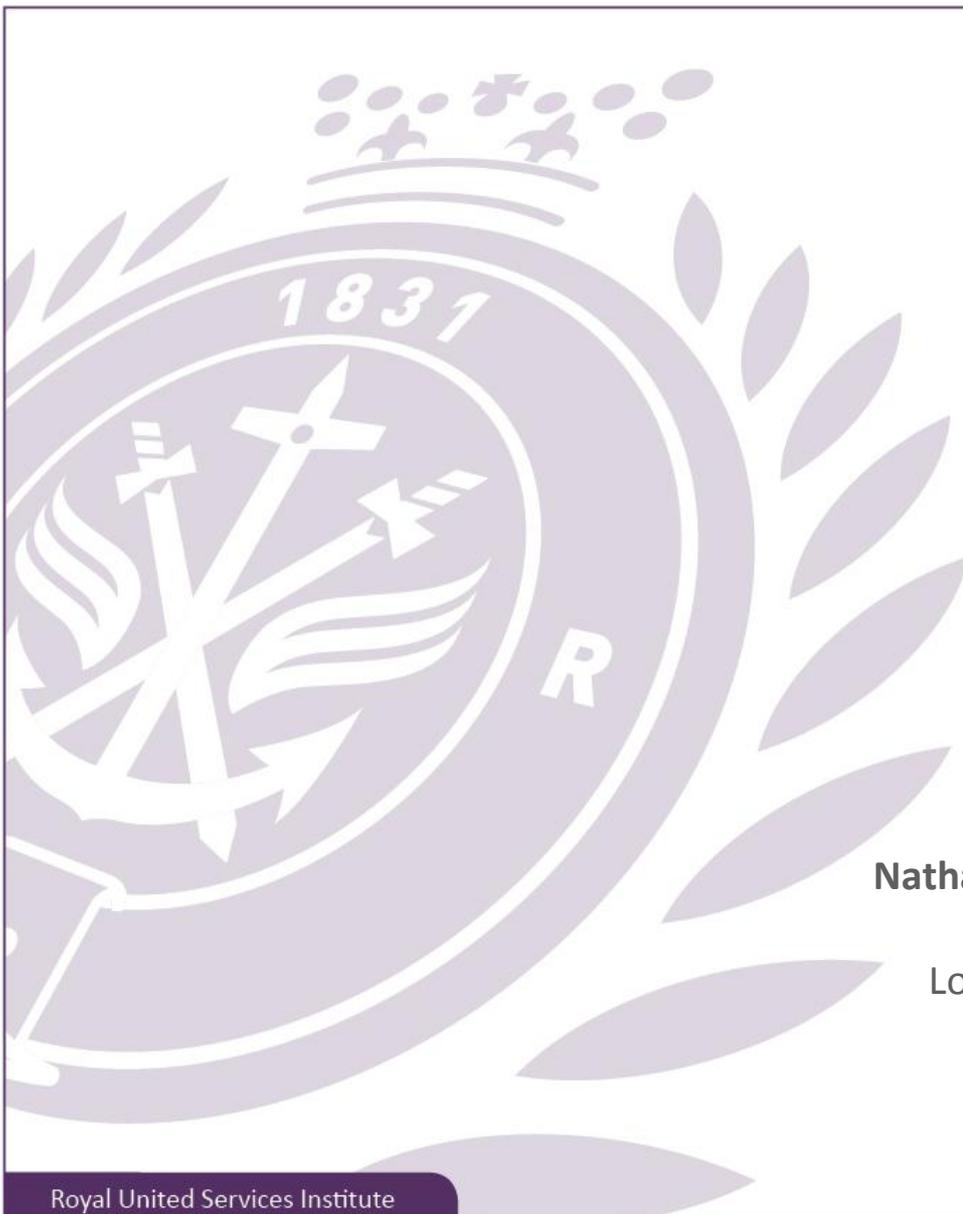


China's North Korea Policy: DPRK Nuclear Issues For Chinese Bureaucratic Politics, Policy Shifts and the U.S. Angle

Presented to the 2013 UK PONI Annual Conference



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The recent provocations by the Democratic People's Republic of Korea (DPRK) have raised tensions in the region and cast a spotlight on the DPRK's only ally and supporter—China. Although China has yet to abandon North Korea, recent comments by Chinese leaders and top scholars suggest that China is moving away from its unconditional support for North Korea towards a greater willingness to exert leverage on the Kim regime and a more proactive stance in favor of denuclearization. This presentation will seek to elucidate whether such a shift in policy is indeed occurring, significant and sincere or whether this is merely a Chinese tactic to counter increased U.S. military presence in the region. This discussion will be focused on the impact of the DPRK's nuclear program on the bureaucratic politics of China's North Korea policy, China's policy responsiveness as well as the drivers and indicators of the supposed policy shift.

The traditional narrative for China's strategic calculus towards North Korea centers around Beijing's fear of North Korea's collapse but overlooks a crucial intervening variable—Chinese bureaucratic politics.[1] China's policy is ultimately realist despite the espoused ideological and historical ties that serve as the façade to the relationship, and Mao Zedong's famous pronouncement of the relationship as 'lips and teeth' can be distilled to the real-world implications, as summarized by Dr. Victor Cha: 'the two are mutual hostages: North Korea needs China to survive [and] China needs North Korea not to collapse.' [2] Understanding this dynamic has enabled the Kim regime to play a succession of Chinese leaders for food aid and support while dangling the threat of collapse as a reminder of North Korea's strategic value to China.

Chinese policy makers believe that a wave of negative consequences would quickly follow the collapse of North Korea. The most important concern flows from the perception of North Korea as a strategic buffer against the United States. They fear that collapse would lead to a unified Korean Peninsula under a U.S.-allied South Korea, with the possibility of U.S. troops on China's border. Although scholars doubt whether the United States would deploy troops above the 38th parallel, China's memory of the Korean War remains fresh and has a definite impact on Chinese views of North Korea. While prominent scholars are increasingly questioning the North's value as a strategic asset and are instead suggesting it is a strategic liability, Chinese leaders appear to remain convinced of North Korea's residual value.[3] The second commonly cited fear is of a massive refugee influx from North Korea into China's already poor northeastern provinces.[4] These refugees would strain the resources of Jilin and Liaoning provinces and exacerbate a host of issues already associated with the current relatively low levels of refugees into China, including crime, drug trafficking and gang activity.[5] Although the actual number of likely refugees remains debatable, this concern remains a prominent topic in discussions with Chinese officials and scholars. The third primary concern relates to China's hopes for economic reform in North Korea and expanded opportunities for Chinese investment and trade in a relatively open North Korean market.[6] China's northeastern provinces have invested large sums in infrastructure construction to support increased trade and Chinese investment in North Korea, as highlighted by the Rason special economic zone.[7] This infrastructure investment represents the hopes of the provincial governments for their own economic development through North Korean economic reform that is assumed to lead to increased business opportunities for Jilin and Liaoning companies and increased access to North Korea's natural resources to replace the provinces' depleted stocks. One last notable factor in Beijing's fear of North Korean collapse is concern over irredentism within the Korean minority living along the border.[8] The reunification of Korea under Seoul may lead to increased Korean nationalism and efforts to regain 'lost' Korean territory, especially the historical lands of the Koguryo Kingdom.[9] The Kingdom's nationality and territorial bounds remains a contentious issue between China and South Korea, as well as in the China-North Korea relationship, and China has made great efforts to recast the Kingdom as Chinese, in part to deter irredentist claims of Korean minority-populated areas along their border. Yet, these concerns do not fully explain China's policy, decision-making process or strategic calculus towards North Korea.

Beyond these traditional factors in China's strategic calculus, China's North Korea policy is driven by a complex interplay

of bureaucratic politics that creates bifurcated policy management—increasingly centralized decision-making with diffuse policy implementation.[10] China’s policy is formulated at the highest level of the government, namely the Politburo Standing Committee (PSC), based on recommendations by the Foreign Affairs Leading Small Group (FALSG). The FALSG serves to coordinate the interests and advise the PSC, since no one PSC leader has the foreign policy portfolio. The high-level of decision-making for even typically mundane issues was reflected when Chinese President Hu Jintao personally wrote China’s response to North Korea’s first nuclear test in 2006, a task that would usually fall to the Ministry of Foreign Affairs.[11] The overall policy as proscribed by Xi Jinping and his six fellow Standing Committee members is implemented by a wide range of actors that each attempt to inject their own interests into the decision-making process. Primary stakeholders wield the most influence over China’s policy but must still defer major policy initiatives to the PSC. These primary stakeholders are the International Liaison Department, in charge of party-to-party ties and the main interlocutor for the relationship; the People’s Liberation Army, in charge of military-to-military relations and the foremost proponent of the North as a strategic buffer; and the Ministry of Foreign Affairs, in charge of government-to-government relations and ostensibly in charge of China’s overall policy. Second tier stakeholders have limited influence to enact their policy preferences and include the Jilin and Liaoning provincial governments, the Ministry of Commerce, the Ministry of Public Security. Beyond these select Chinese actors, the United States, Taiwan and North Korea also act as silent actors as they have a discernable impact on China’s policy but have no direct access to the Chinese system. This bifurcated policy management system creates several dynamics within the Chinese government, including intra-bureaucratic competition, inter-bureaucratic convergence, bureaucratic inertia, central-local conflict of interests and domestic politics reflected in policy.

One direct impact of the North Korea nuclear issue on the bureaucratic politics of China’s policy is the intra-bureaucratic competition within the Chinese military. As a primary stakeholder, the Chinese military is a powerful force in shaping China’s policy with direct access to President Xi and its interests in North Korea must be respected in policy deliberations. However, the PLA does not necessarily have a unitary organizational interest in North Korea because its services each have distinct interests, especially with regards to the DPRK’s value as a strategic buffer. The PLA Army values North Korea as a strategic buffer more than any other service because the Army has long-standing relations with the North as the main fighting force in the Korean War, and derives part of its budgetary funding from the Korean Peninsula’s status as likely the only area where China would fight a major land war in the foreseeable future. The PLA Navy, with its focus on the South China Sea and expanding China’s maritime capability, has little institutional interest in the land-dominated Peninsula battleground and is more concerned with the U.S.-South Korea military exercises in China’s costal waters in response to North Korea’s provocations.¹[12] The PLA Air Force likely sees little value in a land buffer in the age of modern air capabilities. The military service most negatively impacted by North Korea is China’s Second Artillery, namely China’s nuclear forces. The United States’ increased deployment of ballistic missile defense systems, while ostensibly targeted at North Korea’s growing missile capability, directly weakens China’s second-strike capability and challenges China’s security environment. The diverse interests of each military service must be aggregated by the top leaders of the PLA before the overall PLA interest is injected into the policy decision-making process. While the Army has traditionally dominated the PLA voice, reflected in the PLA’s apparent overall belief in the North’s value as a strategic buffer, the increasing role of the PLA Navy and adverse affects of North Korean aggression on the Second Artillery’s second-strike capability suggests that the PLA’s overall interest may shift in the future if the Army’s influence continues to wane.

This bifurcated policy management system creates massive bureaucratic inertia within the Chinese system that inhibits

¹ North Korea was found responsible for sinking the South Korea naval frigate *Cheonan*, killing 46 sailors, and killed 4 more South Koreans when it shelled the South Korean-held island later in the year.

China's policy responsiveness. China's policy is most responsive to DPRK nuclear issues, as Chinese leaders are forced to overcome bureaucratic inertia to make critical policy choices. This inertia-induced policy rigidity was most evident in China's handling of the March 2010 *Cheonan* sinking and November 2010 shelling of Yeonpyeong Island.[13] China took a month to respond to the sinking and refrained from blaming North Korea or even condemning the attack, and only then called on all sides to exhibit 'calm and restraint,' leading U.S. President Obama to criticize China for 'willful blindness,' after China's continued support of the DPRK despite the November attack.[14] Yet China's policy has changed in tangible ways several times over the last 10 years, suggesting that the bureaucratic inertia is a conquerable challenge for Chinese policymakers. China's policy first shifted in 2003 after North Korea pulled out of the Nuclear Non-Proliferation Treaty for the second time when China initiated the Six Party Talks as host. After the North's first nuclear test in 2006, Hu Jintao personally labeled the test 'flagrant,' a term usually reserved for China's enemies and China pushed for denuclearization.[15] The second DPRK nuclear test in 2009 saw China back off its push for denuclearization and instead actively support the succession from Kim Jong-il to Kim Jong-un. A notable lack of shift was evident in Beijing's continued support for North Korea despite its killing 50 South Koreans in 2010, suggesting that DPRK aggression did not impact China's strategic calculus. The most recent nuclear test in February 2013 has seen another possible shift in China's policy towards greater cooperation with the United States and emphasis on denuclearization. The thread through all these policy changes is major events related to North Korea's nuclear program, suggesting that the nuclear issue is the one current tangible issue that is enough to force China's leadership to become personally involved to overcome the bureaucratic inertia inherent in the decision-making process.

The question is whether China's policy responsiveness on DPRK nuclear issues is due to the Chinese leadership's sincere opposition to the Kim regime's nuclear program or rather the Western response to the security threat. China's most pronounced change in policy, the 2003 shift towards actively promoting negotiations through the Six Party Talks, appears to be more a reaction to direct U.S. statements than North Korea's actual actions. U.S. President George W. Bush told Chinese President Jiang Zemin in February 2003 that 'if we could not solve the problem [of denuclearization] diplomatically, then [Bush] would have to consider a military strike against North Korea.'[16] Six months later, China hosted the Six Party Talks. Furthermore, China's response to the 2006 nuclear test was 'more about the U.S. than about North Korea.'[17] While this is not definitive evidence, such a dramatic shift linked to President Bush's statement compared to a notable lack of shift in 2010 suggests China's policy may indeed be responding more to the U.S. government than the DPRK government.

The Chinese government response to the DPRK's February 2013 nuclear test suggests a possible policy shift towards a greater emphasis on denuclearization and closer cooperation with the U.S. government. Following the U.S. Ambassador to the United Nations, Susan Rice's, introduction to the newest round of UN sanctions on North Korea to which China also agreed, UN Security Council Resolution 2094, several former U.S. government officials claimed shifts in Chinese policy.[18] Former U.S. negotiator for the Six Party Talks Christopher Hill said 'after many years, the screws are beginning to turn,' echoing similar statements by Jon Huntsman and Kurt Campbell.² This wave of positive pronouncements was accompanied by unprecedented criticism by Chinese scholars of China's policy, highlighted by Shen Dingli writing in *Foreign Policy* and Deng Yuwen writing in *Financial Times* that China should abandon North Korea.[19] The most prominent indication of a shift under President Xi was both his statement in April 2013 that 'no one should be allowed to throw a region and even the whole world into chaos for selfish gain,' and his reportedly close discussions with President Obama at the two leader's California summit in early June.[20] Zhang Liangui, China's most prominent scholar on North Korea, asserted that 'the current administration sets the denuclearization of the peninsula first' above peace

² Jon Huntsman was U.S. ambassador to China and Kurt Campbell was U.S. Assistant Secretary of State for East Asia Kurt Campbell, both under President Obama.

and stability, a major change in China's priorities.[21] If this is a true shift, what factors served as possible drivers of this shift and how should we evaluate it going forward?

China's shift can be linked to several possible drivers, including bargaining leverage for the U.S.-China relationship, a revised threat perception of North Korea and a revised cost-benefit analysis of support for North Korea. China may be leveraging its increased pressure on North Korea as a bargaining chip in the U.S.-China relationship, so as to ask for U.S. concessions in return for fulfilling one of the United States' expectations of China as a responsible stakeholder.[22] While the effectiveness of China's pressure during the recent bout of tensions appeared negligible and Washington is unlikely to explicitly bargain with China, it may nevertheless claim its newfound pressure on North Korea in the form of sanctions enforcement merits reward. Another possibility is that North Korea's provocations since December 2012 have forced Beijing to reevaluate the threat of North Korea to China's own security. While Chinese scholars in the past have raised the security issue of nuclear blackmail, China has generally viewed the DPRK nuclear program as much more benign than Western nations.[23] Yet North Korea's apparent decreased willingness to accommodate Chinese influence under Kim Jong-un, evident in the failure of Politburo member Li Jianguo's November 2012 effort to dissuade the North from its upcoming missile test, may have raised concerns in Beijing that the younger Kim may be even less of a reliable ally to China than his father. This may lead China to treat the nuclear North Korea as a real security issue, however unlikely the possibility that its ally would attack China. The most likely explanation for China's perceived recent shift is an altered cost-benefit analysis of full support for North Korea in the face of increased Western military presence in the region, in line with past logic for China's policy responses to the North's history of nuclear-related events. The increased U.S. deployment of B-52s, B-2s, and F-22s, as well as Cheyenne submarines and the SBX-1 radar system to Asia and most importantly 16 more ballistic missile interceptors to Alaska since 2010 raised the cost of China's support for North Korea.[24] The U.S.-centric explanation for a possible change in China's policy leads to questions of whether the change is sincere and how long it will last.

Beijing's willingness to exert leverage over the North Korean regime serves as a key indicator of China's overall policy priorities on the Korean Peninsula. China faces a paradox of influence across its border: despite China's actual ability to overthrow the Kim regime, China is unwilling to leverage any amount of pressure that may cause the North's collapse. This means China's practical influence is limited by Kim Jong-un's understanding of this disconnect, since Kim knows no Chinese pressure will be severe enough to challenge his regime's survival. Yet the Chinese government has claimed to pressure North Korea on several occasions without due appreciation from the West, highlighted by Minister of Defense General Liang Guanglie's statement in 2011 that China had talked with North Korea more 'than you can imagine' and U.S. Chairman of the Joint Chiefs of Staff General Mike Dempsey receiving 'assurance that they are working on it' when he visited Beijing in April 2013.[25] China's track record of pressuring North Korea is mixed at best. Despite rumors of oil cutoffs in 2003, 2006, 2009, 2010 and most recently in February 2013, only the 2003 rumour is supported by more than tangible evidence. China was evidently unsuccessful in dissuading the North from its nuclear tests of 2006, 2009 and 2013, drawing a clear line on the limits of China's influence when it is unwilling to risk the regime's stability. Although China was successful in bringing North Korea to the negotiating table for the Six Party Talks in 2003, President Bush played a large role in forcing China to exert more of its leverage. Thus, China's continued pressure on the North Korean government in tangible and transparent ways will be a test for the possible shift going forward.

China's vital role in sanctions enforcement allows the international community another window into the true extent of China's policy change. As the legislators of UN Security Council sanctions on North Korea, the United States and South Korea must rely on North Korea's largest economic partner, China, to enforce the sanctions enacted under Resolutions 1695, 1718, 1874, 2087 and 2094. China has historically only enforced sanctions in a limited manner due to a principled opposition under its non-interference policy, fear that sanctions would weaken the Kim regime and the bureaucratic

politics of China's enforcement institutions. This has led to past enforcement ranging from bureaucratic incompetence to willful ignorance to arguably intentional covert assistance, as highlighted by the export of TELs to North Korea used in a North Korea military parade in April 2012.[26] Following the February nuclear test, China has reportedly increased enforcement of UN sanctions and enforced harsh non-UN sanctions by cutting Bank of China ties with the DPRK's Foreign Trade Bank.[27] Yet the previous lack of enforcement gives China space to demonstrate even greater resolve to align itself with the international community vis-à-vis North Korea, through several symbolic actions. China could produce a list of luxury goods to be banned from export to North Korea, arrest Chinese trader smuggling illegal goods across the border, search suspicious North Korea ships visiting Chinese ports or deny airspace to suspicious North Korean flights to Iran. A continued bolstered Chinese sanctions-enforcement combined with any of these stronger actions would provide further credibility to China's shift.

China's recent tougher stance on North Korea may indicate a shift in policy, but it is still unknown whether this will be a long-term shift reflecting an adjusted cost-benefit analysis or a short-term adjustment in response to the U.S. reaction to North Korea's recent provocations. Changes in China's previous lack of willingness to utilize its leverage and enforce UN sanctions serve as indicators to better evaluate this perceived policy shift. The most likely answer is that China's shift represents a small adjustment in policy, whilst the fundamental policy of general support for North Korea will remain unchanged.

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