kim Il-Sung's decision to focus North Korea's production capabilities on its military industrial complex and the inherent failure of command economies to respond to demand signals resulted in progressive stagnation of the DPRK's economy. From the 1970s to 1990, North Korea continued surviving just above starvation levels through foreign aid provided primarily by the Soviet Union.¹³ When the Soviet Union collapsed in 1991, North Korea was devastated by the massive loss of revenue and entered into its bleakest economic years.¹⁴ The death of Kim Il-Sung in 1994 was followed by the worst flooding and famine to have ever occurred in North Korea. From 1995–1997, as many as two million North Koreans starved to death.¹⁵

After consolidating his power base under a “military first” philosophy that further drained the resources of a struggling economy, in 2001, Kim Jong-Il began a series of experimental economic ventures with varying levels of success but no true economic

¹² Hassig and Oh, *The Hidden People of North Korea*, 69.

¹³ Ibid.

¹⁴ The Soviet Union's drawdown of foreign aid and cooperation with North Korea had already begun in the late 1980's as Mikhail Gorbachev pursued greater engagement with the West and was distancing the USSR from the DPRK. In response to Moscow's announcement that it was going to normalize relations with South Korea in September 1990, Pyongyang notified Moscow that such a move would end the 1961 Mutual Defense Treaty and indicated that North Korea would pursue nuclear weapons to replace the loss of the Soviet umbrella. With the end of treaty, the Soviets largely ended much of its technological and military cooperation with North Korea. Moscow did maintain its position as North Korea's largest trade partner, but this too came to an end in 1991, when the Soviet economic system collapsed. See James Moltz, “U.S.-Russian Relations and the North Korean Crisis—A Role for the Russian Far East?” *Asian Survey* 45 (2005): 722–735, and Samuel S. Kim, *North Korean Foreign Relations in the Post-Cold War World* (Carlisle, PA: Strategic Studies Institute, 2007), 21.

¹⁵ Michael J. Seth, *A Concise History of Modern Korea—From the Late Nineteenth Century to the Present* (Plymouth, UK: Rowman and Littlefield Publishers Inc., 2010), 222.

revitalization. These economic ventures ranged from: manipulation of currency value; allowing limited free enterprise at local levels; pursuing joint ventures with foreign investors (primarily from China and South Korea) in designated free trade zones; and increased arms sales to foreign militaries. All of these ventures have failed to revitalize the economy and according to 2009 estimates, North Korea ranks 196th out of 230 countries with a GDP per capita of only \$1,800.¹⁶

North Korea's foremost foreign policy objective today is simply regime survival. Pyongyang is attempting to force the international order to accept it as a nuclear weapons state and thereby render itself largely immune from external intervention and regime change. Pyongyang views the United States simultaneously as its greatest adversary and the key to achieving security in the future. North Korea also engages in nuclear brinkmanship in an effort to pressure the United States into conceding guarantees for its security. Pyongyang's pursuit of nuclear weapons and its constant provocations against South Korea and the United States threatens regional stability. It is primarily because of North Korea's threat to stability in the region that China has increasingly involved itself in peninsula affairs over the last decade.

2. China

In the last 60 years, China has experienced a major cultural, political and economic evolution. From 1950 to the late 1970s, China was one of the world's poorest countries based on per capita GDP.¹⁷ While having some limited success initially, Mao Zedong's highly experimental economic project, "The Great Leap Forward," failed to propel China into industrial viability with the West as hoped, and instead plunged China into one of the worst famines in history, killing as many as 30 million Chinese.¹⁸ China's economic fortune took a turn for the better in the late 1970s when Deng Xiaoping steered China from a socialist command economy to a "market" economy, combined with a

¹⁶ GDP per capita, CIA, *The World Fact Book*, accessed January 12, 2011, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html?countryName=Korea,%20North&countryCode=kn®ionCode=eas&rank=196#kn>.

¹⁷ Susan L. Shirk, *China, Fragile Superpower* (New York: Oxford University Press, 2008), 18.

¹⁸ *Ibid.*

strategy of opening China to the world economy. Deng's progressive economic programs and pursuit of normalized relations with the United States and Japan in the 1970s launched a massive economic boom with often double-digit growth rates. As a result, China has developed into the world's second largest economy, behind only the United States in official GDP.¹⁹

In contrast to North Korea's isolated existence, China has embraced the information age and is heavily integrated into global society. Over 800 million of China's 1.3 billion people use cell phones and over 400 million use the Internet.²⁰ Chinese tourists are found travelling throughout the world and China itself has become a major destination for international travelers. Over the last 60 years, China has emerged from forced isolation during the Mao era to an increasingly active role in world affairs. China has been a member of the United Nations Security Council since 1971 and belongs to many international organizations such as the G20, the International Monetary Fund, the World Bank, and the Shanghai Security Cooperation Organisation (SCO). It is involved in global environmental and humanitarian issues and in international discussions on security and freedom of navigation on the seas.

China's foreign policy today places primacy on stability and development but traditional concerns for issues of sovereignty, especially in regards to Taiwan, remain a core, if secondary, strategic interest. On the domestic front, the CCP is facing increasing unrest ushered in by corruption, income disparity, and other negative aspects associated with liberalization of the market place, increasingly unfettered public access to information, and a rise of Chinese nationalism. In 1993, there were 8,700 reported incidents of mass protest and in 2004, over 74,000, a tenfold increase in one decade.²¹ The CCP must continue China's economic rise or face even greater social unrest, which

¹⁹ GDP, CIA, *The World Fact Book*, accessed on January 12, 2011.
<https://www.cia.gov/library/publications/the-world-factbook/fields/2195.html?countryName=China&countryCode=ch®ionCode=eas&#ch>.

²⁰ "China mobile subscriber total rises to 853 million in January," *Reuters*, February 21, 2011, accessed March 1, 2011, <http://www.reuters.com/article/2011/02/21/us-china-mobile-idUSTRE71K1VM20110221>, and Rocky Fu, "China Internet Users by Numbers Feb 2011," *China Internet Watch*, February 9, 2011, accessed March 1, 2011, <http://www.chinainternetwork.com/926/china-internet-users-2011/>.

²¹ Shirk, *China, Fragile Superpower*, 57.

is why peace and stability hold primacy in its foreign policy. While economic growth has been the impetus for much social unrest, a halt in economic prosperity would cause far more social unrest than continued growth.

The CCP must also control the rise of nationalism as it may prove a unifying factor for otherwise disconnected motivations for public protests. Chinese nationalism, often spurred by anti-Japanese and anti-U.S. sentiment, can constrain Beijing's choices in its interactions with Tokyo and Washington. Susan Shirk believes that the CCP is attempting to harness Chinese nationalism as a legitimizing factor in the face of the diminished role of communism.²² In order to maintain its position as the vanguard of nationalism, the CCP is forced to take a strong stance on international disputes of sovereignty, such as in the case of Taiwan or the Sino-Japanese territorial dispute over the Senkaku Islands. Despite its desires for stability and peace, this may be why Beijing often reacts with extreme vehemence in response to threats to its sovereignty as in the case of the 1995–1996 Taiwan Straits crisis, when China engaged in large scale military exercises and missile tests to intimidate Taiwanese from pursuing independence.

The United States has become the largest external influence on China's international relations. As the world's most dominant economic and military power, the United States will greatly impact whether China is able to continue its peaceful rise to international prominence. Although the United States and China have grown economically interdependent, Beijing does not trust the United States for several reasons. Some Chinese leaders believe that there are forces in the United States that are pursuing a policy of "peaceful evolution" toward China, a Cold War tactic to subvert communist nations on behalf of capitalism and democracy. Beijing resents U.S. intrusive attempts to control its behavior in internal matters such as when the CIA covertly provided financial support for Tibetan forces fighting against Chinese occupation in the 1950s and 1960s.²³ More recently, the United States imposed sanctions on China because of Beijing's use of force during the 1989 Tiananmen crisis. Lastly, Beijing perceives U.S. military presence

²² Shirk, *Fragile Superpower*, 64.

²³ Jayshree Bajoria, "The Question of Tibet," Council On Foreign Relations, last updated December 5, 2008, accessed March 18, 2011, <http://www.cfr.org/china/question-tibet/p15965>.

in the region, U.S. security cooperation with other Asian nations, and continuing U.S. arms sales to Taiwan as indications that the United States is attempting to attempt to contain China.

Continuing distrust of U.S. intentions and the rise of Chinese nationalism has influenced Beijing's perceptions and responses to Sino-U.S. crises over the past two decades. In the 1996 Taiwan Strait Crisis, Beijing conducted large-scale military exercises to indicate its displeasure at Taiwanese President Lee Teng-Hui efforts to push Taiwan toward independence and Washington's support for Lee. In 1999, the United States mistakenly bombed the Chinese embassy in Yugoslavia during the NATO air campaign in Kosovo. Despite an immediate U.S. apology and efforts to recompense China for the unfortunate event, Beijing cut off diplomatic relations and organized massive protests. In 2001, a U.S. EP-3 intelligence collection aircraft was forced to make an emergency landing on China's Hainan Island, after a mid-air collision with a Chinese fighter jet. Beijing refused to release the aircraft and crew until Washington issued a formal apology for its invasion of China's sovereign territory and paid compensation.

These incidents aside, Sino-U.S. relations have steadily improved over the past two decades, fueled by growing economic interdependence and broad efforts on the part of both nations to pursue a cooperative strategy in international affairs. Yet Chinese distrust of U.S. intentions continues to play a role in Sino-U.S. relations and also affects China's preferences toward the Korean peninsula. Until 2002, China had remained largely on the sideline in peninsula affairs. President George W. Bush's inclusion of North Korea as one of the "Axis of Evil" states and the discovery of a North Korean highly enriched uranium (HEU) program in 2002 caused Beijing to fear that the United States was contemplating military action to remove the Kim regime. Since then, Pyongyang has participated in six-party talks with the United States, North Korea, South Korea, Japan, and Russia to address the issue of nuclear weapons on the Korean peninsula.

C. CONCLUSION

China and North Korea share ancient cultural ties spanning centuries and sometimes converging strategic interests in the Cold War. Due to divergent paths taken by their respective leaders under the PRC and DPRK, those ties have greatly diminished. Many Chinese have become global citizens, well educated and informed on domestic and international issues. North Koreans, in contrast, live in the most isolated nation in the world under possibly the most totalitarian regime in recent history. They are exposed only to highly censored and propagandized information, and have almost no personal freedoms, let alone any ability to shape the political realities of the state. While the Chinese and North Koreans no longer share a “big brother–little brother” relationship, they do share some common interests and perceptions. Foremost is their continued hatred for the Japanese, stemming from the legacy of Japan’s colonial occupation of both nations. Distrust of the United States is also shared by both capitals, although to a much greater level in Pyongyang than in Beijing.

China and North Korea have vastly different security and economic priorities. China’s broader strategic objectives are to maintain stability and peace in order to continue its economic rise. While issues of sovereignty, especially over Taiwan, are still a core security concern, they take a back seat to Beijing’s focus on economic prosperity. North Korea has devolved into an economically failed state, heavily dependent on international support to continue limping forward. Its primary internal security concerns revolve around a need to perpetuate its totalitarian control over the population. Externally, Pyongyang’s primary objective is to achieve status as a nuclear weapons state and thereby render itself largely immune from external intervention and potential regime change.

The single greatest commonality between Beijing and Pyongyang in terms of strategic security perceptions is a shared view of the United States as the most critical external factor affecting their ability to achieve their respective political objectives. In China’s case, the United States holds the key to China’s continued peaceful rise and is perceived as the greatest obstacle in Beijing’s desires for reunification of Taiwan. North Korea perceives the United States as a much more immediate threat and fears that the

United States may pursue military options to overthrow the regime or lead a regional effort to isolate and economically starve the regime into submission.

III. CHINA'S POLICY ON NORTH KOREA

A. INTRODUCTION

This chapter traces the evolution of Beijing's policy preferences toward North Korea and establishes that Beijing's official policy toward Pyongyang has evolved from a well articulated security partnership into a more ambiguous relationship, except in the case of denuclearization. In light of Beijing's ambiguity, it evaluates China's actual preferences toward North Korea through three approaches. First, it evaluates the most prevalent arguments regarding Pyongyang's significance to Beijing. Next, it examines China's behavior in reaction to North Korean provoked crises for further indications of Beijing's preferences. Lastly, it explores Beijing's unique perception of collapse and war on the Korean peninsula and how that perception limits Beijing's policy options.

B. THE OFFICIAL POLICY

China's current official policy toward North Korea is ambiguous, but this was not always the case. Eight years after the Korean War, the PRC indicated its official stance on the DPRK in the Treaty of Friendship, Co-operation and Mutual Assistance between the People's Republic of China and the Democratic People's Republic of Korea in 1961. Article II reads, "The Contracting Parties undertake jointly to adopt all measures to prevent aggression against either of the Contracting Parties by any state. In the event of one of the Contracting Parties being subjected to the armed attack by any state or several states jointly and thus being involved in a state of war, the other Contracting Party shall immediately render military and other assistance by all means at its disposal."²⁴ Article VI, identifies Beijing's preference for Korean reunification, "The Contracting Parties hold that the unification of Korea must be realized along peaceful and democratic lines and that such a solution accords exactly with the national interests of the Korean people

²⁴ "Treaty of Friendship, Co-operation and Mutual Assistance between the People's Republic of China and the Democratic People's Republic of Korea," Chinese Communism Subject Archive, accessed February 9, 2011, http://www.marxists.org/subject/china/documents/china_dprk.htm.

and the aim of preserving peace in the Far East.”²⁵ At least until the 1980s, this treaty represented Beijing’s preferences for the Korean peninsula.

The Sino-Soviet split in the 1960s caused some tension in Sino-North Korean relations but, in general, Kim il-Sung maintained close ties with both the PRC and USSR and often played on their adversity to extract greater military and economic aid.²⁶ During the early years of Sino-U.S. rapprochement, Beijing still seemed intent on maintaining close security ties with the DPRK. In the 1972 “Shanghai Communiqué” signed by Nixon and Zhou Enlai, Beijing insisted on the inclusion of its stance on North Korea, stating that China, “firmly supports the eight-point program for the peaceful unification of Korea put forward by the Government of the Democratic People’s Republic of Korea on April 12, 1971, and the stand for the abolition of the “U.N. Commission for the Unification and Rehabilitation of Korea.”²⁷ After Mao’s death, Deng Xiaoping also supported North Korea despite Sino-U.S. rapprochement. In 1983, during a conversation with U.S. Secretary of Defense Casper Weinberger, Deng emphasized that Beijing and the Washington should work together toward peaceful reunification of the Korean peninsula.²⁸ Deng also warned that, “North Korea had ‘neither the intention nor the capability’ to attack the South but that if the South attacked the North, ‘China will not be able to stay out.’”²⁹

Although there is no way of pinpointing exactly when Beijing’s perspective on the future of the Korean peninsula began to change, it likely began to shift in the late 1970s, following Deng Xiaoping’s economic reforms and engagement strategy with the international economy, specifically the United States. It was during this period that

²⁵ “Treaty of Friendship, Co-operation and Mutual Assistance between the People’s Republic of China and the Democratic People’s Republic of Korea.”

²⁶ Samuel S. Kim, *North Korean Foreign Relations in the Post-Cold War World* (Carlisle, PA: Strategic Studies Institute, 2007), 9.

²⁷ “Joint Communiqué of the United States of America and the People’s Republic of China, February 28, 1972,” Taiwan Document Project, accessed February 9, 2011, <http://www.taiwandocuments.org/communique01.htm>.

²⁸ Don Oberdorfer, *The Two Koreas: A Contemporary History* (New York: Perseus Publishing, 1997), 144.

²⁹ *Ibid.*

China and North Korea's political and economic paths diverged in starkly different directions. Beijing's evolving economic priorities likely provided the impetus for Beijing's eventual shift in stance on the Korean peninsula.

In the 1990s, Beijing began to indicate that it would not automatically support Pyongyang in another Korean War. In an official state visit to South Korea in 1995, a Chinese Foreign Ministry official announced to the media that, "the alliance did not commit Chinese troops to defending North Korea."³⁰ Beijing's increasingly ambiguous stance has led Robert Scalapino to believe that the 1961 treaty, "no longer guarantees PRC military support in the event of a conflict," implying that China might not support North Korea, no matter *who attacked first*, especially if Pyongyang provoked the conflict.³¹ This line of thought is substantiated by China's support of UN sanctions after Pyongyang's nuclear test in 2006. UN Security Council Resolution 1718 banned the sales of any arms or nuclear technology to North Korea. Beijing's support for this measure stands in direct contravention to Article III of the Treaty of Mutual Assistance, which explicitly states, "Neither Contracting Party shall conclude any alliance directed against the other Contracting Party or *take part in any bloc or in any action or measure directed against the other Contracting Party.*"³² Although Beijing still affirms the treaty, its behavior and the treaty's lack of any "operational components, such as a joint headquarters, joint planning, or even joint military exercises," suggest it is no longer an accurate indicator of Beijing's policy preferences toward North Korea.³³

The absence of any defined stance on the Korean peninsula dilemma in any of China's recent official documents or statements also reflects Beijing's shift to ambiguity. Since it started issuing official White Papers on national defense in 1998, Beijing has been making its strategic priorities and preferences transparent in nearly all areas where

³⁰ Samuel Kim, "China and the future of the Korean peninsula," in *The Future of North Korea*, ed. Tsuneo Akaha (London and New York: Routledge, 2002), 123.

³¹ Robert Scalapino, "Korea: the options and perimeters" in *The Future of North Korea*, ed. Tsuneo Akaha (London and New York: Routledge, 2002), 17.

³² "Treaty of Friendship, Co-operation and Mutual Assistance between the People's Republic of China and the Democratic People's Republic of Korea."

³³ Nanto, Manyin, and Dumbaugh, "China–North Korea Relations," 3.

there is a possibility of PRC involvement in a conflict, except on the Korean peninsula. References to North Korea have been conspicuously absent from China's White Papers except in relation to Beijing's stance on nonproliferation. In a 2011 joint statement, Obama and Hu addressed common Chinese and American goals on the Korean peninsula, emphasizing "the crucial importance of denuclearization of the peninsula in order to preserve peace and stability in Northeast Asia."³⁴ In contrast to the 1972 Shanghai Communiqué, there are no clear indications of Beijing's broader preferences for the Korean peninsula.

In summary, the 1961 Treaty no longer reflects Beijing's policy preferences for the Korean peninsula. Beijing seems to be avoiding any official stance on North Korea, either because it is unsure of its preferences or because ambiguity better serves its goal of regional stability by restraining both U.S. and North Korean aggression. The absence of an official policy on North Korea increases the importance of defining North Korea's strategic value to Beijing, in order to draw an accurate picture of China's preferences for the Korean peninsula.

C. NORTH KOREA'S SIGNIFICANCE

Beijing's continuing support for North Korea has prompted many attempts to define how and why North Korea is significant to Beijing. The following section identifies the most prevalent arguments and assesses their validity within the framework of China's broader strategic priorities and against key characteristics of China's foreign policy. In the absence of a clearly defined stance by Beijing, this comparative assessment should provide some indications of China's actual preferences toward the Korean peninsula.

1. Communist Ideology

A common explanation for Beijing's continued support for North Korea is that Pyongyang is one of Beijing's sole remaining communist allies. Russell Ong posits that Beijing holds a comprehensive perspective of security that includes military, political,

³⁴ "U.S.-China Joint Statement, January 19, 2011," The White House, accessed 26 January 2011, <http://www.whitehouse.gov/the-press-office/2011/01/19/us-china-joint-statement>.

economic, scientific, and technological security.³⁵ Turning to a focus on Beijing's political security, Ong posits that with the collapse of the Soviet Union, the political legitimacy of communism has been threatened and that North Korea as a "communist" state bolsters China's political security.³⁶ Ong believes that common ideology, anti-American sentiment, and similar security concerns are what constitute a strong bond between China and North Korea.³⁷

Ong is not alone in his belief that ideology remains a strong bond between Beijing and Pyongyang. Andrew Scobell suggests that with the collapse of the Soviet Union, China values North Korea as one of the few remaining "Leninist" nations that provide Beijing domestic political legitimacy. Scobell states that, "Marxism-Leninism and Mao Zedong Thought are crucial to the formal justification of the Chinese Communist Party's continued right to rule, and Party leaders cannot renounce this mantle."³⁸ Scobell believes that in order for the CCP to maintain its legitimacy as a communist-based authority, it needs to maintain strong relations with North Korea as one of the few remaining socialist nations.³⁹ While others share Ong and Scobell's belief that communist ideology remains a strong bond between China and North Korea, there is significant evidence to counter this argument.

The collapse of the Soviet Union and other communist bloc nations in the 1990s did leave China isolated as one of the few other remaining communist nations in the world, but the CCP's legitimacy crisis had begun in the 1980s with economic liberalization and global integration. The CCP's legitimacy crisis began as a result of its divergence from traditional communist economic principles in favor of market economic reforms. If anything, the CCP's economic prosperity, in contrast to the economic failure of the Soviet Bloc, would suggest the CCP would not want to be associated with those failed governments. North Korea's failed economic status hardly supports any better

³⁵ Russell Ong, *China's Security Interests in the Post-Cold War Era* (London: Curzon Press, 2002), 18.

³⁶ *Ibid.*, 58.

³⁷ *Ibid.*, 57–59.

³⁸ Scobell, *China and North Korea*, 2.

³⁹ *Ibid.*

arguments for the legitimacy of communist rule. Fortunately for the CCP, it is unlikely that many Chinese even view North Korea as a communist state. The Chinese have more citizens connected to the Internet than any other nation. They are well aware of just how far the DPRK has devolved into a totalitarian system and consider North Koreans as “backward and strange.”⁴⁰ Claiming ideological kinship with the DPRK might be necessary for diplomatic expediency, but far from validating Beijing’s communist pedigree, an ideological relationship with Pyongyang detracts rather than supports the legitimacy of Beijing’s communist rule.

Ong, Scobell, and others who emphasize the strength of ideological ties between Beijing and Pyongyang overlook Beijing’s pragmatism in security and economic matters, even during the height of communist ideology in China during the 1960s and 1970s. In response to a growing Soviet threat in the 1960s, Beijing pursued rapprochement with the United States, its ideological nemesis. Similarly, despite the fact that Vietnam was also communist, it did not deter China from attacking it in the Sino-Vietnamese war in 1979. In more recent times, the primacy of economic considerations over ideology is evident in China’s pursuit of close economic relationships with South Korea, Japan, and even with Taiwan.

Perhaps common ideology played some role in China and North Korea’s political alliance based on the relationship between senior leaders of both nations forged during the Korea War era, but if so, that bond is fast dying out. As David Lampton explains, “Maintaining good relations with North Korea, for example, is more important to China’s Korean War veterans than it is to younger Chinese, who often view Pyongyang as a retrograde, ungrateful drag on China’s quest for modernity, respect, and security.”⁴¹ There are very few Korean War veterans left in China and, considering the CCP’s mandatory retirement age of 68, none in positions of political power.

⁴⁰ Hassig and Oh, *The Hidden People of North Korea*, 2.

⁴¹ David M. Lampton, *The Three Faces of Chinese Power* (Los Angeles: University of California Press, 2008), 167.

2. Buffer State

The conventional wisdom that Beijing values North Korea as a buffer against U.S. forces stationed in South Korea is perhaps the most prevalent explanation of Beijing's continued support for Pyongyang. One of the reasons China entered the Korean War was to prevent the presence of U.S. forces on China's doorstep. Considering the growing tension between the United States and China in the economic and security sectors over the last year, the need to keep a buffer between U.S. and Chinese forces on the ground, continues to be vital. While unfortunate accidents such as the EP3 incident in 2001 are infrequent, a heavily militarized border between China and the United State that might manifest if not for the existence of North Korea, could become a formula for trouble during times of heightened tension between the Beijing and Washington. While violence between the ROK and DPRK is undesirable, a conflict between China and the United States would have much greater economic and security consequences. At least until Sino-U.S. relations has progressed beyond a point where conflict is likely, maintaining a buffer between U.S. and Chinese armed forces remains extremely pragmatic. Escalation in peninsula tensions, however, detracts from North Korea's value as a buffer state.

Pyongyang's utility as a buffer state between Chinese and U.S. forces is increasingly invalidated as Pyongyang's provocations invite greater U.S. military presence in the region. The Clinton administration considered military strikes on Yongbyon when Pyongyang first violated the NPT and expelled IAEA inspectors during the 1994 Korean Crisis. In response to the recent *Cheonan* incident, the United States and the ROK agreed to delay the planned transfer of control over Korean forces from the Combined Forces Command to the ROK Army. Additionally, ROK and U.S. forces held combined naval exercises in late 2010 in China's Yellow Sea, a fact that greatly vexed Beijing. While these reactions to North Korean provocations depreciate North Korea's value as a buffer, it will not completely invalidate that role until such point as Beijing believes a war is imminent.

3. Leverage in Taiwan Issue

The inclusion of Korean peninsula affairs in the 1972 Shanghai Communiqué between Washington and Beijing generates another theory on North Korea's significance to Beijing. Beijing may perceive North Korea as a bargaining chip in the ongoing Sino-U.S. conflict over Taiwan. Although there are no Chinese policy statements indicating China is employing a tit-for-tat strategy with Taiwan and North Korea, the logic is hard to argue against as it serves Beijing's desires to reunify Taiwan, while staying within the framework of Beijing's greater focus on stability and economic development.

In a 2006 publication, Shen Dingli, the executive director of the Institute of International Studies at Fudan University in Shanghai, structured a comprehensive argument to support his belief that Beijing utilizes North Korea as leverage against the United States over Taiwan issues. To begin, Shen puts a "Taiwan" twist on the conventional buffer argument. As a buffer, North Korea allows China to focus military presence along the Taiwan Straits instead of on the border with Korea. Additionally, U.S. forces in Japan and the ROK are forced to divide their attention between the Korean peninsula and Taiwan, instead of focusing purely on Taiwan.⁴²

Shen also views the peninsula nuclear dilemma within the framework of Beijing's focus on Taiwan. A nuclear North Korea does not immediately represent a threat to Beijing but again, it distracts U.S. attention from the Taiwan Strait. Washington is primarily concerned that Pyongyang might use nuclear weapons against South Korea or Japan and/or sell nuclear weapons and technology to others. Beijing's concern is that North Korea's nuclear brinkmanship is causing Washington, Tokyo, and Seoul to form stronger security bonds; and might cause Japan, South Korea, and Taiwan to pursue nuclear weapons. Beijing also fears that Pyongyang might pursue a "Libyan Model" and attempt to trade off its nuclear capabilities to establish a treaty of friendship with Washington. A security alignment between Washington and Pyongyang would

⁴² Shen Dingli, "North Korea's Strategic Significance to China." *China Security*, (Autumn 2006): 19–34, accessed January 9, 2011, http://www.wsichina.org/cs4_2.pdf.

undermine China's regional security, specifically in the loss of Pyongyang as potential leverage against the United State over Taiwan.⁴³

In November 2010, just after North Korea's artillery attack of Yeonpyeong Island, Christina Y. Lin, published a paper building on Shen's premise to explain China's continuing support for Pyongyang despite its aggressive behavior. Lin suggests that as long as Washington continues to support Taiwan, such as with the \$6 billion arms package sold to Taipei in 2010, Beijing will not take a hard-line stance against Pyongyang. Yin illustrates that Chinese-North Korean relations seem to be growing stronger based on the level of high-level visits and official interaction between Beijing and Pyongyang in October and November. In fact, on the day the DPRK shelled Yeonpyeong, China and North Korea signed a cooperative agreement on economy, trade, science and technology.⁴⁴

While there is no way to prove that Beijing is pursuing a tit-for-tat strategy, Shen's and Lin's arguments seem plausible. There is also a separate theory that supports Shen and Lin's views. Timothy Crawford's theory of pivotal deterrence explains U.S. strategy regarding Taiwan since the 1979 TRA. According to Crawford, the United States plays the pivotal deterrence role by preventing China and Taiwan from going to war. According to Crawford, the United States prevents China from taking military action against Taiwan via an ambiguous threat that the United States might support Taiwan in a military conflict. Conversely, the United States restrains provocative Taiwanese behavior, such as a declaration of independence, with an ambiguous threat of staying neutral if China attacks. This is why Washington avoids defining any official tripwires that would prompt U.S. actions in a China-Taiwan conflict.⁴⁵

China may be pursuing a similar role in preventing conflict between the United States and North Korea, and thereby increasing its value to both nations. In order for

⁴³ Dingli, "North Korea's Strategic Significance to China," 19–34.

⁴⁴ Christina Y. Lin, "The Taiwan Calculus in China's Strategy Toward the North Korea–Iran Axis." Institut für Strategie- Politik- Sicherheits- und Wirtschaftsberatung (ISPSW), December 9, 2010, accessed January 9, 2011, <http://www.isn.ethz.ch/isn/Digital-Library/Publications/Detail/?lng=en&id=125028>.

⁴⁵ Timothy W. Crawford, *Pivotal Deterrence Third-Party Statecraft and the Pursuit of Peace* (Ithaca and London: Cornell University Press, 2003).

China to maintain that pivotal position it must remain ambiguous about any tripwires that would cause it to either support North Korea or stay neutral in a conflict between the United States and North Korea. This would explain why Beijing maintains its ambiguous stance on North Korea, confounding Washington in much the same way as the United State's ambiguous stance on Taiwan confounds Beijing. While Beijing has never offered to revise its approach to North Korea in exchange for a revision of U.S support for Taiwan, the implications are clear. Although Crawford's theory may not fit perfectly, it does support Shen's and Lin's arguments for North Korea's significance as it relates to Beijing's core interest in Taiwan.

4. Summary

While there are other explanations for North Korea's significance to Beijing, the three covered here are the most prevalent in literature on Sino-North Korean relations. North Korea provides Beijing military and potential political leverage against the United States' position on Taiwan. Pyongyang's role as a buffer between Chinese and U.S. forces still applies today but loses value in the face of increased U.S. military focus and presence in the region in response to Pyongyang's provocations. China and North Korea do maintain strong political relations, as evidenced by recent increases in high level diplomatic visits between the two nations, and still share some common cultural perceptions such as anti-Japanese and anti-U.S. sentiment. There are strong arguments, however, that indicate that China and North Korea no longer share strong political bonds based on common ideology.

D. CHINA'S BEHAVIOR DURING NORTH KOREAN CRISES

China's behavior in response to North Korean nuclear provocations provides valuable clues to Beijing's actual preference for the Korean peninsula. Similarly, observations of Beijing's responses to North Korean conventional provocations over the years also assist in constructing a valid framework for Beijing's preferences toward Pyongyang. This thesis approaches China's responses to North Korean nuclear and conventional provocations as separate issues since Beijing does not perceive them in the same framework.

1. North Korea Nuclear Brinkmanship

North Korea's ventures into the nuclear arms arena began with a pursuit of nuclear energy for commercial use in the late 1950s. With the support of the Soviet Union, Pyongyang successfully brought on-line a nuclear research reactor in 1965 at the Yongbyon Scientific Research Center. Pyongyang joined the NPT in 1985 and signed the Joint Declaration on the Denuclearization of the Peninsula with South Korea in 1991, which banned possession of nuclear weapons, plutonium reprocessing, and uranium enrichment. Soviet support for North Korea's nuclear program continued until 1992, when the DPRK began to default on payments to the Soviet successor state, Russia.⁴⁶ By then, however, the CIA assessed that the DPRK had accumulated enough plutonium and the technology to produce up to two nuclear weapons.⁴⁷ Since then, Pyongyang has engaged in nuclear brinkmanship as a tactic to pursue security and international aid with surprising success. Beijing was largely neutral or possibly even supported Pyongyang's pursuit of nuclear weapons until Beijing solidified its own stance on nuclear proliferation in the 1990s and began to take an opposing stance on Pyongyang's nuclear weapons aspirations.

The first North Korean nuclear crisis in 1994 began 2 years earlier when IAEA inspectors reported that Pyongyang was providing false reports of plutonium production. When IAEA's Hans Blix demanded North Korea allow special inspections to determine actual reprocessed plutonium levels, Pyongyang refused and threatened to leave the NPT in 1993. In 1994, Pyongyang had its technicians remove 8,000 spent fuel rods from the reactors at Yongbyon, thereby making it impossible for IAEA inspectors to accurately determine the amount of plutonium that had been reprocessed for use in nuclear weapons.

On May 11, 1994, the UN adopted Resolution 825, calling on the DPRK to return to the NPT but did not threaten any sanctions. Pyongyang refused to comply and instead, launched a Rodong-1 missile into the Sea of Japan on May 29. As tensions escalated,

⁴⁶ Georgiy Kaurov, "A Technical History of Soviet-North Korean Nuclear Relations," in *The North Korea Nuclear Program: Security, Strategy, and New Perspectives from Russia*, eds., James Clay Moltz and Alexandre Y. Masourov (New York and London: Routledge, 2000), 15–19.

⁴⁷ Untitled one-page CIA assessment to Congress in November 2002, The National Security Archives, accessed January 5, 2011, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB87/nk22.pdf>.

Washington began contemplating a unilateral military strike on Yongbyon until former President Jimmy Carter intervened. Acting as a private citizen, with Washington's blessings, Carter travelled to Pyongyang and negotiated the foundations for an "Agreed Framework" to provide North Korea fuel, food, and two light-water reactors in exchange for Pyongyang's agreement to cease its pursuit of nuclear weapons.⁴⁸

Part of the reason why the UN did not take a much harder stance on Resolution 825 was due to Beijing's opposition against the use of sanctions and threat to veto any resolution including sanctions against the DPRK. Chinese Premier Li Peng explained Beijing's belief that, "if pressure is applied on this issue, that can only complicate the situation on the Korean peninsula, and it will add to the tension there."⁴⁹ Yet, Beijing did make an incremental move to a harder approach toward Pyongyang by abstaining on Resolution 825, instead of vetoing it. According to one source, "This shift is widely believed to have been instrumental in convincing North Korea to accept the 1994 U.S.-DPRK Agreed Framework."⁵⁰

China's response to North Korea's nuclear activities during this period reflected the transitional stage of Beijing's stance on nuclear proliferation. When first invited to join the NPT in 1968, China declined, accusing the United States and the Soviet Union of attempting to monopolize nuclear arms. Beijing maintained that, "it stood for the complete abolition of nuclear weapons and did not advocate or encourage nuclear proliferation, but that the nuclear superpowers had no right to prevent non-nuclear weapons states from acquiring nuclear weapons until the nuclear superpowers committed themselves to complete disarmament."⁵¹ As with China's broader strategic priorities, China's position on nuclear proliferation began to change with Beijing's emphasis on stability and economic prosperity under Deng Xiaoping in the 1980s. In 1984, China

⁴⁸ Mike Chinoy, *Meltdown: The Inside Story of the North Korean Nuclear Crisis* (New York: St. Martin Griffin, 2009), 6–7.

⁴⁹ Steven Greenhouse, "Christopher Says U.S. Stays Firm on Korea, but Pledges Diplomacy," *New York Times*, March 23, 1994.

⁵⁰ "China and the North Korean Nuclear Issue," Nuclear Threat Initiative, updated September 23, 2003, accessed February 7, 2011, <http://www.nti.org/db/china/koreapos.htm>.

⁵¹ "China and the NPT," Nuclear Threat Initiative, updated February 21, 2003, accessed February 7, 2011, <http://www.nti.org/db/china/nptorg.htm>.

joined the IAEA and that same year stated that, while Beijing was still not ready to join the NPT, “the treaty had had a positive impact and had contributed to the maintenance of world peace and stability.”⁵² Since joining the NPT in 1991, Beijing has become an increasingly strong advocate and supported the effort to extend the treaty indefinitely in 1995. Yet China’s growing support for the NPT did not indicate a wholesale abandonment of China’s value for sovereignty in international affairs.

In a 1995 document on China’s stance on proliferation, Beijing implied a tolerance for nuclear arms for states like North Korea.

All nations have the right to maintaining an appropriate national defence capability and to legitimate self-defence. It is necessary at all stages of the arms control and disarmament process to ensure all nations from sustaining damage to their security. All nations, big or small, have the right to join in discussions and decisions on arms control and disarmament on an equal basis. The implementation of international arms control and disarmament must not impair the independence and sovereignty of any nation, entail the use of force or the threat of force, or interfere with the internal affairs of any nation.⁵³

What Washington viewed as a soft stance against North Korean nuclear brinkmanship was Beijing’s continued commitment to its historic stance of nonintervention into sovereign affairs of other nations.

Beijing maintained a moderate stance on Pyongyang’s pursuit of nuclear weapons over the next decade. In 1998, when Pyongyang failed to put a satellite in orbit but demonstrated the advance in North Korean missile technology, the United States and Japan responded with great concern. President Clinton overrode congressional resistance to continuation of the 1994 Agreed Framework and promised heavy fuel aid to North Korea that had been obstructed by congressional opposition.⁵⁴ Japan, even more concerned than the United States, as the missile flight path took it over Japan, responded

⁵² “China and the NPT.”

⁵³ “China: Arms Control and Disarmament,” Beijing: Information Office of the State Council of the People’s Republic of China, November, 1995.

⁵⁴ Thomas W. Lippman, “Perry May be Named to Try to Salvage Pact with N. Korea,” *Washington Post*, October 4, 1998.

in a punitive manner by cutting off all assistance to North Korea until 2001.⁵⁵ Both nations began to more aggressively pursue cooperation to develop antiballistic missile technology.⁵⁶ China merely stated that, “it had no prior knowledge of the launch” and promised the United States that it will help keep “nuclear missiles out of North Korea.”⁵⁷

While tensions between Pyongyang and Washington seemed to be diminishing during the latter half of Clinton’s administration, the Bush administration’s much more hawkish stance toward Korea caused a downward spiral in U.S.-North Korean relations.⁵⁸ On June 6, 2001, after a complete review and revision of the Clinton policy on North Korea, Bush offered to reduce sanctions against North Korea but only if North Korea agreed to: “start to take serious, verifiable steps to reduce the conventional weapons threat to the South; undertake ‘improved implementation’ of the 1994 Agreed Framework; and allow verifiable ‘constraints’ on North Korea’s missile exports.”⁵⁹ Pyongyang, which has historically demanded the United States must first ease economic pressure and provide security guarantees *before* North Korea would give up its nuclear arms program, was not impressed. In 2002, George W. Bush included North Korea as one of the “axis of evil” in his State of the Union address and specifically pointed out that North Korea was “arming itself with missiles and weapons of mass destruction.”⁶⁰ In 2002, Washington’s announcement that Pyongyang was pursuing a highly enriched uranium (HEU) program prompted another Korean nuclear crisis. Throughout that

⁵⁵ Mark E. Manyin, “Japan-North Korea Relations: Selected Issues,” Congressional Research Service, November 26, 2003, 14.

⁵⁶ Marc Lanteigne, *Chinese Foreign Policy An Introduction* (London and New York: Routledge, 2009), 118.

⁵⁷ Simon Beck, “Beijing ‘to Help U.S.’ Over North Korean Missiles,” *South China Morning Post*, September 17, 1998.

⁵⁸ In 2000, the Clinton Administration eased economic sanctions imposed on North Korea since 1950; Vice Marshal Jo Myong Rok, the DPRK’s second-in-command, traveled to Washington DC, the first visit to the U.S. by a high-level DPRK official and U.S. Secretary of State Madeleine Albright traveled to the DPRK to pursue talks on North Korea’s missile program.—Mark E. Manyin, Emma Chanlett-Avery, and Helene Marchart, “North Korea: A Chronology of Events, October 2002-December 2004,” Congressional Research Service, January 24, 2004, 11.

⁵⁹ Mark E. Manyin, Emma Chanlett-Avery, and Helene Marchart, “North Korea: A Chronology of Events, October 2002-December 2004,” Congressional Research Service, January 24, 2004, 11.

⁶⁰ George W. Bush, State of the Union Address 2002, accessed on March 18, 2011, <http://georgewbush-whitehouse.archives.gov/news/releases/2002/01/print/20020129-11.html>.

period, Washington and Pyongyang engaged in what would be an almost comical battle of wills if not for the gravity of the situation. The following media excerpts from 2001 through 2003 highlight the primary impasse of that struggle as “you first.”

- 10/25/02 A North Korean Foreign Ministry statement says North Korea is willing to address U.S. concerns if Washington agrees to a nonaggression treaty, recognizes North Korea’s sovereignty, and does not hinder its economic development.
- 11/13/02 President Bush decides to cut off U.S. oil shipments to North Korea after the November delivery unless North Korea dismantles its nuclear weapons program.
- 1/10/03 North Korea announces it is withdrawing from the Nuclear Non-Proliferation Treaty because it is “most seriously threatened” by the United States.
- 1/28/03 in State of the Union speech, President Bush says “the North Korean regime is using its nuclear program to incite fear and seek concessions; America and the world will not be blackmailed.”
- 2/5/03 North Korea announces the reactivation of its nuclear reactor at Yongbyon for “peaceful purposes.”
- 8/7/03 Speaking at Washington’s Foreign Press Center, Secretary of State Colin Powell reiterates that the U.S. government is prepared to provide a written security assurance, but it will not enter into a non-aggression pact.
- 8/13/03 KCNA quotes a North Korean Foreign Ministry spokesman as saying that a non-aggression pact is the only way to resolve the crisis and rejects an early inspection of North Korean facilities as “impossible and unthinkable” without changes in U.S. policy.
- 10/30/03 State Department spokesman Richard Boucher reiterates the U.S. position that North Korea needs to dismantle its nuclear weapons program before receiving proposed security assurances.⁶¹

During this period, Beijing stayed largely on the sidelines, viewing the conflict as primarily a matter between the United States and North Korea. Beijing played an interlocutor role via high-level visits, such as Chinese Foreign Minister Tang Jiaxuan’s visit to the DPRK Embassy in Beijing in December of 2002, to warn North Korea that its

⁶¹ Manyin, Chanlett-Avery, and Marchart, “North Korea: A Chronology of Events,” 10–43.

provocative behavior was undermining regional stability.⁶² China also participated in a series of three-party talks but, again, its primary role was as an intermediary.

In 2003, Beijing began to take a much more active role in the Korean peninsula nuclear dilemma for two primary reasons. After the United States wiped out Iraqi forces in March 2003 on the preemptive justification that Iraq had weapons of mass destruction, a U.S. military operation against North Korea, seemed like the next logical step in U.S. efforts against the “axis of evil.”⁶³ Whether or not the United States would have actually taken military actions against North Korea is secondary to the fact that the increasingly aggressive U.S. stance was being met by an even more aggressive stance by Pyongyang. Beijing feared an overly provocative move by Pyongyang could launch a series of escalating responses leading to resumption of the Korean War. This greatly concerned Beijing as even the threat of conflict disrupted stability in the region and acted as a barrier to economic development. Also, North Korea’s apparent progress in its pursuit of nuclear arms conflicted with Beijing’s evolving stance on nonproliferation. As tensions increased, Beijing was forced to take a more active stance to mitigate the risk of instability or even war in the region.

But even as Beijing began to take incremental measures to restrain North Korea, it did not abandon Pyongyang. In April 2003, Beijing indicated in a joint statement with Moscow, that, “the use of force to resolve the North Korean nuclear crisis would be ‘unacceptable’...North Korea’s security must be guaranteed and conditions created to facilitate its socio-economic development.”⁶⁴

On the other hand, Beijing had begun to take more stringent measures to pressure North Korea to abandon nuclear brinkmanship. In one case, high-level DPRK officials

⁶² “China and the North Korean Nuclear Issue,” Nuclear Threat Initiative, updated September 23, 2003, accessed February 7, 2011, <http://www.nti.org/db/china/koreapos.htm>.

⁶³ In truth, the quick victory against Iraq was a result of ongoing military operations that provided the U.S., amongst many advantages, air dominance over Iraq since the first Gulf War. The geography of North Korea, the DPRK’s amassed artillery within striking range of Seoul and Tokyo and the North Korean will to fight indicate that there would be small chance for the United States to successfully defeat North Korea without incurring massive casualties.

⁶⁴ “China and the North Korean Nuclear Issue,” Nuclear Threat Initiative, updated September 23, 2003, accessed February 7, 2011 at: <http://www.nti.org/db/china/koreapos.htm> ().

visiting Beijing were told “to stop provoking the Americans, hinting that if Pyongyang ignored the advice, China would not be able to maintain its long-standing opposition to sanctions.”⁶⁵ In another instance China took a more active approach when it intercepted a railway shipment into North Korea of tributyl phosphate, a chemical used for processing plutonium.⁶⁶ There are also reports that Beijing may have purposely cut off oil to North Korea in February 2003 to persuade Pyongyang to return to talks, Beijing however, claimed that the temporary shutdown was because of “technical issues.”⁶⁷ Beijing’s greatest contribution during this period was its engineering and hosting of the six-party talks. While the six-party talks were welcomed by five of its participants, China, Russia, Japan, South Korea, and the United States, Pyongyang held out, wishing instead to deal bilaterally with the United States, as it had during the Clinton Administration. Beijing is credited for finally persuading Pyongyang to the table.

While the six-party talks were originally hailed as a great success, the negotiations were never able to overcome the primary dilemma of the “you first” mentality held by both Washington and Pyongyang. Eventually, North Korea boycotted the talks and renewed its nuclear arms program. In 2006, Pyongyang again conducted missile tests including possibly a long-range Taepodong II missile. Beijing, frustrated by Pyongyang’s obstinacy, joined the international world in condemning Pyongyang’s behavior. The UN Security Council unanimously passed resolution 1695, which demanded North Korea end all related ballistic missile activity and immediately return to the six-party talks. While China and Russia still held out against the inclusion of sanctions in the resolution, it still marked the first time China did not abstain in a UN resolution against Pyongyang.

Beijing’s holding out against the use of sanctions ended three months later, when Pyongyang detonated a nuclear device on October 9, 2006. UN Resolution 1718, passed unanimously five days later, included a range of economic and military sanctions against

⁶⁵ Leslie Fong, “China washes hands of N. Korea’s antics,” *The Straits Times*, April 5, 2003.

⁶⁶ “China and the North Korean Nuclear Issue.”

⁶⁷ Marc Lanteigne, *Chinese Foreign Policy, An Introduction* (London and New York: Routledge, 2009), 117.

Pyongyang. Beijing also publicly and strongly condemned Pyongyang's behavior in state-controlled media throughout China.⁶⁸ Yet, Beijing still did not wholly abandon its commitment to North Korea's sovereignty or its emphasis on peaceful methods to denuclearize the Korean peninsula. During the formulation of 1718, Beijing objected to the boarding and searching of North Korean vessels, and in contrast to the U.S. hints of punitive measures in its statements, Beijing continued to push for peaceful measures to pursue denuclearization of the Korean peninsula.

- United States: "The goals were clear: a nuclear-free Korean peninsula, and to work with other countries to ensure that the DPRK faced serious consequences if it continued down its current path."
- China: "Proceeding from the overall interests of bringing about denuclearization of the Korean peninsula and maintaining peace and stability there and in North-East Asia, China supported the Council in making a firm and appropriate response. The action of the Security Council should both indicate the firm position of the international community and help create enabling conditions for the final peaceful solution to the DPRK nuclear issue through dialogue."⁶⁹

China's transition to a hard-line stance against Pyongyang's nuclear arms pursuits, however, did little to deter North Korea's determination to become a de facto nuclear weapons state. In April 2009, Pyongyang again conducted another long-range missile test. China again responded by endorsing even more stringent sanctions against specific North Korean commercial interests. North Korea's response—a second nuclear detonation on May 25, 2009—was loud and clear, "you first." The UN Security Council responded with another resolution, 1874, that expanded on the measures and mechanisms of 1718, but did not endorse any more punitive actions.

Since Beijing joined the NPT in 1992, its stance on proliferation and preference for a denuclearized Korean peninsula has been at odds with Pyongyang's desire to become a de facto nuclear weapons state. The growing possibility of conflict between Pyongyang and Washington has increasingly threatened China's related but broader

⁶⁸ Shirk, *Fragile Superpower*, 127.

⁶⁹ "Security Council Condemns Nuclear Test by Democratic People's Republic of Korea, Unanimously Adopting Resolution 1718," Department of Public Information, News and Media Division, October 14, 2006, accessed February 19, 2011, <http://www.un.org/News/Press/docs/2006/sc8853.doc.htm>.

concern for regional stability and economic prosperity. Beijing has responded by taking an increasingly hard-line stance against Pyongyang but despite its attempt to curb North Korea's behavior, Beijing has not abandoned Pyongyang. Beijing continues to provide Pyongyang the most international assistance and is still its largest trade partner. Although China endorses UN sanctions against North Korea, Beijing's level of enforcement has been questionable. According to a recent CRS report to Congress, "China's enforcement of those U.N. sanctions, however, is still unclear. China has enforced some aspects of the sanctions that relate directly to North Korea's ballistic missile and nuclear programs, but Beijing has been less strict on controlling exports of dual use products. Chinese shipments of banned luxury goods to the DPRK continue to increase."⁷⁰

2. North Korean Conventional Provocations

This section addresses China's response to North Korean conventional provocations, such as the recent *Cheonan* incident. The reason why this section is covered separately from North Korean nuclear brinkmanship is that China does not perceive Pyongyang's non-nuclear provocations within the same framework. Pyongyang's nuclear provocations contravene Beijing's official stance on proliferation and its preference for a non-nuclear and stable Korean peninsula. Pyongyang's sporadic non-nuclear provocations are perceived by Beijing largely as bilateral matters with South Korea that do not directly affect Beijing. And when North Korean conventional provocations did warrant a Chinese response, Beijing viewed them as individual events to be addressed on a case-by-case basis, rather than through a comprehensive view required of nuclear provocations.

Before continuing, the terms "provocations" or "attacks," used interchangeably within this section, need to be defined. In its report on North Korean provocations, the U.S. Congressional Research Services (CRS) defines "provocation" as, "armed invasion; border violations; infiltration of armed saboteurs and spies; hijacking; kidnapping; terrorism (including assassination and bombing); threat/intimidation against political

⁷⁰ Nanto, Manyin and Dumbaugh, "China North Korea Relations," 19.

leaders, media personnel, and institutions; incitement aimed at the overthrow of the South Korean government; actions undertaken to impede progress in major negotiations; and tests of ballistic missiles and nuclear weapons.”⁷¹ In this section, all of the same definitions apply except “test of missiles and nuclear weapons.” The CRS has listed over one hundred sixty events since 1950 that meet its definition of “provocation.” Yet there is very little reporting on Chinese responses to the vast majority of these provocations.

China did not normalize relations with South Korea until 1992. While Sino-U.S. relations were normalized in 1979, political and military tensions continued between the two nations under primarily due to Washington’s continued support for Taiwan and the belief by some Chinese that Washington desires to contain China. As might be expected, Beijing either supported North Korean provocations during the Cold War or kept largely silent on events of which it disapproved. This is especially true of North Korean conventional military provocations against South Korea and the United States. Since the PRC’s media have always been state-controlled, Chinese reporting on Korean provocations was muted or noncommittal if there was reporting at all. When reporting did occur, it was an indication that the event was of such magnitude that it somehow adversely impacted China’s strategic objectives.

In 1968, North Korean agents attempted to infiltrate the South Korean Blue House, the home of South Korea’s President, in a foiled assassination attempt. As this occurred during a period when China was attempting to improve relations with the United States, some speculate that China’s decision to withdraw its delegation from the Military Armistice Commission from 1968 to 1971 was prompted by increasing North Korean provocations.⁷² If true, the North Korean seizure of the U.S.S. *Pueblo* intelligence collection vessel just two days after the Blue House Raid probably also contributed to Beijing’s attempt to distance itself from Pyongyang. This would not be the only time a North Korean assassination attempt would prompt a response from Beijing.

⁷¹ Hannah Fischer, “North Korean Provocative Actions, 1950–2007,” Congressional Research Service, Updated April 20 2007, 1.

⁷² Vandon E. Jenerette, “The Forgotten DMZ,” Korea DMZ Part 1 Military Review, US Army Command and General Staff College, Volume LXVIII , No 5, (May 1988): 32-43.

On October 9, 1983, a North Korean special forces unit attempted to assassinate South Korean President Chun Doo-Hwan during a state visit to Rangoon, Burma. While failing to kill Chun, the bomb killed 17 South Koreans and 4 Burmese nationals, eliciting a strong international response condemning the attack. Although Chun promised retaliation and the U.S. military elevated its military readiness, the event did not result in a renewal of military conflict.⁷³

The attack came as a surprise to Beijing. Just the day before, Chinese officials had passed information from Pyongyang to Washington, indicating that for the first time Pyongyang would allow South Korea full participation in three-way talks.⁷⁴ Beijing had been acting as an interlocutor between Pyongyang and Washington since Sino-U.S. rapprochement had begun in the early 1970s. As Sino-U.S. relations increased, Beijing began placing increasing importance on a peaceful reunification of the Korean peninsula. Upon hearing of the Rangoon bombing, Deng Xiaoping was livid and cut off communications with Pyongyang. The Chinese media was given a green light to print factual accountings of the Rangoon bombing to include the views of Rangoon.⁷⁵ There were no UN sanctions imposed on Pyongyang for this action. Many years later, during the UN's discussion of the assassination attempt on Egyptian President Hosni Mubarak in 1996, the North Korean representative raised the issue of the Rangoon bombing and the lack of any UN action. The Chinese representative ignored the South Korean representative's statements and made no response to them during his comments.⁷⁶

On November 29, 1987, two North Korean agents successfully planted a bomb on Korean Air Flight 858, which exploded mid-flight from the United Arab Emirates to Seoul, Korea. One of the DPRK agents successfully killed himself upon being detained by the authorities; however, the other DPRK agent was interrupted as she attempted to inhale a cyanide-laced cigarette. Eventually, the female agent, Kim Hyon Hui, confessed

⁷³ "Record of North Korea's Major Provocations since 1960s," Conventional Center for Strategic and International Studies, May 25, 2010, 1.

⁷⁴ Oberdorfer, *The Two Koreas*, 145.

⁷⁵ *Ibid.*

⁷⁶ "Security Council meeting 3627," undemocracy.com, accessed February 21, 2011, http://www.undemocracy.com/securitycouncil/meeting_3627#pg008-bk02.

and indicated that the order for the attack came directly from Kim Jong-II. As the attack occurred just before the 1988 Seoul Olympics, Seoul chose not to pursue any military response and, instead, submitted the matter to the UN for resolution.

Although the event was discussed over a lengthy period, both China and the Soviet Union blocked any UN resolutions against North Korea and, in their comments, refused to even acknowledge that North Korea was responsible for the tragic incident.⁷⁷ China refused to allow the discussion to move from the general assembly to the security council, stating that, “under the present circumstances, consideration of this question by the security council could only lead to intensifications of the tense atmosphere between the north and the south and would not be conducive to the relaxation of tension and stability on the Korean peninsula.”⁷⁸ The United States, however, placed North Korea on its list of state sponsors of terrorism.⁷⁹

Chinese media responses to Pyongyang’s conventional military provocations against the United States have been even rarer. While the U.S. presence in the region may be providing stability and Beijing and the United States are growing increasingly interdependent, Beijing still perceives U.S. military presence in Asia as the type of hegemony that Beijing vehemently opposes, as indicated in its white papers. Distrust and apprehension of the U.S. military is perhaps the one area where China and North Korea still share common security perceptions.

Consider the remarkably similar behavior of Pyongyang and Beijing in the cases of the Sino-U.S. EP-3 incident in 2001 and North Korea’s seizure of the U.S.S. *Pueblo* in 1968. Beijing claimed the EP-3 violated its airspace and characterized its emergency landing on Hainan Island as an act of aggression despite the fact that the EP-3 was forced to land because of the mid-air collision caused by the aggressive flying of a Chinese fighter pilot. Beijing forced the United States to issue an apology (of sorts) before releasing the crew. When Pyongyang seized the U.S.S. *Pueblo* in 1968, it insisted the

⁷⁷ “Security Council meeting 2792,” undemocracy.com, accessed February 21, 2011, <http://www.undemocracy.com/S-PV.2792>.

⁷⁸ Ibid.

⁷⁹ “Record of North Korea’s Major Conventional Provocations,” 1.

vessel was invading its territorial waters, despite the fact that the *Pueblo* was in international waters. Pyongyang also required the United States to make a formal apology before releasing the crew of the *Pueblo*. The very next year, Pyongyang shot down a U.S. EC-121 reconnaissance aircraft on the grounds that it was invading North Korean airspace. Beijing and Pyongyang have a similar message for the United States in instances where they feel the U.S. military is being too intrusive, “back off.” This does not mean that Beijing desires military conflicts between North Korea and the United States, it means that when they occur, Beijing is constrained to support Pyongyang based on their common perception of the U.S. military threat.

Although there is little doubt that Pyongyang continues to view the South Korean military as a direct security threat, China has had no significant conflict with the South Korean military since the Korean War. Beijing does not view the small nation as a security threat except in its role as a host nation for U.S. military forces. Therefore, there must be a different reason for Beijing’s muted responses in instances of North Korean military attacks against South Korea. One probability is that Beijing loses nothing in its relationship with South Korea by remaining neutral in instances of North Korean provocations.

Throughout the 1990s, Seoul increasingly adopted a policy of engagement and peaceful development toward North Korea, especially under President Kim Dae-Jung’s Sunshine policy enunciated in March 1998. Throughout the entire George W. Bush era, China and South Korea held very similar preferences for the carrot instead of the stick to entice Pyongyang to play nice. In some years during the 2000s, South Korean economic assistance to North Korea surpassed that of China for short periods. While the current Lee administration is more hawkish in its views of North Korea, a significant number of people in South Korea’s government and society still share Beijing’s dovish approach to resolving the Korean peninsula dilemma. Therefore, China’s forgiving stance toward Pyongyang runs little risk of alienating Seoul or impacting their significant trade relationship. Taking an official stance against Pyongyang, however, would greatly impact their relationship and possibly reduce Beijing’s ability to influence Pyongyang. Also by acknowledging Pyongyang as a culprit, Beijing would lose the ability to block

UN sanctions against Pyongyang. In short, Beijing's muted response to Pyongyang's military provocations against South Korea stems from a desire to prevent or mitigate the isolation of North Korea.

From Beijing's perspective, isolating North Korea is the worst possible course of action for several reasons. First, bilateral sanctions against Pyongyang by regional nations only mean that Beijing will have to carry a greater load on its own back to keep North Korea afloat. Second, should China have to support a UN resolution against North Korea, like it already has on two occasions, Beijing itself, is restrained from its apparent goal of trying to keep the Kim regime afloat. While Beijing has taken steps to curb Pyongyang's behavior, including some support for sanctions, it is still resolved to keep the Kim regime in place.

This exploration into Beijing's behavior in response to North Korean nuclear brinkmanship and conventional provocations reveals some trends in China's behavior. In response to North Korea's nuclear provocations since the 1990s, Beijing remained largely neutral and consistently advocated a peaceful process for denuclearization of the peninsula. Two factors contributed to Beijing taking a more active role in Korean peninsula nuclear affairs in 2003. First, Beijing's own stance on nuclear proliferation evolved throughout the 1990s and eventually placed Beijing directly at odds with Pyongyang's pursuit of nuclear weapons. Second, as a result of the Bush administration's aggressive stance toward North Korea in 2002 and Pyongyang's equally aggressive defiance, Beijing feared that tensions might escalate to war. Although Beijing began to take a more active part in the peninsula affairs by engineering the six-party talks, it continued to advocate peaceful means to resolving the peninsula crises and attempted to curb any international movements against North Korean sovereignty. Even after adopting sanctions against North Korea in its response to the 2006 and 2009 nuclear tests, Beijing has remained the most forgiving of all the nations involved with the peninsula peace process and remains North Korea's greatest trade partner and largest provider of aid.

China's responses to North Korea's conventional provocations have been even more muted than its response to nuclear brinkmanship. Even in the few instances when Beijing did respond to North Korean conventional provocations against Seoul, China consistently stressed the need for peaceful resolution of the Korean peninsula issue and objection to the use of sanctions. Beijing's consistent emphasis on peaceful measures in response to Pyongyang's nuclear and conventional provocations provides a strong indication of its preference to maintain the status quo on the Korean peninsula.

E. COLLAPSE AND MASS MIGRATION

This last section explores Beijing's perceptions of the potential implications of collapse of the DPRK and war on the Korean peninsula and how they limit Beijing's policy options. Beijing's concerns about collapse or war are not unique. Arguably no nation desires either scenario, but the consequences for the United States would be far different in scope and nature than for China. In addition to the immediate consequences of a war or collapse scenario on the Korean peninsula, Beijing also harbors unique fears of long-term repercussions to China's national security.

In one of the famed Wikileaks documents released to the press in 2010, Singapore's former Prime Minister Lee Kuan Yew, stated in correspondence in May, 2009, "If China has to choose, Beijing sees a North Korea with nuclear weapons as less bad for China than a North Korea that has collapsed."⁸⁰ Lee was the first prime minister of Singapore and ruled for over 30 years. His extensive contacts with the CCP leadership lend great weight to his views. Yet even without Lee's input, Beijing has made no secret that its greatest fear on the Korean peninsula is of a North Korean collapse and the resulting mass migration of millions of North Koreans into northeast China. Even more than collapse, Beijing fears that Pyongyang may instigate a war to prevent a collapse from occurring. Maintaining the Kim regime appears to be the only way Beijing can avoid a collapse in North Korea and prevent North Korea from provoking a war.

⁸⁰ "Singapore's Lee calls N. Koreans 'psychopathic'—WikiLeaks," *Agence France-Press*, November 30, 2010, accessed January 12, 2011, <http://newsinfo.inquirer.net/breakingnews/world/view/20101130-306212/Singapore-Lee-calls-NKoreans-psychopathic--WikiLeaks>.

Before continuing, let us clarify the term “collapse.” As Samuel Kim states, “The collapse of an economy does not automatically lead to the collapse of the regime, which could in turn trigger the collapse of the system, and so on, leading to the collapse of the state.”⁸¹ Also, in some cases, a regime can collapse while the state continues to exist. The current changes in Tunisia and Egypt are both examples of how a regime, in this case the autocracies of Tunisia’s Ben Ali and Egypt’s Hosni Mubarak, can collapse while the state continues its existence. In North Korea’s case, however, the “system” and the “state” is the Kim regime. The only way the Kim regime is likely to collapse is through external intervention, such as war.

Unlike the pseudo-democracies in Egypt and Tunisia, there is no clear separation between state and society in North Korea. The Kim regime has indoctrinated the entire North Korean population into a cult of personality system that is the foundation of not only the social structure but also the government system in much the same way as a theocracy would operate, if the deity were also the head of the nation. The entire government and military structure is built upon a highly intertwined web of nepotism that functions based on the relationship between elites whose powers derive from their relationship to the Kim family. That structure is permeated throughout North Korean society through a highly elaborate *songbun* ranking system down to family units.⁸² As Chinese leaders have a much closer relationship with North Korea, it is likely that they are far more familiar with this aspect of North Korean society than their counterparts in Washington.

Unlike the explosion of unrest in Egypt and Tunisia, where the population desired political alternatives, the North Koreans have been beaten down and brainwashed their entire lives. As Samuel Kim observes, “As things stand, the mood of the North Korean people is best described as characterized not by an increased sense of deprivation ready to explode but by quiet alienation and combat fatigue.”⁸³ Based on Pyongyang’s brutal

⁸¹ Kim, “China and the future of the Korean peninsula,” 107.

⁸² Lankov, *North of the DMZ*, 66–76.

⁸³ Kim, “China and the Future of the Korean Peninsula,” 111.

intolerance for political opposition, if mass protests were to occur, the North Korean military and security forces would annihilate those uprisings long before they could build enough momentum to threaten the regime.

In any case, a mass uprising in North Korea prompted by economic deterioration or even a complete collapse of the economy seems very unlikely. By some standards, the North Korean economy already collapsed in the late 1990s and since then has relied on external sources of aid to continue limping forward. As stated in one recent book on North Korea, based on a World Food Program (WFP) estimate, “one-third of the people never have enough to eat, half sometimes do not have enough, and only 10 to 20 percent always have enough to eat.”⁸⁴ According to the same source, since 1990, the North Korean economy has only been operating at 25 percent capacity.⁸⁵

Arguably, the economy of North Korea could get worse, so bad that North Koreans simply start flooding across the border; or the Kim regime could simply allow a significant portion of its population to starve to death while maintaining control over the border. This is essentially what occurred during the great famine in the 1990s, when, by some estimates, one out of every ten North Koreans (roughly 2 million of North Korea’s population of 20 million) simply starved to death and 63 percent of the children were malnourished.⁸⁶ In short, it appears that Pyongyang is largely immune to any form of internal collapse even in the direst economic straits.

Beijing’s greatest fear, however, is that before the situation deteriorates to a point where any type of collapse might occur, Pyongyang will instigate a war. Pyongyang portrays its economic deterioration as the result of Western sanctions and attempts to isolate North Korea. Much of Pyongyang’s provocative behavior since the 1980s, especially in regards to nuclear brinkmanship beginning in the 1990s, stems from Pyongyang’s insistence that its adversaries provide assistance to North Korea or suffer

⁸⁴ Hassig and Oh, *The Hidden People of North Korea*, 240.

⁸⁵ *Ibid.*, 249.

⁸⁶ Marcus Noland, “Famine and Reforms in North Korea,” Institute for International Economics, WP 03-5, (July, 2003) and Adrian Buzo, *The Making of Modern Korea: A History* (London: Routledge, 2002), 176.

the consequences. While U.S. and South Korean leadership are heavily constrained by a low public threshold for war, Pyongyang is not. The millions of lives that would be lost in a resumption of the Korean War are far more acceptable in Pyongyang than in Washington and Seoul.

Should the United States and its allies somehow succeed in causing a collapse in North Korea without war, the consequences would still be horrific for Beijing. Hypothetically speaking, should China cut off aid to North Korea, as many in Washington desire, Pyongyang could open its borders to the North allowing its starving citizens to flee into China. If China sealed off its borders, it would amount to a humanitarian disaster that would make Tiananmen pale in comparison and possibly even result in a Chinese—North Korean military conflict. China's other option is to allow millions of Koreans into its northeast region, an area already heavily populated by ethnic Koreans, fueling potential for a future separatist movement. And China would still find itself facing the logistic challenge of feeding millions of refugees. As one Chinese official puts it, "We can either send food to North Koreans or they will send refugees to us—either way, we feed them. It is more convenient to feed them in North Korea than in China."⁸⁷

If a North Korean collapse came about because of war, the end result would be the same, millions of refugees flooding China, but with the added dimension of large numbers of fleeing armed military personnel. The border region between China and North Korea has already absorbed as many as 300,000 North Korean refugees and has a growing criminal presence.⁸⁸ The influx of millions of armed soldiers would only add to instability in the region and pose a huge demilitarization and rehabilitation dilemma for Beijing. Additionally, the likelihood of U.S. troops entering into North Korea in an attempt to secure all of Pyongyang's known chemical, biological, and nuclear weapons sites, some near the border with China, could result in conflict between U.S. and Chinese forces.

⁸⁷ David Lampton and Richard Daniel Ewing, *The U.S.-China Relationship Facing International Security Crises: Three Case Studies in Post-9/11 Bilateral Relations* (Washington, DC: The Nixon Center, 2004), 70.

⁸⁸ Scobell, *China and North Korea*, 7.

The aftermath of a collapse also poses long-range security issues for Beijing. Whether U.S. and ROK forces, or Chinese forces, occupy the North, there is no longer any buffer between U.S. and Chinese forces. Beijing would most assuredly prefer Chinese occupation of the North over the possibility of a unified Korean peninsula under Seoul's leadership aligned with the United States. This is all the more true because Seoul might gain possession of Pyongyang's nuclear weapons, at least for an undetermined period of time. In short, no matter how it occurs, a North Korean collapse or Pyongyang's response to prevent a collapse is bad news for Beijing.

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IV. CHINA'S SHORT-TERM AND LONG-TERM STRATEGIES

A. INTRODUCTION

This chapter takes the evidence gathered in Chapter III and applies it within the framework of China's and North Korea's broader strategic priorities to define Beijing's preferences for the Korean peninsula in the short term and long term. Beijing's perception on the significance of North Korea to its strategic priorities, observations of Beijing's response to North Korean provocations, and Beijing's unique perception of the consequences of war and collapse on the Korean peninsula all provide valuable evidence to support the hypotheses of this thesis. Beijing prefers the status quo in the short term, and Pyongyang's gradual evolution into a stable and economically prosperous non-nuclear regime, aligned with Beijing in the long term. Competing points of views are evaluated in this chapter as they pertain to the findings of this thesis.

B. CHINA'S SHORT-TERM PREFERENCE FOR THE STATUS QUO

The argument of this thesis is that, in the short term, Beijing desires to maintain the Kim regime in preference over all other viable options. This is actually the easiest hypothesis to prove as there are no major arguments countering that Beijing desires to maintain the Kim regime in the short term. Beijing prefers to keep the Kim regime in power because it is the only option that meets its strategic priority for stability and supports all of its lesser security objectives.

Beijing's behavior in response to North Korean provocations and Beijing's perspective of the North Korean nuclear threat support this view. While Beijing clearly desires a non-nuclear Korean peninsula, as the North Korean nuclear capability does not directly threaten China, that concerns appears secondary to Beijing's desire for stability in the region. Beijing's refusal to pursue a policy of isolation and economic strangulation in response to North Korea's nuclear brinkmanship and Beijing's continued emphasis on peaceful resolution to the Korean peninsula dilemma clearly indicate Beijing's desire to maintain the status quo.

The collapse of the Kim regime through war is the greatest threat to stability in the region and unacceptable to Beijing as a massive influx of refugees into Northern China would destabilize the region. While increasing economic sanctions and other measures to isolate the Kim regime could lead to eventual economic collapse (or rather greater economic collapse), it is doubtful that the Kim regime will ever lose control over the population. In the unlikely event that internal dissension ever manifests at a level that threatens the control of the regime, Pyongyang will respond by engaging in genocide of its own people and/or provoking a renewed Korean War. While the U.S.-ROK alliance would almost certainly triumph, the end result would garner the same consequences of collapse for Beijing, mass migration of North Koreans into North China. In addition, a war scenario would present China with several other undesired consequences beyond collapse. China would be faced with the potential problem of demobilizing and reintegrating massive numbers of North Korean military personnel that fled to northeast China. A war scenario also presents the possibility that China might become entangled in direct military conflicts with either North Korean forces or U.S. and ROK forces.

Lastly, the elimination of the Kim regime, either through collapse or war, would likely result in a unified Korean peninsula under Seoul with continued alignment with the United States. This would eliminate the strategic value Pyongyang provided Beijing as leverage against the U.S. stance on Taiwan, and deprive Beijing of any buffer between Chinese and U.S. forces. All of these factors lead Beijing to prefer a status quo over any attempt to effect a regime change in Pyongyang. However, there is increasing conjecture that China may be (or should be) considering regime change as a policy option, based on recent changes in regional dynamics.

According to recent reporting of Wikileaks documents, one high-ranking Chinese official stated his belief that Beijing, “lacks the will to push Pyongyang to change its behavior, but Beijing will not necessarily oppose the United States and South Korea in the case of a North Korean collapse.”⁸⁹ Whether this reporting is accurate or not is irrelevant. There are undoubtedly officials in China who not only contemplate regime

⁸⁹ Christopher Boden, “China knows less about NKorea than thought,” *Associated Press*, November 30, 2010.

change in North Korea, but may even greatly desire it. As one Chinese academic states, “There are signs that Chinese thinking toward North Korea is becoming increasingly pluralistic. But the North Korean question remains the single most divisive foreign policy issue in China.”⁹⁰

Chinese opinions, even amongst its highest leaders, are likely to differ, just as much as U.S. officials differ in their views of how to deal with North Korea. The Wikileaks documents do not come with the caveat that the opinions expressed in these diplomatic correspondences are the opinions of the individuals and in no way represent the official view of the Chinese government. Unlike official press statements by nations, diplomatic conversations are not constrained by public responses and allow a freedom of expression by their participants. To some, that might suggest a level of sincerity or honesty, making the document an invaluable tool to gain insight into the views of senior decision makers, but that is only half true. Private conversations allow diplomats to cater the conversation to a specific audience. Consider what the language in that correspondence might have been if they were intended for Pyongyang instead of Washington.

Even if the Wikileaks documents offers some valid insight into the thoughts of some officials, the primary take away from those documents is that some Chinese officials are more frustrated than others with Pyongyang and wish to change its behavior, but realize they cannot. China’s frustration with Pyongyang’s behavior is evident in many open documents and in Beijing’s response to Pyongyang’s provocative behavior in the past, most especially in its recent support for UN sanctions. This thesis does not argue that China approves of Pyongyang’s behavior; it argues that China is forced to continue supporting Pyongyang because there are no other acceptable options that meet China’s strategic priorities. As the Wikileaks official says, “China lacks the will to push Pyongyang to change its behavior.” Basing a belief that Beijing is contemplating a change of its preference for the status quo in Pyongyang based on the Wikileaks documents ignores the mountain of evidence that argues otherwise.

⁹⁰ Zhu Feng, “China’s Policy Toward North Korea: A New Twist?” *Pacific Forum CSIS* 60, December 8, 2010.

Much speculation on China's preference for status quo or regime change, even before the Wikileaks documents appeared, seems to be a product of wishful thinking or even policy suggestions for China rather than an assessment of China's actual policy stance. In May 2010, Scott Snyder suggested that China's desire for regional stability could, (or rather should) prompt it to pursue a regime change in Pyongyang. Snyder supports more punitive measures toward North Korea and argues that South Korea's Lee Myung-bak is hoping the recent *Cheonan* incident will break the current deadlock between Pyongyang and the United States by prompting greater international cooperation against Pyongyang. Snyder says that, "in addition to support from the United States, South Korea needs China to prioritize stability over the status quo if Lee's strategy is to be successful."⁹¹

Snyder seems to imply that the current level of instability in the region is rising to a level that should be unacceptable to Beijing and that China should start considering a change of the status quo in light of recent alignment of views between the United States and South Korea. National Asia Research Fellow Sung-Yoon Lee appears to take a similar view. In a recent presentation at the Woodrow Wilson International Center of Scholars, Lee proposes that, "the collapse of the DPRK falls within the realm of possibility—within a reasonable degree of possibility." According to Lee, the "mainstream academic discussion and military planning within South Korea assume such a contingency's possibility," and "it is both possible and desirable for the United States to begin indirectly engaging Chinese leaders to manage better the North Korean regime's potential collapse."⁹²

Whether an international coalition, even with China's support, could successfully effect a regime change in Pyongyang without war is outside the scope of this thesis, but it is the author's personal view that such a possibility is unlikely. Despite its unifying

⁹¹ Scott A. Snyder, "China's Litmus Test: Stability or Status Quo on the Korean Peninsula?" *Council on Foreign Relations*, May 28, 2010, accessed June 3, 2010, <http://blogs.cfr.org/asia/2010/05/28/china%E2%80%99s-litmus-test-stability-or-status-quo-on-the-korean-peninsula/>.

⁹² Sung-Yoon Lee, "Is Status Quo Destiny? China's Interests in Post-Kim Dynasty Korea," a presentation at the Woodrow Wilson International Center for Scholars, January 24, 2011, accessed February 22, 2011, <http://www.nbr.org/Research/activity.aspx?id=112>.

effect on its adversaries, Pyongyang's recent successes in developing nuclear capabilities increases rather than decreases its ability to continue blackmailing the international community. Beijing's recent behavior indicates it shares this view as evidenced by the December 2010 agreement with Pyongyang to invest \$2 billion in a joint Chinese-North Korean special economic zone.⁹³ China's support for North Korea is reluctant but required by Beijing's pragmatic *realpolitik* approach. Despite the conjecture of these analysts otherwise, all the evidence gathered in this thesis indicates that Beijing will continue to prefer the status quo, despite some change in regional dynamics.

C. CHINA'S LONG-TERM PREFERENCES

While there are very few arguments that Beijing prefers anything but the status quo in the short term, there are several competing hypotheses on Beijing's long-term preferences for the Korean peninsula, especially in regards to the type of government that would emerge. Most authors posit their hypotheses in a comprehensive manner. For instance, in a view very similar to the hypotheses of this thesis, Robert Scalapino suggests that China's position on North Korea is quite clear: "The PRC does not want a collapsed DPRK, a nuclear DPRK, or another conflict. Hence it favors the status quo continuing, meanwhile encouraging the North to pursue an evolutionary process that would preserve 'socialism' while undertaking those major changes that would enable it to become a part of the modern world."⁹⁴ While Scalapino does not explicitly say so, his exclusion of the term "reunification" and his pointed use of "the North," indicates his belief that Beijing prefers two separate Koreas in the future. There are three broad categories that must be addressed in a comprehensive discussion of China's preferences for the Korean peninsula: Beijing's short-term preference for the status quo versus regime change; a preference for reunification versus two Koreas; and, lastly, what type of government Beijing prefers in a reunified Korea or in a separate North Korea.

⁹³ "China Plans Massive Investment in North Korea," *Agence-France Presse*, January 6, 2011, accessed February 22, 2011, <http://www.google.com/hostednews/afp/article/ALeqM5hJM-KJUmXhpQ8OJHiZ53hcAalNZw?docId=CNG.15bd5dcd9923ec1ede1841c7911a83dc.4d1>.

⁹⁴ Scalapino, "Korea: the Options and Perimeters," 17.

As China's short-term preference for the status quo has already been established, this section will focus on the latter two categories. The first discussion establishes Chinese preference for a separate North Korea over a reunified Korea. A separate discussion will assess competing hypotheses on what type of government Beijing desires in the North. While this artificial dissection and grouping of comprehensive arguments will result in some redundancy, it offers the clearest method of comparing and contrasting the relative value of competing hypotheses.

In one final note on methodology, to avoid superfluous argument, it is important to clarify the precise nature of what is being discussed, as the future China prefers for North Korea and not the future that is most likely (although China's preferences will heavily impact that outcome). Tang Shiping, a Chinese academic, clearly distinguishes between the two, "While China clearly believes that reunification is inevitable...the truth is that China has no incentive to facilitate Korean reunification based on the current US-ROK intention to maintain an alliance after the unification."⁹⁵ The following discussion focuses on China's *preferences* for the Korean peninsula, not an assessment of the likeliest outcome.

1. To Reunify or To Not Reunify

In Article VI of the 1961 treaty between the PRC and the DPRK, China officially endorses reunification of the Korean peninsula, "The Contracting Parties hold that the unification of Korea must be realized along peaceful and democratic lines and that such a solution accords exactly with the national interests of the Korean people and the aim of preserving peace in the Far East." China continuously paid lip service to that stance in official statements up through the early 1990s. As late as 1991, Jiang Zemin supported a plan to reunify North Korea similar to China's system with Hong Kong, "one nation, one country, two systems and two governments."⁹⁶ In recognition of the growing disparity in economic realities between Seoul and Pyongyang, Beijing has since changed its stance on

⁹⁵ Tang Shiping, "A Neutral Reunified Korea: A Chinese View," *The Journal of East Asian Affairs* (Seoul), Vol. XIII, No. 2 (Fall/Winter 1999), 464–483.

⁹⁶ "North Korean Leader Pays 39th Visit to China," *Beijing Review*, Vol. 34, No. 41, (October 14–20, 1991): 4.

reunification and the likelihood that any reunified Korea would fall under Seoul, Beijing has changed its preference from reunification to a desire for a continued separate North Korea.

From a political perspective, if Beijing truly desired to see a reunification of the two Koreas, it is unlikely that it would have supported the entrance of both South Korea and North Korea into the United Nations in 1991 and then normalized relations with Seoul in 1992. On the economic side of the house, China has supported South Korea's economic rise since normalized relations, increasing trade from just over \$6 billion in 1992 to over \$79 billion by 2004.⁹⁷ Despite the media's focus on China's continued support for North Korea, according to reports in early 2011, Chinese trade with Seoul has reached over \$207 billion compared to China's \$3.5 billion trade relationship with Pyongyang.⁹⁸ China's behavior seems to indicate a growing acceptance of a more permanent state of two Korean nations. Accepting that Beijing is against reunification of the two Koreas, however, begs the question of why?

Reunification of the Koreas can only occur in three ways: after a war; after a collapse; or by absorption. As already discussed, Beijing cannot accept war or collapse as viable options because of the instability caused by refugees, the loss of North Korea as leverage in the Taiwan straits issue, and the loss of a buffer between U.S. and Chinese forces. Absorption offers the only possible way for the two Koreas to reunite peacefully. Absorption is based on the German model of reunification where a much more prosperous West Germany engulfed an economically failed East Germany. In a Korean peninsula scenario, South Korea would absorb North Korea.

While peaceful reunification by absorption would maintain stability and prevent a mass migration into China, it would not prevent Beijing's loss of Pyongyang as leverage against Washington over Taiwan or its role as a buffer state. Beijing opposes reunification because of the likelihood that in almost any reunification scenario, the

⁹⁷ Jae Ho Chung, *Between Ally and Partner* (New York: Columbia University Press, 2007), 79.

⁹⁸ Peter Foster, "China Shores Up North Korea with Backdoor Trade Deals," *The Telegraph*, February 16, 2011, accessed February 21, 2011, <http://www.telegraph.co.uk/news/worldnews/asia/northkorea/8328027/China-shores-up-North-Korea-with-backdoor-trade-deals.html>.

United States would have more influence over a reunified Korea than China. A reunified Korea with close U.S. ties would effectively eliminate Pyongyang's significance as leverage in China's ongoing dispute with the United States over Taiwan. At least for some length of time, if not indefinitely, a reunified Korea would host U.S. troops, effectively eliminating the buffer zone that Pyongyang provided. Lastly, a reunified Korea could possibly remain a de facto nuclear weapons state, and the last thing China wants is another nuclear nation on its border, especially one that is aligned with the United States. China's fear of the negative impacts of absorption is present in arguments posited by several experts.

As mentioned earlier, Tang Shiping does not believe Beijing views reunification of the Korean peninsula is in its best interest. In a 2002 journal article, Tang posits that in a comparison of reunification scenarios, the most likely scenario to occur is a reunified Korea with a military alliance with the United States, an outcome that Tang describes as contrary to the interests of the countries in the region.⁹⁹ Tang explains, "This is because the United States will do its best to maintain its military presence on the peninsula and thereby constitute a constraint on China and Russia (or even Japan)."¹⁰⁰ Samuel Kim agrees with Tang, and explains, "What intensifies Beijing's security concern and its opposition to the unification-by-absorption scenario is the perception of U.S. strategy on the Korean nuclear issue."¹⁰¹ While his reasoning is slightly different from Tang's, Kim's bottom line is the same, China does not prefer reunification.

In summary, Beijing prefers a separate North Korea over a reunified Korea. Reunification can only occur after a war, collapse, or by absorption. War and collapse are completely unacceptable to Beijing and reunification by absorption would result nation that is aligned with Washington instead of Beijing. This would eliminate North Korea's value as leverage against the U.S. position on Taiwan or as a buffer between

⁹⁹ Tang Shiping, "China's Peripheral Security Environment in 2010–2015—Decisive Factors, Trends and Prospects," Institute of Asia-Pacific Studies, Chinese Academy of Social Sciences, FBIS translation CPP20021014000169 *Beijing Zhanlue yu Guanli* in Chinese, 1 Oct 03, No. 5, 34–45.

¹⁰⁰ Ibid.

¹⁰¹ Samuel S. Kim, *China's Quest for Security in the Post-Cold War World* (Carlisle, PA: Strategic Studies Institute, 1996), 24.

U.S. and Chinese forces. Until there is a significant change to in the dynamics of Sino-U.S. relations, Beijing will continue to prefer the existence of a separate North Korean state over any reunification scenario.

2. Socialism, Capitalism, or Neutrality?

Accepting that China prefers a separate North Korea over a reunified Korean state in the long term, there is a divergence of opinion on what type of future regime China desires in Pyongyang. The second hypothesis of this thesis is that Beijing prefers North Korea undergo a gradual evolution into a stable and economically prosperous, non-nuclear regime, aligned with Beijing in the long term. There are three schools of thought on what type of regime Beijing desires in a future North Korea. One school of thought posits that Beijing desires that the DPRK develops into a genuine communist state. Another suggests that Beijing has outgrown the boundaries of Cold War ideology and in pursuit of *realpolitik* goals cares only that the new regime maintains its alignment toward Beijing over Washington. The final option is that Beijing desires the emergence of a neutral North Korea.

Russell Ong argues that with the collapse of the Soviet Union, the political legitimacy of communism has been threatened and that North Korea as a “communist” state bolsters China’s political security.¹⁰² Ong believes that ideology, a common “anti-Americanism” sentiment, and similar security concerns are what constitute a strong bond between China and North Korea. Based on this, Ong argues that China would want a future North Korean regime to be socialist. Ong is not alone in his belief. Robert Scalapino also supports this view, saying that Beijing desires Pyongyang to, “pursue an evolutionary process that would preserve ‘socialism’ while undertaking those major changes that would enable it to become a part of the modern world.”¹⁰³

Ong and Scalapino overestimate the importance of “socialist” ideology to Beijing’s policy decision making process. There are several factors that argue against a view that China prefers North Korea remain a communist state. Cultural ties between

¹⁰² Ong, *China’s Security Interests in the Post-Cold War Era*, 18.

¹⁰³ Scalapino, “Korea, the Options and Perimeters,” 17.

Chinese and North Koreans have deteriorated to the point that Chinese no longer feel any strong affinity for North Koreans. Chinese and North Koreans no longer share a “big brother—little brother relationship.” Also, it is debatable whether Chinese even view themselves or North Korean as truly “socialist” any longer.

The CCP’s ongoing crisis of legitimacy indicates that Chinese would not emphasize with North Koreans along ideological lines. According to Susan Shirk, China’s evident abandonment of communism has left the CCP with a lack of legitimizing ideology.¹⁰⁴ Logically, if the CCP no longer believes that Chinese perceive themselves as communists, it is not likely to make any political decision regarding the DPRK based on common ideology. And the CCP is well aware that the DPRK is no longer a socialist state but a totalitarian dictatorship with only socialist trappings.

China’s pragmatic behavior in the past also indicates the minimal impact of ideology in its policy preferences. Consider China’s decision to ally itself with the United States during the latter period of the Sino-Soviet split. During the 1960s, communist ideology was at the height of its power and influence in China. Once the Soviet Union began manifesting itself as a security threat, Beijing chose to seek rapprochement with the United States. Although the United States was China’s arch nemesis in the ideological spectrum, Beijing chose pragmatism over ideological considerations.

While high-level officials from both China and North Korea may still make references to their close ideological bonds, it far more likely that these are no more than diplomatic niceties made in order to facilitate relations, rather than indications of any true ideological bonds. While not enough evidence to suggest Beijing desires regime change, the comments revealed in recent Wikileaks documents reveal that many Chinese officials are not very fond of the North Koreans, despite any lingering ideological similarities.

In summary, evidence suggests that Beijing no longer has any strong ideological ties with North Korea and even if it did, ideological bonds would not be a primary consideration in Beijing’s policy formulation. Beijing has repeatedly demonstrated

¹⁰⁴ Shirk, *Fragile Superpower*, 62.

realpolitik pragmatism in its foreign policy preferences and, therefore, while Beijing would not object to a socialist government forming in a future Pyongyang, it would not block the formation of other regime types either. Beyond stability and economic development, Beijing's primary concern for a future Pyongyang regime is that it stays aligned with Beijing's security interests. As Tang explains, "China is not concerned with a unified Korea's ideological orientation but with its security orientation."¹⁰⁵ Whether a future North Korea is socialist or democratic or autocratic is of less importance to Beijing than whether or not it supports China's views on Taiwan or its claims in the Southeast China Sea.

The third option most commonly brought up in discussion of North Korea's future is the concept of neutrality. Tsuneo Akaha defines neutrality in the following manner:

A neutralized state is conventionally defined as "a state whose political independence and territorial integrity are guaranteed permanently by a collective agreement of great powers, subject to the conditions that the neutralized state will not take up arms against another state, except to defend itself, and will not assume treaty obligations which may compromise its neutralized status" International recognition of a neutral (or neutralized) state normally requires both other states' commitment not to attack militarily and not to interfere with the internal affairs of the neutral state. A set of obligations are also required on the part of the neutralized state, such as the obligation "not to use military force except in self-defense, not to permit other states to use its territory for military purposes or to interfere with its domestic affairs, not to enter alliances or other international agreements compromising its neutralized status, and not to intervene in the domestic affairs of other states."¹⁰⁶

The benefits of a neutral Korean peninsula have been discussed as far back as 1885, as means to protect a tiny Korean nation from its much larger and dominant neighbors.¹⁰⁷ Since the division of Korea after WWII, the concept of neutrality has been applied both as a means and an ends to resolving the current division on the Korean peninsula. To clarify, there are some proponents that advocated neutrality as either a

¹⁰⁵ Tang Shiping, "A Neutral Reunified Korea: A Chinese View," *The Journal of East Asian Affairs*, Vol. XIII, No. 2 (Fall/Winter 1999): 464–483.

¹⁰⁶ Tsuneo Akaha, ed., *The Future of North Korea* (London and New York: Routledge, 2002), 6.

¹⁰⁷ In Kwan Hwang, *The United States and Neutral Reunited Korea* (Lanham, MD: University Press of America, 199), 23.

means to accomplishing reunification of the Korean peninsula or an end result of reunification. Still others have discussed the benefits of a neutral North Korea in a two-Korea scenario. While the dynamics differ somewhat, from China's standpoint, the overall benefits versus the consequences of neutrality in both a reunification scenario and a separate North Korea scenario are the same. In short, Beijing does not perceive a neutral North Korea in its best interests, at least not for the foreseeable future.

Neutrality offers Beijing a seemingly excellent resolution to the Korean peninsula dilemma if properly implemented; a neutral North Korea could continue to act as a buffer against U.S. forces in South Korea or even result in the removal of U.S. forces from South Korea entirely. Neutrality would also force Pyongyang to demilitarize and denuclearize, and in general offer a much more stable and secure regional environment for development. However, a neutral North Korea would invalidate China's current position as the greatest external influence in Pyongyang and neutralize Beijing's ability to use North Korea as political and military leverage in any future Taiwan conflict.

Another reason why China would not prefer a neutral North Korea is that neutrality might only be a transitional state. After a period of neutrality, North Korea may slowly align itself with Washington. Alexandre Mansourov provides a relevant historic view of the use of neutrality by rising powers attempting to secure a realignment of Korea in their favor.

Therefore, any proposals aimed at achieving a neutral status for Korea, *ad hoc* or permanent, were usually advanced by those adjacent great powers that were intent on changing the regional status quo and considered neutrality as being one of the first steps that would possibly lead to dealignment. Hence, such ideas were viewed with suspicion by those adjacent great powers that were already closely aligned with Korea and that were eager to maintain the status quo in Northeast Asia. As a rule, at the beginning of their expansion, ascending regional great powers preferred some sort of neutralization of the Korean peninsula, tantamount to its extrication from its existing alliances, to be followed by some form of its close alignment, if not outright absorption or protectorate, with an expansionist power. In contrast, their descending regional rivals tended to defend a regional status quo, i.e. their close alignment with Korea, as long as they could; and, if they still failed, only then did they express interest in

some sort of neutralization of the Korean peninsula as a way of preventing it from falling into the rival's orbit of influence altogether.¹⁰⁸

To apply Mansourov's framework to the Korean peninsula dynamics of today, China is the "great power" that is already closely aligned with North Korea and views suggestions of neutrality by other nations (the United States) as a means to usurp China's dominant position. From that perspective, it is clear to see that Beijing would not find a neutral North Korea in its best interest.

To summarize, a neutral North Korea would result in Beijing's possible loss of a buffer zone, its definite loss of leverage against the U.S. position on Taiwan, and its possible realignment from Beijing to Washington. Therefore, Beijing does not prefer a neutral North Korea. For the foreseeable future, Beijing will prefer Pyongyang's gradual evolution into a stable and economically prosperous non-nuclear regime, aligned with Beijing in the long term.

D. CONCLUSION

A continued status quo in the short term, and a gradual evolution into a stable and economically prosperous, non-nuclear regime, aligned with Beijing in the long term, best suit China's need for stability. China's response to Pyongyang's provocations, analysis of Pyongyang's significance to China, and an assessment of China's perception on war and collapse on the Korean peninsula all indicate that Beijing is against any policy of regime change. As long as there is no war or collapse, Pyongyang provides Beijing strategic advantage in the region as a buffer against U.S. forces and leverage over the U.S. position on Taiwan issue.

While China's stance on nuclear proliferation has evolved to a point where it counters North Korea's effort to increase its nuclear weapons capabilities, Beijing does not view North Korea's nuclear capabilities as a direct threat to its security. Beijing wishes to dissuade North Korea from pursuing its nuclear ambitions, primarily from fear that it might spur a regional nuclear arms race. North Korea's nuclear brinkmanship has

¹⁰⁸ Alexandre Mansourov, "A neutral Democratic People's Republic of Korea? Historical Background, rationale, and prospects," in *The Future of North Korea*, edited by Tsuneo Akaha (London and New York: Routledge, 2002), 50–51.

also been increasing tension in the region that Beijing fears may increase the chance of war. Therefore, Beijing has increased efforts to curb Beijing's pursuit of nuclear weapons, including supporting UN sanctions against North Korea. This should not be misinterpreted as a sign that Beijing is considering regime change. Beijing has continued economic support for Pyongyang that diminishes the impact of economic sanctions.

Despite conventional Chinese rhetoric in support of peaceful unification of the Koreas in the past, Beijing fears that a unified Korea would have strong ties with the United States, eliminating North Korea's significance as a buffer zone and leverage against the United States over Taiwan. Therefore, instead of a reunified Korea, Beijing prefers a continued separate North Korea.

In discussions of a separate North Korean state, the topic turns to a focus on the type of regime Beijing would prefer to see evolve in Pyongyang. Some speculate that Beijing might prefer Pyongyang develop into a socialist regime or become a neutral state. Observation of Beijing's behavior toward the Soviets and Vietnamese in the past indicates that common "socialist" ideology is no barrier to conflict. While Beijing is concerned with Pyongyang's continued alignment with Beijing in security matters, there is no evidence to suggest Pyongyang would prefer a socialist government from any other form as long as it did not develop closer ties with Washington at the expense of Beijing. While neutrality might serve as a means to effect a reunification of the Koreas or offer security guarantees for a continued separate North Korean state, it does not suit Beijing's security concerns. A neutral North Korea would eliminate Pyongyang's roles as a buffer and as leverage against the United States over Taiwan and may even result in an eventual shift of alignment from Beijing to Washington. Therefore, all things considered, in the short term, Beijing prefers a continued status quo on the Korean peninsula. In the long term, Beijing desires Pyongyang's gradual evolution into a stable and economically prosperous, non-nuclear regime, aligned with Beijing.

V. CHINA AND NORTH KOREA'S PECULIAR INTERDEPENDENCE

A. MISPERCEPTIONS OF CHINA'S COERCIVE CAPABILITIES

Many believe that China has far greater ability to influence North Korea than it chooses to exercise. *New York Times* columnist Thomas Friedman once indicated that China could resolve the North Korean nuclear issue by saying to Pyongyang, "You will shut down your nuclear weapons program and put all your reactors under international inspection, or we will turn off your lights, cut off your heat and put your whole country on a diet. Have we made ourselves clear?"¹⁰⁹ Victor Cha, a professor at Georgetown University and Asia Director on the National Security Council during the George W. Bush administration, is extremely critical of China's response to the 2009 *Cheonan* incident. Cha says, "So China needs to make a choice. It needs to support South Korea in the U.N. and punish North Korea for its aggression in order to keep deterrence and peace in the region."¹¹⁰ Cha, like Friedman and others, believes that Beijing has strong coercive powers over Pyongyang and can effectively "punish" North Korea whenever it suits Beijing to do so.

An increasing number of analysts such as David Kang, director of the Korean Studies Institute at the University of Southern California, are starting to believe that China's ability to influence North Korea is far more limited. In a blog on June 2, 2010, Kang wrote, "many analyses of Chinese behavior make an unrealistic assumption: that China actually has the ability to force North Korea to do what it wants."¹¹¹ Daniel Pinkston, a Northeast Asia expert at the International Crisis Group, agrees with Kang, stating, "In general, Americans tend to overestimate the influence China has over North

¹⁰⁹ Friedman, "Brussels Sprouts."

¹¹⁰ Victor Cha, "China's Choice," *English.Chosun.Com*, May 25, 2010, accessed June 2, 2010, http://english.chosun.com/site/data/html_dir/2010/05/25/2010052501422.html.

¹¹¹ David Kang, "China and the Cheonan Incident," 38 North: Informed Analysis of North Korea, June 2, 2010, accessed June 2, 2010, <http://38north.org/2010/06/china-and-the-cheonan-incident/>.

Korea.”¹¹² The third hypothesis of this thesis supports Kang’s and Pinkston’s view and posits that China’s relationship with North Korea is less coercive in nature than many believe and instead is one of peculiar interdependence.

Despite China’s position as North Korea’s largest trade partner and its greatest source of foreign aid, Beijing’s coercive capabilities are limited by two factors that are often marginalized. Beijing is not North Korea’s only source of trade and foreign assistance. Pyongyang has demonstrated a remarkable ability to procure other sources of revenue and survive extreme economic hardship. Secondly, Pyongyang has demonstrated that it is keenly aware of its strategic importance to China and has utilized that knowledge to counter Beijing’s economic leverage. This chapter is divided into two sections addressing each of these factors.

B. CHINA AND NORTH KOREA’S ECONOMIC RELATIONSHIP IN PERSPECTIVE

The collapse of the Soviet Union in 1991 resulted in a staggering 84 percent reduction of trade between North Korea and Russia, from \$2.2 billion to less than \$360 million.¹¹³ Over the next decade, that number continually dropped. Although trade began increasing again in the 2000s, reaching over \$200 million in 2005, Russian-North Korean trade has never returned to Soviet era levels.¹¹⁴ Since the collapse of the Soviet Union, China has regularly (but not always) been North Korea’s largest trade partner and greatest single source of external aid, a trend that seems to be increasing in recent years. Yet, a comparison of Pyongyang’s trade and foreign assistance with other nations, such as South Korea, the United States, and Japan, indicates Pyongyang has the ability to procure other sources of revenue. Over the past two decades, Pyongyang has been able to successfully employ nuclear brinkmanship and manipulate international humanitarian concerns to secure economic support from the international system, thereby blunting Beijing’s economic leverage over Pyongyang.

¹¹² Jayshree Bajoria, “The China-North Korea Relationship,” Council on Foreign Relations, October 7, 2010, accessed February 16, 2011, <http://www.cfr.org/china/china-north-korea-relationship/p11097>.

¹¹³ Kim, *North Korean Foreign Relations*, 32.

¹¹⁴ *Ibid.*

1. Trade and Investment

Chinese-North Korean trade from 1990 to 1991 increased by 27 percent from \$483 to \$611 million. Although fluctuating from 1993 to 2001, China has been North Korea's largest trade partner nearly every year since 1990 and by 2005 Chinese-North Korean trade reached \$1.5 billion.¹¹⁵ Surprisingly, from 1990 to 2001, Japan consistently ranked second as North Korea's largest trade partner and on two occasions, 1995 and 2001, surpassed even China (see Table 1). South Korea also surpassed China in trade with North Korea in 2001 and has maintained a significant amount of trade with North Korea since. South Korea was second to China in 2005, at just over \$1 billion, accounting for 26 percent of North Korea's total trade.¹¹⁶ According to 2009 estimates, China remains North Korea's largest trade partner, accounting for 42 percent of North Korea's exports and 57 percent of North Korea's imports, but yet again, South Korea remains a major player, coming in second in both categories at 38 percent and 25 percent, respectively.¹¹⁷

¹¹⁵ Kim, *North Korean Foreign Relations*, 16.

¹¹⁶ *Ibid.*, 92.

¹¹⁷ CIA, *The World Factbook*, accessed March 4, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/kn.html>.

Table 1. North Korean Trade 1990–2005

North Korean Trade 1990 - 2005					
	China	South Korea	USSR/Russia	USA	Japan
1990	483	13	2,223	0.03	465
1991	611	111	365	0.2	496
1992	696	173	342	0.1	477
1993	899	186	227	2	465
1994	623	194	140	0.2	485
1995	550	287	84	11.6	588
1996	565	252	65	0.5	514
1997	652	308	84	2.5	466
1998	412	221	65	4.4	394
1999	371	333	50	11.3	349
2000	488	425	46	2.8	464
2001	348	402	69	0.5	475
2002	738	641	81	25.2	369
2003	1,024	697	119	8	264
2004	1,384	724	210	25.3	253
2005	1,580	1,055	232	5.8	190
Unit: U.S. \$1 million					

Sources: 1997 Diplomatic White Paper, Ministry of Foreign Affairs and Trade (MOFTA), Republic of Korea (ROK), pp. 396, 401; 1998 Diplomatic White Paper, pp. 481 and 486; 2000 Diplomatic White Paper, p.497; 2001 Diplomatic White Paper, p.484; 2002 Diplomatic White Paper, p. 497; available at www.mofat.go.kr; KOTRA at www.kotra.or.kr; ROK Ministry of Unification; International Monetary Fund (1992, pp.247, 304; 1993, pp. 247, 305; 1994, pp. 265, 326; 1995, pp. 269-270; 1996, pp. 275, 342; 1997, pp. 342, 347; 1998, pp. 280, 289, 349).

North Korea also diversifies its economic portfolio by pursuing foreign direct investment from nations other than China.¹¹⁸ Various Chinese state-owned and private enterprises invest massive amounts in North Korea. Much of this investment targets North Korean mining, such as China Tonghua Iron and Steel Group's \$875 million

¹¹⁸ Marcus Noland, *Korea after Kim Jong-Il* (Washington, DC: Institute for International Economics, 2004), 57.

investment in North Korea's Musan Iron Mine.¹¹⁹ China has also assisted North Korea in forming special economic zones (SEZ) such as the Rajin-Sonbong region on the border between China and North Korea, modeled after successful SEZs in China. In 2008, Chinese investment in North Korea accounted for \$41.2 million. But China may not be largest source of FDI in North Korea. South Korea may have surpassed China as the largest investor in North Korea, after it established the massive Kaesong Industrial Complex (KIC) with North Korea in 2002.

The absence of standardized reporting on South Korea's yearly investment in North Korea makes a direct comparison between Beijing and Seoul's FDI in North Korea problematic. Seoul considers economic transactions with Pyongyang as intra-country and, therefore, does not report its investments in North Korea to sources of comparative economic data, such as the Organization for Economic Co-operation and Development (OECD). According to available data from other sources, however, Seoul may have invested over \$220 million in the KIC from 2002-2007.¹²⁰ At an average of 45 million a year, South Korean investment in the KIC alone would have surpassed total Chinese FDI during this period. Apart from the KIC, Seoul also invests significant amounts into other ventures such as the Mount Kumgang tourist resort. Between 1999 and 2002, the Hyundai Group invested over \$400 million in the resort.¹²¹ Based on these numbers, South Korea may have easily been Pyongyang's largest single source of FDI in the 2000s.¹²²

In December 2010, China announced its intent to invest \$2 billion in a new venture in the Rajin-Sonbong SEZ.¹²³ If fulfilled, China will surpass South Korea as the

119 Nanto, Manyin, and Dumbaugh, "China-North Korea Relations," 16.

120 Dick K Nanto and Emma Chanlett-Avery, "North Korea: Economic Leverage and Policy Analysis" Congressional Research Service, January 22, 2010, 33.

121 "Korea, Democratic People's Republic of (DPRK)—Foreign investment," *Encyclopedia of the Nations*, accessed March 5, 2011, <http://www.nationsencyclopedia.com/Asia-and-Oceania/Korea-Democratic-People-s-Republic-of-DPRK-FOREIGN-INVESTMENT.html>.

122 "Closing Kaesong Industrial Complex Would Hit N.Korea Hard," *The Chosunilbo*, May 18, 2009, accessed February 7, 2011, http://english.chosun.com/site/data/html_dir/2009/05/18/2009051800226.html.

123 "China plans massive investment in N. Korea," *AFP*, Jan 6, 2011, accessed on March 5, 2011, <http://www.google.com/hostednews/afp/article/ALeqM5hJM-KJUmXhpQ8OJHiZ53hcAalNZw?docId=CNG.15bd5dcd9923ec1ede1841c7911a83dc.4d1>.

largest source of FDI in North Korea. The implications, however, are clear. China is not Pyongyang's only source of trade or investment. While South Korea has been the largest alternative source of revenue, Japan and Russia have also invested significant amounts into North Korea since the 1990s and European nations have contributed massive sums in official development assistance (ODA). In 2004 alone, North Korea received over \$1.4 billion in ODA funds (excluding China, South Korea, Japan, the United States and Russia).¹²⁴ While Beijing may be Pyongyang's preferred choice for economic cooperation, it is not Pyongyang's only option.

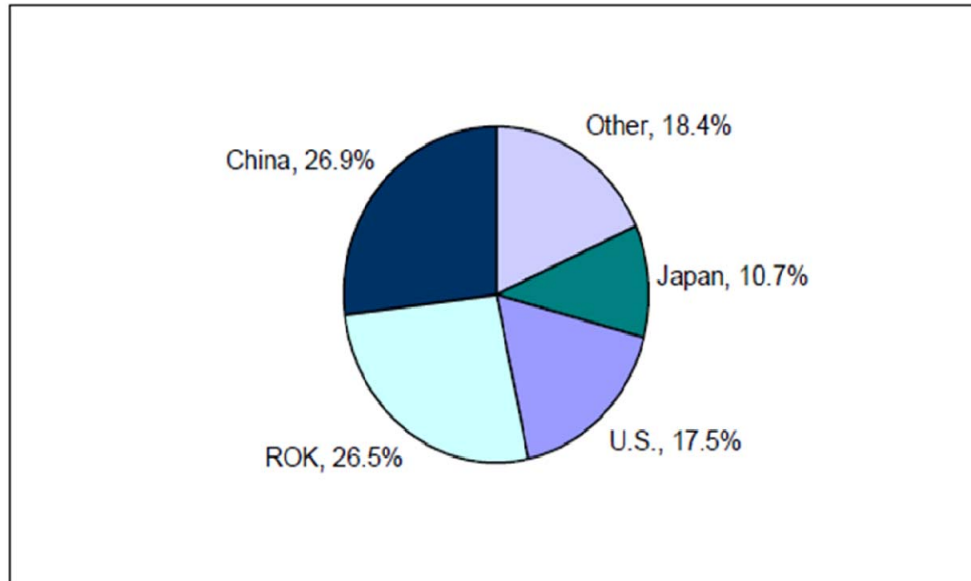
Also of significance, when North Korea has lost massive amounts of revenue in the past, it has managed to survive. When the Soviet Union collapsed in 1991, North Korea lost over \$1.7 billion in trade but persevered while it developed greater economic trade with China and other nations. From 1997 to 1998, China reduced its trade with North Korea by nearly half during the worst years of North Korea's great famine (see Table 1). While millions starved, the Kim regime stayed in power.

2. Foreign Assistance

The end of Soviet assistance to Pyongyang the 1990s also had a devastating impact on a struggling North Korean economy without the capital to purchase sufficient food or fuel on the international market. China again stepped in and eventually became North Korea's largest source of foreign aid, providing up to 90 percent of North Korea's external fuel and providing up to one-third of North Korea's external food supply by the mid-2000s.¹²⁵ But again, as with trade, Pyongyang has often found other sources of assistance other than Beijing (see Figure 1 below).

¹²⁴ Nanto and Chanlett-Avery, "North Korea," 44.

¹²⁵ Nanto, Manyin, and Dumbaugh, "China–North Korea Relations," 18.



Source: Interfais, May 20, 2009.

Notes: Volume for the United States includes food aid provided by the U.S. government to U.S. NGOs.

Figure 1. Major Food Donors to North Korea, 1995–2008 (From Interfais, 2009)

In 1994 and 1995, possibly as a result of Pyongyang’s refusal to cooperate with Chinese suggested economic reforms, Beijing significantly reduced the level of its foreign aid to Pyongyang. According to Marcus Noland, “If there were a single proximate trigger for the North Korean famine, this reduction was it. The floods of 1995 and 1996, through a contributory factor, were not a primary cause of the famine.”¹²⁶ During this period of reduced Chinese aid, Pyongyang employed nuclear brinkmanship to secure massive amounts of U.S., South Korean, and Japanese foreign aid through the stipulations of the 1994 Agreed Framework. While the promised two light-water reactors were never completed and the United States failed to deliver all of the promised fuel, North Korea, nevertheless became the largest Asian recipient of U.S. aid between 1995-

¹²⁶ Marcus Noland, “North Korea: The Thyrrany of Deprivation,” in *Worst of the Worst Dealing with Repressive and Rogue Nations*, ed., Robert I. Rotberg (Brooking Institution Press: Washington, DC, 2007), 96.

2002—receiving more than \$1 billion in food and energy.¹²⁷ U.S. food assistance increased from 1994–2002, peaking at \$177 million in 2001.¹²⁸

In 2002, Washington ended heavy fuel shipment to North Korea promised under the Agreed Framework, in protest against the discovery of North Korea’s HEU program. U.S. food aid decreased dramatically from \$171 million in 2002 to only \$27 million in 2003 and by 2006 the United States had completely halted any food aid to North Korea.¹²⁹ Following North Korea’s nuclear detonation in 2006, the United States again resumed food aid for North Korea in 2007 and by 2008 had reached \$106 million.¹³⁰ Similarly, under the 2007 six-party talks, the United States agreed to resumption of fuel oil to North Korea and by March of 2008 USAID had delivered 100,000 metric tons of fuel oil.¹³¹

South Korea has also contributed massive amounts of aid to North Korea under the Agreed Framework, six-party talks, or through separate bilateral agreements. Under Seoul’s Sunshine policy, South Korea delivered 500,000 metric tons of aid to North Korea annually, primarily in food and fertilizers.¹³² Through the six-party talks, South Korea delivered 145 metric tons of fuel oil to North Korea.¹³³ While, the United States and South Korea are the two largest contributors of foreign aid outside of China, North Korea has other potential sources of aid.

Japan is also a potential source of massive economic aid for North Korea. As part of a reconciliation package Tokyo was negotiating with Pyongyang in the late 1990s, Japan offered Pyongyang as much as \$10 billion (nearly half of North Korea’s total

¹²⁷ Noland, “North Korea,” 93.

¹²⁸ Mark E. Manyin and Mary Beth Nikitin, “U.S. Assistance to North Korea,” Congressional Research Service, July 31, 2008, 2.

¹²⁹ Ibid

¹³⁰ Ibid.

¹³¹ “USAID Assists North Korea in De-nuclearization,” USAID Frontlines, March 2008, at: http://www.usaid.gov/press/frontlines/fl_mar08/p4_nkorea.htm. (accessed March 7, 2011).

¹³² Donald Kirk, South Korea sends first aid to North Korea in nearly three years,” *The Christian Science Monitor*, October 25, 2010, at: <http://www.csmonitor.com/World/Asia-Pacific/2010/1025/South-Korea-sends-first-aid-to-North-Korea-in-nearly-three-years>. (accessed March 7, 2011).

¹³³ Manyin and Nikitin, “U.S. Assistance to North Korea,” 8.

\$20 billion GDP).¹³⁴ The package did not materialize for two reasons. The Japanese public responded with outrage in 2002, when Kim Jong-Il admitted to Japanese Prime Minister Junichiro Koizumi that North Korea had kidnapped Japanese citizens in the 1970s and 1980s as part of a program to spy on the Japanese.¹³⁵ That year was also when the United States reported North Korea's HEU program. Although Japan cut off all aid as a result, Japan has indicated during six-party talks that it is willing to resume aid if an agreement can be reached on Pyongyang's nuclear program.

Russia and North Korea have also been improving economic relations lately and Russia has demonstrated interests in building a trans-Korean railway. As part of the six-party talks, Russia promised 200,000 metric tons of fuel to North Korea in 2006 (as yet undelivered).¹³⁶ In 2006, Russia reportedly forgave Pyongyang over \$6 billion of debt in order to pave the way forward for future economic cooperation between the two nations.¹³⁷

Beyond conventional trade and foreign assistance, Pyongyang also pulls in significant revenue from "unconventional sources." According to Marcus Noland, from early to mid-2000s, "North Korea has derived roughly one-third of its revenues from aid, roughly one-third from conventional exports, and roughly one-third from unconventional sources (in estimated order of significance, missile sales, drug trafficking, remittances, counterfeiting, and smuggling). Remittances come mostly from a community of pro-Pyongyang and ethnic Koreans in Japan, contract laborers in Russia, Eastern Europe, and elsewhere; and increasingly from highly vulnerable refugees in China who number possibly 100,000."¹³⁸

In summary, China is North Korea's single largest source of revenue, but it is not Pyongyang's only option. Should China cut off all assistance to North Korea, the impact

¹³⁴ Mark E. Manyin, "Japan-North Korea Relations: Selected Issues," Congressional Research Service, November 26, 2003, 2.

¹³⁵ Ibid.

¹³⁶ Manyin and Nikitin, "U.S. Assistance to North Korea," 8.

¹³⁷ Nanto and Chanlett-Avery, "North Korea," 61.

¹³⁸ Noland, "North Korea," 92.

would be significant. Yet North Korea survived the loss of Soviet aid and massive reductions in trade with China during its famine years. And there is no way to know just how much fuel oil North Korea has in reserves to continue its support to vital government and military functions while it searches for options to replace a hypothetical loss of Chinese assistance. Should China join the United States, Japan, and South Korea in a concerted hard-line approach against Pyongyang, those options would be severely limited but not entirely nonexistent.

Though dubious, Russia might be willing to increase aid for North Korea. There is also the possibility that if North Korea holds out long enough, European nations such as France or the Netherlands might intervene and send North Korea humanitarian assistance, to include fuel oil. France donated over \$1 billion in ODA to North Korea and in 2007, the Netherlands was the single largest contributor of ODA to the DPRK, contributing \$107 million.¹³⁹ Venezuela and Iran might also cooperate to provide North Korea the necessary fuel oil to limp on indefinitely if only to retain a political ally against the United States. While these are admittedly only speculations, Beijing must consider all such possibilities before gambling on its ability to coerce Pyongyang.

Should China ignore the possible consequences of war and collapse and sever all economic interaction with North Korea, Pyongyang could possibly survive. Eventually Pyongyang may succeed in procuring other sources of revenue or China would finally buckle under the pressure of mass migration, an increasing threat of war, and international humanitarian pressure to assist millions of starving North Koreans. In this case, China would not only have lost face but it would also resume a relationship with Pyongyang with even less leverage than it has over Pyongyang now.

On the other hand, should Beijing's gambit be successful and Pyongyang is forced back to six-party talks with a more compliant attitude toward de-nuclearization, Beijing still risks losing its strategic role as North Korea's primary benefactor. Pyongyang may negotiate in a manner to acquire massive assistance from the United States, Japan, and South Korea that would eclipse China's influence over Pyongyang.

¹³⁹ Nanto and Chanlett-Avery, "North Korea," 61.

The Kim regime has shown itself quite willing to starve its population to limit the influence of unwanted external agencies. In 2006, Pyongyang refused WFP requirements for transparency and control over disbursement of food donations tied into an agreement that would have provided Pyongyang enough aid to feed 6.4 million people.¹⁴⁰ Instead, Beijing opted for an agreement that would feed only 1.9 million but allowed Pyongyang to maintain its control over disbursement. Beijing currently enjoys the most unfettered access to North Korea of any external nation. Should Beijing attempt to coerce North Korea by shutting off economic aid, it is quite likely that Pyongyang will attempt to limit its future dependence on Beijing.

Should Beijing be successful in forcing Pyongyang into an agreement, there is no way to know whether or not Pyongyang will honor its agreements. In this case, China may well have forfeited its strategic influence over Pyongyang for nothing. And should North Korea actually honor an agreement to denuclearize, Beijing will have succeeded in effecting a denuclearization of the Korean peninsula but sacrificed North Korea's strategic value to Beijing as a buffer zone and leverage against the United States over its position on Taiwan. In forcing Pyongyang back to negotiations in the manner suggested by Victor Cha and others, Beijing runs the risk of a realignment of Pyongyang's security interests from Beijing to Washington.

C. NORTH KOREA'S DEFIANCE OF CHINA

China's primary strategic priorities are stability and economic development. China believes it must maintain the Kim regime in order to prevent collapse or war and also values North Korea as a buffer against U.S. forces and as leverage against the United States' position on Taiwan. Pyongyang is keenly aware of its significance in China's broader and regional strategic objectives and has utilized that awareness as counter leverage against Beijing's economic influence.

The following sections explore how Pyongyang has utilized that awareness in direct and indirect defiance of Beijing's wishes. It begins by defining the abstract nature of knowledge as the basis of North Korea's leverage over Beijing. Next it illustrates how

¹⁴⁰ Nanto and Chanlett-Avery, "North Korea," 61.

Pyongyang employs a clear understanding of its own political capabilities and the limitations of Beijing's political options, to indirectly challenge China by manipulating its fears of collapse. The last section explores specific examples of when Pyongyang has directly applied counter leverage against Beijing, by playing the "Taiwan card."

1. You Only Have Leverage, If You Know You Have Leverage

Leverage is a tricky thing to define. Similar to multiple explanations for the concept of "power," the context often defines the concept. For instance, by its most base definition, "leverage" describes the mechanical advantage of a lever. In a financial context, leverage describes any technique to multiply gains or losses. Within a political framework, leverage is best defined as the ability to influence a decision or an act. Therefore "economic leverage" is the ability to influence a decision or an act based on the ability to provide or deny economic compensation. However, when discussing North Korea's leverage over Pyongyang, the concept of "leverage" is a bit more complicated.

Pyongyang's leverage over Beijing is not based on quantifiable metrics like economic or military power. Instead, Pyongyang's leverage over Beijing is abstract, based on Pyongyang's awareness of Beijing's desires and fears. Leverage in this case exists only if China has those desires or fears and only if Pyongyang is aware of them. Fortunately for Pyongyang, Beijing makes clear in its official policy and actions that stability and economic development are its main strategic priorities and that reunification with Taiwan follows closely in rankings of national objectives. And Beijing freely admits its fear of war and collapse on the Korean peninsula. Therefore, as parents might scare a child with tales of the boogey-man to control the child's behavior, Pyongyang scares Beijing by escalating regional tensions that increase the chance of war and collapse and by directly threatening to develop closer relations with Taiwan. The question is why is Pyongyang not afraid of war or collapse?

The counterintuitive factor in Beijing's ability to leverage China's fears of collapse and war is that either scenario would have far greater consequences for the Kim regime, than for China. If China was dragged into another Korean war, it could face major losses in lives and finances. Similarly, a collapse scenario would hold significant

humanitarian and economic consequences for Beijing. Either scenario would cause massive regional instability and financial consequences that could pose a major challenge for a CCP already facing substantial internal pressures. But, while a collapse or war scenario in North Korea could cause a potential leadership crisis in China, it would mean almost certain death for the Kim regime. How then is Pyongyang able to threaten China with its own demise? The answer is in differing domestic political thresholds for war and instability.

The CCP, despite its authoritarian nature is heavily constrained by domestic insecurity, which is why stability and economic prosperity have become crucial for the CCP to maintain its position of leadership. In contrast to the more totalitarian and isolated existence during the Korean War era, Chinese today are far better informed and enjoy many more freedoms than their predecessors. The rise of nationalism and increasing social unrest ushered in by liberalization of the market place increasingly challenges the CCP's ability to control the masses. A North Korean collapse or war would be extremely destabilizing and could possibly lead to a leadership crisis for the CCP. Therefore, similar to elected officials in the United States, leaders in China are constrained by a low public threshold for instability or war. Pyongyang, however, is not politically constrained by any such political thresholds.

Unlike democratic elected leaders in the West or even the authoritarian leadership of the CCP, Kim Jong-Il and his elite followers exercise near complete control over the North Korean population. Over six decades, the Kim regime has instituted a range of authoritarian tools that have completely subdued the North Korean population's ability to resist or even form institutions that would allow political opposition to take root. These tools include: "restrictive social policies; manipulation of ideas and information; use of force; co-optation; manipulation of foreign governments; and institutional coup-proofing."¹⁴¹ As a result, the Kim regime makes all political, judicial, legislative, and economic decisions with little regard for the opinions or desires of the North Korean

¹⁴¹ Daniel Byman and Jennifer Lind, "Pyongyang's Survival Strategy," *International Security*, Vol. 35, No. 1 (Summer 2010): 45.

masses.¹⁴² This allows the Kim regime to freely engage in seemingly irrational provocations against far superior forces, without the political constraint of public opinion.

Contrary to what some may believe, Kim Jong-II is not an irrational madman. After a trip to North Korea in 2001, former U.S. Secretary of State Madeleine Albright described Kim Jong-II as, “someone who is practical, decisive, and seemingly non-ideological.”¹⁴³ Former South Korean President Kim Dae-Jung has also described Kim Jong-II as, “rational and informed.”¹⁴⁴ Kim Jong-II’s strategies of collapse and nuclear brinkmanship are founded on a rational assessment of his opponent’s will to fight. Kim Jong-II correctly believes that his opponents are far less willing (or politically capable) of going to war or accepting a collapse of the North Korean state. It is not that the Kim regime has less to lose than its adversaries; it is that the Kim regime is more capable of risking it all than its adversaries (or ally in the case of China). Pyongyang demonstrates a clear understanding of this fundamental dynamic and employs that knowledge in nuclear brinkmanship against its adversaries and in collapse brinkmanship against China.

2. The Collapse Card

Since China does not perceive Pyongyang’s nuclear capabilities as a direct threat, and since China is one of North Korea’s few remaining allies, Beijing is not a target of Pyongyang’s nuclear brinkmanship. Instead, Pyongyang indirectly threatens China with collapse to extract economic support from Beijing even when Pyongyang defies China’s wishes. Although Beijing desires to maintain the status quo on the Korean peninsula, it does not want a nuclear North Korea. Beijing has made its stance on the matter clear by supporting UN sanctions against North Korea following Pyongyang’s detonation of nuclear devices in 2006 and 2009. Yet Beijing has continued to provide economic support for Pyongyang that diminishes the effect of those sanctions.

Beijing is constrained to keep supporting North Korea for fear that North Korea will collapse due to economic pressures, or pursue riskier brinkmanship tactics to extract

¹⁴² Bruce E. Bechtol, *Defiant Failed State* (Washington, DC: Potomac Books Inc., 2009), 12.

¹⁴³ Chinoy, *Meltdown*, 32.

¹⁴⁴ *Ibid.*, 19.

greater assistance from the West, increasing the threat of war. As neither of these scenarios is acceptable to Beijing, it is forced to continue its economic support for Pyongyang. Some critics of China's behavior, who feel China is not so constrained, entertain other explanations.

The most suspicious believe that Beijing actually supports North Korea's nuclear aspirations in order to thwart the United States. This viewpoint would explain China's continued support for the Kim regime and historic tolerance for North Korea's provocations. Some advocates of this viewpoint go so far as to suggest that Beijing and Pyongyang are working together in orchestrating North Korea's nuclear brinkmanship.¹⁴⁵ John Tkacik believes that, "...China's main, if not sole, interest is to prolong the six-party talks process indefinitely so that the world eventually will come to accept a nuclear North Korea in the same way it has accepted a nuclear India and nuclear Pakistan. China most likely calculates that North Korea, as a nuclear power, can complicate U.S. strategic planning and use its increased leverage to extort international food and energy aid with which to prop up Pyongyang's tyrannical regime."¹⁴⁶

While China may in fact wish to thwart the United States it is unlikely that Beijing's goals are to support Pyongyang's nuclear program. There are two primary flaws in the viewpoint of Tkacik and others that share his views. China has legitimate reasons for not wanting a nuclear North Korea, foremost because international acceptance of a nuclear North Korea might prompt Japan, South Korea, and even Taiwan to pursue the same goal. Also, though North Korea and China may be allies today, that may not always be the case in the future. Very few nations want a nuclear-armed neighbor. Secondly, critics of China's erratic behavior toward North Korea fail to recognize similar inconsistencies in U.S. behavior toward North Korea. For instance, in 2002, the Bush administration declared North Korea as part of the "Axis of Evil" and cut off all financial aid to Pyongyang by 2006. Then, in 2008 the Bush administration removed North Korea from its list of state sponsors of terrorism and resumed food and fuel aid.

¹⁴⁵ Nanto, Manyin, and Dumbaugh, "China-North Korea Relations," 3-4.

¹⁴⁶ Tkacik, John, "Does Beijing approve of North Korea's Nuclear Ambitions?" Backgrounder No. 1832, *The Heritage Foundation*, March 15, 2005.

It is hard to imagine anyone suspecting the Bush regime of secretly wanting North Korea to achieve nuclear weapons state status. Yet despite Pyongyang's constant infractions on agreements made in the NPT, the Agreed Framework, and most recently, the six-party talks, the United States has repeatedly returned to a strategy of providing North Korea assistance. The primary reason the Bush administration and previous administration has demonstrated inconsistencies in its engagement style with North Korea is because of Pyongyang's nuclear brinkmanship. North Korea perceives a low U.S. political threshold for the loss of lives and financial consequences associated with war with North Korea. Understanding the limitations this places on Washington's policy options, North Korea has constantly pushed the envelope with nuclear and conventional provocations. Since war is not an option and economic sanctions have not prevented North Korea from pursuing nuclear weapons, Washington is constantly maneuvered into taking a carrot approach toward Pyongyang.

In a similar fashion, Pyongyang manipulates Beijing's fear of collapse to leverage continued economic cooperation and assistance. While Pyongyang's pursuit of the nuclear weapons is the most obvious example, there are other examples of how Pyongyang defies China. Since the early 1990s Pyongyang has consistently rebuked Beijing's efforts to influence economic reforms in North Korea. Kim Jong-Il had little desire to replicate the Chinese model of reform into a market system. Liberalization of the market place would eliminate one of Pyongyang's most potent methods of population control, regulation over the nature and quantity of products each North Korean received. As a compromise Pyongyang established isolated SEZs to replicate Chinese success with such ventures in the 1980s.¹⁴⁷

In 1991, the Chinese assisted North Korea in developing the Rajin-Sonbong SEZ, but the venture failed to draw in foreign investors for several reasons. Pyongyang resisted China's intent for North Korea to establish a legitimate business environment and instead focused on transforming the region into a gambling center and area where North Korea could conduct illicit trade and questionable financial transactions, similar to

¹⁴⁷ Nanto and Chanlett-Avery, "North Korea," 28–30.

Pyongyang's activities in Macau. Despite Beijing's efforts, Pyongyang refused to develop the technological infrastructure, appropriately skilled workforce, and reliable and credible financial institutions to attract or maintain any substantial foreign investors.¹⁴⁸

Despite the failure of Rajin-Sonbong, Pyongyang attempted a similar venture, in establishing the Sinuiju SEZ in 2002, this time without China's initial support. Beijing, already miffed by Pyongyang's snub was even more frustrated by Pyongyang's plans to hire Yang Bin, a well-known corrupt Chinese business man, to transform the region into a "Macao of the North."¹⁴⁹ This time, however, Beijing drew the line and arrested Yang Bin.

In each of these cases, despite the risk of losing Chinese economic support, Pyongyang has persisted in its defiance of China and refused to adopt Chinese economic reforms. Pyongyang believes that Beijing has no true option but to continue providing economic support to Pyongyang or risk a North Korean collapse. China's recent announcement in December 2010 that it will invest \$2 billion more in the Rajin-Songbon SEZ certainly supports Pyongyang's perceptions.

Despite the massive amounts of revenue China pours into North Korea, Pyongyang has often shown itself impervious to Beijing's influence. China's attempts to reform North Korea's economy only serve to confirm Pyongyang's perspective that China will not allow it to collapse. Ironically, the more revenue Beijing pours into Pyongyang, the more it may be increasing Pyongyang's leverage over China. There is some conjecture that, "the greater North Korea's dependency, the more fearful Chinese leaders may be that a sharp withdrawal of PRC economic support could destabilize North Korea."¹⁵⁰ Based on this view Pyongyang is able to play the "collapse card" and continually defy China not so much *despite* Beijing's economic support for Pyongyang, but *because* of it.

¹⁴⁸ Hassig and Oh, *The Hidden People of North Korea*, 81–84.

¹⁴⁹ Lankov, *North of the DMZ*, 235.

¹⁵⁰ Nanto, Manyin, and Dumbaugh, "China–North Korea Relations," 9.

3. The Taiwan Card

In contrast to the indirect nature of “collapse brinkmanship,” Pyongyang has directly countered Pyongyang’s economic leverage by playing the “Taiwan card.” Although stability and economic development are Beijing’s top strategic priorities, reunification of Taiwan is also a core strategic concern. Pyongyang recognizes China’s strategic interest in reunification of Taiwan and realizes that Beijing does not desire North Korea to develop stronger ties with Taiwan. China’s primary demand of nations that wish economic commerce with China is that they recognize a one-China policy. Should North Korea ever recognize Taiwan as a separate nation, it would be a serious loss of face for Beijing. Therefore, just as with collapses brinkmanship, North Korea utilizes its awareness of Beijing’s desires and fears as counter leverage against Beijing’s economic influence. The following are examples of when Pyongyang has directly responded to Chinese economic leverage by playing the “Taiwan card.”

When Chinese economic aid waned during the mid-1990s, Pyongyang reportedly approached Taiwan, amongst others for aid.¹⁵¹ In one particular instance, Pyongyang refused to cooperate with a Chinese-led UN development team in 1997 that called for liberal economic reforms if Pyongyang wished to continue receiving aid. Pyongyang not only refused the recommendations, but also insulted the team, calling Deng Xiaoping “a traitor to socialism.”¹⁵² When Beijing responded with threats to cut off aid, Pyongyang escalated tensions by threatening “to play the Taiwan card.” In this case “the Taiwan card,” was Pyongyang’s plans to increase dialogue and interaction with Taiwan by establishing direct commercial flights between Pyongyang and Taipei.¹⁵³ The implications were clear, Beijing, faced with the possibility that its closest “ally” might recognize Taiwan, backed off and resumed aid to North Korea.

Pyongyang acted similarly when President Bill Clinton visited China in 1998. Pyongyang viewed the visit as possibly a precursor to a cooperative strategy against

¹⁵¹ Nanto, Manyin, and Dumbaugh, “China–North Korea Relations,” 10.

¹⁵² Scobell, *China and North Korea*, 5.

¹⁵³ *Ibid.*

North Korea. Separate reports indicate that North Korea again pursued closer ties with Taiwan, ranging from: an offer to dispose of Taiwan's nuclear wastes; allowing Taiwan to conduct intelligence operation against China from North Korea; and again, resuming negotiations to establish direct commercial flights between Pyongyang and Taipei.¹⁵⁴

Even more recently during the Chinese-North Korea spat over Sinuiju SEZ in 2002, Beijing again approached Taiwan. The focus this time was centered on discussions of opening reciprocal economic liaison offices. A Taiwanese company, Formosa Plastics Group, was heavily interested in investing in North Korea's steel industry and was also considering petrochemicals and shipbuilding ventures with North Korea.¹⁵⁵

D. CONCLUSION

The hypothesis that this chapter supports is that China's relationship with North Korea is less coercive in nature than many believe and instead is one of peculiar interdependence. This hypothesis suggests that Beijing does not have considerable influence over Pyongyang, nor is it as asymmetrical as many seem to believe. Despite China's role as Pyongyang's largest trade partner and greatest source of economic assistance, it is not Pyongyang's only source of revenue. Over the past 20 years, Pyongyang has shown itself capable of procuring revenue from a wide range of conventional and unconventional sources. While some assume that if China cuts off its support to Pyongyang, especially in a concerted effort with the United States and South Korea, Pyongyang will have no choice but to capitulate. History has proven, however, that North Korea is capable of enduring through times of extreme economic hardships and that Pyongyang is more than willing to let its population suffer and die in the millions

¹⁵⁴ Evgeniy P. Bazhanov and James Clay Moltz, "China and the Korean peninsula—Managing an Unstable Triangle," in James Clay *The North Korean Nuclear Program—Security, Strategy, and New Perspectives from Russia* (New York and London: Routledge, 2000), eds., James "Clay" Moltz and Alexandre Y. Mansourov, *North Korean Nuclear Program—Security, Strategy, and New Perspectives from Russia* (New York and London: Routledge, 2000), 178.

¹⁵⁵ "Amid China Troubles, Taiwan and North Korea Eye Closer Economic Ties," Stratfor Global Intelligence, October 10, 2002, accessed March 6, 2011, http://www.stratfor.com/memberships/9421/analysis/amid_china_troubles_taiwan_and_north_korea_eye_loser_economic_ties.

before compromising its stance on sovereignty. This greatly limits the effectiveness of any attempt to economically strangle the Kim regime. China, more than any other nation, seems clearly aware of that factor.

Of even greater concern to Beijing is the possibility that North Korea might escalate tensions to the point of war in an effort to force its adversaries to abandon efforts to isolate and starve Pyongyang into submission. In either scenario, China stands to lose—not only in the short term, but in the long term as well. In the short term, regional instability caused by a North Korean collapse or war will have dire financial and humanitarian consequences for an embattled CCP. In the long term, China will have lost an ally that provided it with a buffer against U.S. forces and the political and military leverage North Korea provided China in its dispute with the United States over Taiwan.

Pyongyang seems all too aware of China's limited options and manipulates Beijing's fears to counter China's economic leverage. Pyongyang defies China's attempts to influence its behavior by indirectly playing the "collapse card" or by directly threatening Beijing by courting relations with Taiwan. It is true that in order for Pyongyang to survive, it needs Beijing's support. But it is equally true that Beijing cannot achieve its goals of regional stability or maintain North Korea as a buffer and leverage against the U.S. position on Taiwan if it allows Pyongyang to collapse. Despite some views that China has an asymmetrical ability to influence North Korea, each nation requires the other to achieve its respective political objectives and, therefore, a peculiar interdependence is maintained.

VI. CONCLUSION

A. SUMMARY FINDINGS

The close relationship China and North Korea once shared has greatly deteriorated because of the divergent political and economic choices of Kim Il-Sung and Deng Xiaoping in the 1980s. While China today is the world's second largest economy and increasingly globally integrated, North Korea is one of the world's poorest nations and possibly the most isolated. While Chinese and North Koreans retain some cultural bonds, the big brother -little brother relationship has long faded. The two most important remaining cultural perceptions shared by Chinese and North Koreans are anti-U.S. and anti-Japanese sentiment. Externally, both China and North Korea perceive the United States as the primary means and obstacle to achieving their respective political objectives. In China's case, this objective is a peaceful rise into international prominence and reunification of Taiwan. In North Korea's case, it is achieving nuclear weapons state status to ensure its survival.

North Korean provocations and nuclear brinkmanship are increasingly threatening regional stability. Beijing fears any war or collapse scenario on the Korean peninsula and believing the Kim regime too entrenched to remove by any other options, prefers to support the status quo in the short term. Beijing also benefits from North Korea's role as a buffer and as leverage against the U.S. position on Taiwan.

In the long term, Beijing is against reunification for fear that a reunified Korea would maintain close alignment with the United States. While neutrality appears to be a better option, Beijing would still lose North Korea as political and military leverage against the U.S. position on Taiwan. Beijing would prefer that North Korea give up its nuclear weapons, primarily for fear that Japan, South Korea, and even Taiwan might also pursue nuclear weapons. As China itself is not directly threatened by Pyongyang's nuclear capabilities, however, Beijing is not as concerned with North Korea's nuclear status except when tensions escalate to a level that threatens war and instability. Beijing is less concerned with whether a future North Korean regime remains socialist or not than

it is that the future regime remains aligned with Beijing's security concerns in the region. Therefore, in the long term, North Korea prefers the gradual evolution of the Kim regime into a stable, prosperous, and non-nuclear regime that remains aligned with Beijing.

Despite Beijing position as North Korea's largest trade partner and its greatest source of foreign aid, Beijing's coercive capabilities are limited by two factors that are often marginalized. Beijing is not North Korea's only source of trade and foreign assistance. Pyongyang has demonstrated a remarkable ability to procure other sources of revenue and survive extreme economic hardship in the meanwhile. Secondly, Pyongyang has demonstrated that it is keenly aware of its strategic importance to China and has utilized that knowledge to counter Beijing's economic leverage indirectly through collapse brinkmanship and directly by playing the "Taiwan card." Therefore China's relationship with North Korea is less coercive in nature than many believe, and instead is one of peculiar interdependence, based on each country's reliance on the other to achieve its respective strategic goals.

B. AREAS FOR ADDITIONAL RESEARCH

This thesis has defined Beijing's short-term and long-term preferences for the Korean peninsula and shed light on the peculiar interdependent nature of China and North Korea's relationship. To do so, it has focused primarily on the key players in Korean peninsula dynamics and has marginalized the impact of broader international dynamics that also have significant impact on the future of the Korean peninsula. The rise of India and a resurgent Russia will undoubtedly affect the nature of Sino-U.S. relations, as will the stance of all Asian and Southeast Asian nations either in support or against the rise of China. The growing role of regional and international institutions such as ASEAN and the newly formed G-20 will likely influence the dynamics on the Korean peninsula as well but are beyond the purview of this thesis. In short, there are further factors that should be considered to form a truly comprehensive view of the Korean peninsula dilemma.

From a theoretical angle, this thesis adopts a realist viewpoint, focuses on security concerns of state actors, and does not take into account the value of alternative theoretical

viewpoints. A liberal view of Korean peninsula dynamics would have focused far more on the roles of institutions which are largely ignored in this thesis. While not completely ignored, constructivism has been given a short shrift within this thesis as well, since its explanatory value seems relatively weak in this case. The only area where a constructivist emphasis on the impact of elite preferences was given any consideration was in regards to a few key leaders such as Kim Sung-II, Kim Jong-II, Mao Zedong, Deng Xiaoping and George W. Bush. This thesis did consider the constructivist concern over the impact of ideological and cultural bonds between China and North Korea on Peninsula dynamics. Considering the erratic behavior of U.S. support for the Agreed Framework caused by disagreement between the executive and legislative branches, competing perspectives among elites in China might offer a much more complex view of Chinese perceptions of Korean peninsula affairs. In short, while the argument of this thesis is that China's and North Korea's relationship is best explained from a realist perspective, other theoretical viewpoints could add certain dynamics in some areas.

Lastly, the hypotheses in this thesis have been proven credible based on China's and North Korea's current domestic and international dynamics. Those dynamics are not static but in constant fluctuation. As Samuel Kim says about China's stance on reunification, "It is important to recognize that China's thinking on Korean unification, far from being cast in stone, changes as the domestic, Northeast Asian regional, and global situations—including perhaps the most importantly the state of Sino-American relations and the emerging role of the United States in Northeast Asian and Korean peninsular affairs—evolve."¹⁵⁶ While unable to address every factor or theoretical viewpoint to define peninsula dynamics, this study has arguably addressed the most relevant factors which support or oppose the hypotheses of this study. While keeping the limitations of this thesis in mind, its hypotheses may offer some value to policy makers in developing strategies for dealing with China on Korean peninsula matters.

¹⁵⁶ Kim, "China and the Future of the Korean Peninsula," 116.

C. POLICY RECOMMENDATIONS

Beijing does not share the same priorities as Washington, Seoul, and Tokyo when dealing with North Korea. Since the conservative South Korean President Lee Myung-Bak and President Obama have taken office there appears to be a remarkable growth of consensus between Seoul, Tokyo, and Washington on how to deal with North Korea. All three prefer a hard-line stance against Pyongyang, and endorse economic strangulation as a tactic to effect a regime change or at least modify the current regime's behavior. While this consensus may only be temporary, while it lasts, China's stance on Pyongyang has become all the more imperative in the eyes of those who wish to force North Korea to capitulate to the demands of the United States and its allies. Should the hypotheses posited in this thesis prove true, China will not change its preferences for dealing with North Korea and will continue to support the Kim regime indefinitely. This implies two possible options for Washington.

Considering the primacy of Taiwanese reunification in Beijing's strategic concerns and North Korea's manipulation of that factor, U.S. policy makers might want to consider a comprehensive approach to resolving the North Korean and Taiwan dilemmas. While it is unlikely that Beijing will ever pursue regime change in Pyongyang, Washington may be able to persuade Beijing to take a harder stance by negotiating an agreement to reduce or halt U.S. arms sales to Taiwan. On a broader level, if Washington can ameliorate some of China's fears that the United States is seeking to contain China's rise, Beijing may see less advantage in North Korea as a buffer zone.

A far riskier but possibly effective tactic would be for Washington to purposely heighten tensions on the Korean peninsula by increasing U.S. military presence in the region and conducting more combined military exercises with South Korea and if possible Japan. This tactic will almost surely be condemned by Beijing and Seoul, and may prompt North Korean military attacks against ROK or U.S. forces. As tensions escalate increasing the likelihood of war and collapse, China may be forced to take tougher measures to restrain Pyongyang. Based on the last hypothesis of this thesis, North Korea will risk war rather than capitulate to China's attempts to control its behavior. Faced with a possibility that war is inevitable in any case, however, Beijing

may choose to support the United States and its allies in the hopes that Pyongyang will back down. This course of action is less a recommendation than it is recognition of an extreme option.

If Washington is not willing to risk war against North Korea or make concessions on its stance on Taiwan, policy makers may want to come to grips with the fact that China is not likely to change its preferences toward the Korean peninsula. The United States can either continue to attempt to pressure Pyongyang without the support of China, which will likely prove pointless, or resume bilateral engagement with Pyongyang. Although Pyongyang has repeatedly failed to honor its agreements in the past, Washington also has never completely honored its side of past agreements because of periodic DPRK provocations, neither has the United States ever given Pyongyang the comprehensive security guarantees it demands before giving up its pursuit of nuclear weapons. None of these are good options, but they are options.

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