

Chinese perceptions of and policies toward North Korea have changed significantly in the past three years. When Kim Jong Un succeeded his father, Kim Jong Il, in December 2011, there was guarded optimism that the younger Kim would pursue economic reforms and a policy conducive to reconstituting the Six Party Talks (6PT). Unfortunately, however, Kim escalated tension appreciably with the U.S. and other countries in the region when they launched missiles in April and December 2012 and conducted a nuclear test in February 2013. These actions resulted in additional U.N. Security Council Resolutions that imposed more stringent sanctions on North Korea; sanctions that China supported. Soon after the February 2013 nuclear test, there was a gradual but apparent move on the part of Beijing to restrict inter-banking arrangements with North Korean banks, with a reported decrease in bank credit transfers from Chinese banks to North Korean banks. Over the past few months, China's crude oil shipments to North Korea have ceased, according to published data. If true, this would be significant; however, I doubt that China would cease crude oil shipments to the North for such an extended period. Personally, I think the yearly figures of crude oil shipped to North Korea probably will be on par with prior years. China provides North Korea with over 70% of its crude oil requirements, thus any decrease in shipments of crude oil will have a major impact on North Korea, causing significant economic pain. Food aid from China to North Korea reportedly decreased, with predominantly corn, not rice, shipped, but at lower quantities.

North Korea's bilateral trade with China during the past quarter was approximately \$1.3 billion, a slight decrease from previous years, with the North exporting more textiles and significant quantities of coal and nonferrous metals to China. A good portion of this trade was between private companies in China and North Korea. Interestingly, the use of dollars and the Chinese Renminbi (Yuan) appears to be the preferred currencies in North Korea, not the Korean Won. The significant increase in Chinese tourists to North Korea accounts, in part, for the greater use of the Renminbi.

The December 2013 execution of Jang Song Thaek, Kim Jong Un's uncle and the former de facto number two in North Korea, had to be viewed by China's leaders as a provocative and unfriendly message to China, given the close personal relationship Jang had with China and its leaders. Media commentary in China, subsequent to Jang's execution and to the missile launches and nuclear test, was very critical of North Korea and its new leader, calling for China to re-evaluate its relationship with a provocative and ungrateful North Korea. China's leaders privately must have shared this sentiment, given the increased tension on the Korean Peninsula caused by North Korea's nuclear and missile provocations and vitriolic pronouncements.

When the late Jang Song Thaek visited China in August 2012, as an emissary of Kim Jong UN, he had warm and productive meetings with China's leaders – Premier Wen Jiabao and President Hu Jintao – and others. A number of free trade zones were agreed upon, with the sense that North Korea was prepared to establish and implement a bold economic reform movement, possibly similar to China's economic reform movement under Deng Xiaoping. This did not happen. North Korea did not embark on a bold economic reform movement as some anticipated. What did happen, to the surprise and

06-05-2014

China's Relations with Taiwan and North Korea

Ambassador Joseph R. DeTrani

President, Intelligence and National Security Alliance (INSA)

Testimony before the U.S.-China Economic and Security Review Commission

chagrin of China and others who follow developments in North Korea, was the removal of Jang Song Thaek from leadership positions and his eventual public, humiliating arrest and announced execution of Jang. What followed was the removal and purge of hundreds of officials close to Jang and sympathetic to Jang's more liberal approach to resolving North Korea's economic problems and international isolation. The execution of Jang must have had a profound impact on China's leaders who viewed Jang as a rational and objective leader; someone they could deal with.

Although China is complying with international sanctions on North Korea, the long border in Northeast China with North Korea has at times been porous, permitting luxury goods and other proscribed goods to enter North Korea. Recent reporting indicates that China is more closely monitoring the border with North Korea to prevent passage of these materials to the North. Thus as more countries join the Proliferation Security Initiative (PSI), North Korea will be denied the ability to transfer and receive proscribed materials via shipping vessels, necessitating, when possible, the transfer of these items over land, thus transiting China's Northeast Provinces bordering North Korea. Closing this border to such transfers will cause the leadership in Pyongyang significant pain. Indeed, if China was willing to join PSI, it would be a powerful message to Pyongyang confirming Beijing's commitment to sanctions enforcement. The decision of the Bank of China to cease doing business with North Korea's Foreign Trade Bank was in line with recent international sanctions imposed on North Korea and a powerful message confirming Beijing's unhappiness with North Korea's nuclear provocations.

China over the years has not exported weapons to North Korea. Spare parts for helicopters and planes are provided, in addition kerosene for aircraft fuel. The military-to-military relationship between China and North Korea, which technically should be close given the Korean War and China's important role in the War, has not been extensive, although China over the past few years has worked hard to establish a closer military relationship with North Korea. This became obvious a few years ago when Kim Jung Il had a stroke and China was concerned about regime stability and succession. At that time it appeared that the PLA started to work harder at establishing closer military-to-military relations. The security services of both countries have good working relations, but similar to the military, it wasn't particularly close in the past. The former Chinese Politburo Standing Committee member responsible for security, Minister Zhou Yung Kang, visited North Korea last year, indicative of China's interest in insuring a good working relationship between the security services of both countries. The Chinese Communist Party apparently has the closest relationship with North Korea, working through the Korean Workers Party. Routine visits to Pyongyang by International Department Minister, Wang Jia Rui, and his sessions with the leadership in North Korea represent a close party-to-party relationship between China and North Korea.

The authenticity of reported leaked Chinese documents detailing contingency plans in the event of regime collapse is questionable. China is concerned about stability in North Korea. Indeed, any form of instability in North Korea will have a profound economic and social impact on China, given their long contiguous border and the likely spill over into China of large numbers of refugees from the North if

06-05-2014

China's Relations with Taiwan and North Korea

Ambassador Joseph R. DeTrani

President, Intelligence and National Security Alliance (INSA)

Testimony before the U.S.-China Economic and Security Review Commission

things unraveled in the North. Also complicating such a scenario is the issue of nuclear weapons and fissile materials in the North. Locating and retrieving these loose nukes has to be another concern of China, and others, if there is instability in the North. With the execution of Jang Song Thaek and the reported purge of those officials who were appointed by Jang or sympathetic to his more liberal line, it would be fair to assume that there may be elements in the North not happy with these recent developments and the eventual actions these individuals eventually could take that could lead to a period of tension and possible instability in the North. There are no indications that this currently is the case. In fact, Kim Jung Un appears to be in total control of all elements of governance in the North, with no discernable opposition. But North Korea is opaque to the outside world; there's so little that we truly know about the inner working of the government and its leadership.

The U.S. - China relationship is deep and comprehensive. It encompasses all issues that have impact on the national security issues of both countries. In that context, North Korea, and its nuclear weapons programs, is of concern to both countries and, since April 2003, when China convened a meeting in Beijing between North Korea, the U.S. and China to discuss the need to resolve the North's nuclear programs and thus established the Six Party Talks (6 P/T) process, both countries have been working diligently together to resolve this issue.

China, like the U.S., wants North Korea to dismantle its nuclear weapons in a comprehensive and verifiable manner. China realizes that if the North retains and continues to enhance its nuclear weapons arsenal, Japan, South Korea, Taiwan and possibly other countries in the region will seek their own nuclear weapons capability. This nuclear arms race is not in China's interest; it's not in the U.S.'s interest; it's not in any country's interest. But for China, which has a Peace and Friendship Treaty with North Korea, insuring that they maintain good relations with a stable North Korea is a critically important objective for Beijing. Thus China maintains that putting too much pressure on Pyongyang that could lead to instability in the North is not an approach China will pursue. A peaceful, negotiated settlement to the North Korea nuclear issue is China's policy line. Unfortunately, however, this approach to a peaceful resolution has not been successful. Given China's unique relationship with North Korea, Beijing has been encouraged to more effectively use their unique leverage with Pyongyang to get them to cease their escalation of tension and eventually to implement the September 2005 Joint Statement that commits North Korea to comprehensive denuclearization, in return for security assurances, economic assistance and eventual normal relations with the U.S. and other countries, once other extant bilateral issues are addressed and resolved. China maintains that they are using their levers; that they are exerting sufficient pressure on North Korea to get them back to negotiations; that other countries, like the U.S., also need to do more to resolve these issues with North Korea. China maintains that exerting too much pressure on North Korea could be counterproductive, resulting in a tense and unfriendly China- North Korea relationship that will then deny China access to North Korea; access that hopefully will eventually succeed in moderating the North's behavior.

Maintaining good bilateral relations is in the interest of China and the U.S., especially as it relates to North Korea and the myriad of issues that must be resolved with Pyongyang to insure peace and stability on the Korean Peninsula. As mentioned, China also wants North Korea to denuclearize. Their approach, however, is based on their own national security calculus. The U.S. has been fair and objective in expressing our concerns about a North Korea that retains and enhances its nuclear weapons and missile delivery systems. It is obvious China realizes that if this issue isn't resolved, there will be a nuclear arms race in the region. That it's possible that some of these nuclear weapons and nuclear materials could be proliferated to other state and non-state actors, intentionally or unintentionally. Thus time isn't on our side. North Korea is building more of these weapons and missiles. China's efforts have not succeeded. The efforts of the U.S. and others have not succeeded. More needs to be done. This is the dialogue that the U.S. and others are having with China, while hoping that China sees that it's in their own interest to do more to convince the new government in Pyongyang that they need to cease their provocations; they need to cease escalating tension, for fear that North Korea will go too far and the consequences (from the U.S. and others) would have profound effects.

As previously mentioned, China in April 2005 convened a meeting in Beijing between North Korea, China and the U.S. Prior to convening this meeting, reporting had it that China's crude oil shipments to North Korea had been suspended for a few days, supposedly due to mechanical issues. Whatever the reason, this was a period when North Korea was reprocessing spent fuel rods from their reactor in Yongbyon, for the fissile material necessary for nuclear weapons. They had left the NPT and expelled the IAEA monitors from Yongbyon the months just prior to this April meeting in Beijing. Things were tense and China was successful in getting the North to the table and established a Six Party Talks process to resolve these issues with North Korea. A bold move of this type appears necessary at this time. China is the only country that has influence with North Korea; the only country that has the leverage with North Korea to get them to halt their provocations while they come to the table with China to discuss a road ahead. That road will entail a number of issues that have been discussed with North Korea for the past 20 years. In reality, China is the only country that can influence the new leadership in Pyongyang.

Kim Jong Un has been in power for over two years and he has not visited China to meet with the leadership in Beijing. Kim's father, Kim Jong Il, visited China often and routinely met with China's leaders. A visit of Kim Jong Un to Beijing to meet with President Xi Jin Ping and other leaders could help convince Kim that he should change tack and cease escalating tension. Exposing Kim to the leadership in Beijing and exposing him to China's successful economic reforms would be powerful and potentially helpful in reestablishing a negotiated process that results in the denuclearization of the Korean Peninsula and a North Korea that ends its self-imposed isolation and addresses the economic and human rights issues that affect all the people in North Korea. Movement in this direction would be especially appropriate now, after Chinese Foreign Minister Wang Yi's meetings in Seoul on 26 May and the likely visit of President Xi Jin Ping to Seoul during the next few months. This would be Xi's fourth meeting with President Park Geun Hye since he took office, and it would reciprocate the official state

06-05-2014  
China's Relations with Taiwan and North Korea  
Ambassador Joseph R. DeTrani  
President, Intelligence and National Security Alliance (INSA)  
Testimony before the U.S.-China Economic and Security Review Commission

visit of Park Geun Hye to China earlier this year. This is in sharp contrast to the absence of any meeting of President Xi with Kim Jong Un, since Kim succeeded his father in December 2011.

Congress could reinforce this approach with a "Sense of Congress" that the U.S. encourages China to join PSI and enforce all U.N. sanctions imposed on North Korea and, in the interest of world peace, for President Xi Jin Ping to meet with North Korea's Kim Jong Un to request the release Kenneth Bae for humanitarian reasons and to convince Kim Jong Un that it is in North Korea's interest to cease any additional nuclear tests and missile launches and to return to negotiations to implement the September 19, 2005 Joint Statement that commits North Korea to comprehensive and verifiable dismantlement of all of their nuclear weapons programs, in return for security assurances, economic assistance and eventual normal relations, when other bilateral issues, related to human rights and illicit activities are also resolved.