

Noted Georgetown professor Victor Cha expressed the belief of many scholars that the recent leadership changes in South Korea and Japan should yield positive results for regional relations: “The pragmatism and business orientation of both Lee and Prime Minister Yasuo Fukuda of Japan should mean better relations are on the horizon.”

## VIII. CONCLUSION

Despite the political and diplomatic bitterness and impasse of the Roh-Abe era, economic and cultural exchanges between South Korea and Japan remain healthy. According to the South Korean Embassy in Tokyo, for example, some 2.31 million Japanese people visited South Korea last year, and about 2.36 million South Koreans visited Japan. The two countries are key economic partners, and trade between the two countries, even in a year of strained political relations, was robust.

On the diplomatic front, while old issues cropped up along with minor disputes and compromises, the most remarkable feature of the past year in South Korean-Japanese relations was the lack of developments. Despite Abe’s initial attempt to extend an olive branch to Japan’s regional neighbors, he soon repeated many of the diplomatic missteps of his predecessors. As a result of those blunders—and in conjunction with the South Korean leadership’s anger over Abe’s unwillingness to budge on the abductee issue despite its negative effect on regional security—relations between South Korea and Japan quickly soured. In the months leading up to Abe’s resignation, it became clear that Roh was unwilling to work with Abe on bilateral issues and that improved Korean-Japanese relations would have to wait for a regime change. Now that such changes have occurred in both countries, we will see whether Lee and Fukuda can succeed in improving South Korean-Japanese ties.

## CHINA-NORTH KOREA RELATIONS

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### I. THE NUCLEAR TEST AND AFTERMATH

On October 9, 2006, the Democratic People’s Republic of Korea (DPRK) conducted its first underground detonation of a nuclear device. Pyongyang’s official news organ acclaimed the event as “historic,” one that would “contribute to defending the peace and stability on the Korean peninsula and in the area around it.” The nuclear test—which occurred against the backdrop of tensions over the Banco Delta Asia (BDA) issue and the July 5 missile tests and against which all other Six-Party Talks participants had repeatedly cautioned—sent shockwaves throughout the region. The test pushed the nuclear issue back onto the front burner of international attention and underscored the growing rift between China and North Korea.

Given their long-standing postures on the North Korean nuclear issue, calls by the U.S. and Japan for stringent United Nations (UN) sanctions against Pyongyang were not surprising. China’s reaction, on the other hand, was somewhat startling in the extent to which it broke



“Flagrant North Korea” on the cover of a Chinese magazine following the nuclear test in October 2006.

(China Newsweek / 中国新闻周刊)

with precedent. Although more tempered than the reactions from Washington and Tokyo, Beijing's diplomatic response was remarkable in that it publicly rebuked Pyongyang for the first time—Chinese policymakers had consistently avoided public opposition to North Korean actions as they sought to maintain a conciliatory stance in the talks. China's official reaction was also unusually swift. Immediately after the test, the Chinese Foreign Ministry denounced it as a “flagrant” act. In Beijing's eyes, the DPRK's defiance of China's admonitions against provocative action and its disregard for Chinese interests were a matter of deep embarrassment. Moreover, the test occurred just as reports surfaced that some in the Chinese foreign policymaking establishment were reconsidering China's approach toward its former communist ally, because of the mounting risk of regional destabilization associated with North Korean brinksmanship. Jingdong Yuan, Director of the East Asia Nonproliferation Program at the Center for Nonproliferation Studies of the Monterey Institute of International Studies, noted that Pyongyang's audacity seemingly tilted Beijing closer to strategic reappraisal.

In the Security Council deliberations at the UN, China joined its American and Japanese counterparts in calling for sanctions against Pyongyang, in what initially appeared to be a more coercive approach in Beijing's North Korea policy. Speaking to the press on October 10, 2006, China's UN Ambassador, Wang Guangya, recognized the need for a “firm, constructive, appropriate but prudent response” toward North Korea, adding, “There have to be some punitive actions.” Minxin Pei of the Carnegie Endowment for International Peace observed that Beijing's traditionally close relations with Pyongyang may have lost their value as a strategic asset for the former and, in fact, become a long-term liability. Some media analysts went so far as to predict a definitive break between the two states whose leadership had once described the closeness of their relationship as akin to “lips and teeth” and an eventual siding of China with the U.S. in compelling North Korea to roll back its nuclear program.

However sour the ties between Beijing and Pyongyang had become as result of the latter's intractable brinksmanship between July and October 2006, the predicted break did not materialize. Rather, in the diplomatic tumult of late 2006, Beijing assumed a leading role in seeking to limit the negative fallout from the nuclear test. China sought to pull the region away from the maelstrom of a deepening crisis and toward a process of practical reengagement among the key parties.

Beijing has followed a pragmatic line in seeking to protect fundamental interests at stake on the Korean peninsula, chiefly the maintenance of stability on both sides of the Yalu River, the long-term denuclearization of the peninsula, and the perpetuation of the regional status quo. Even though political relations between

China and the DPRK have been increasingly tense over the past few years, their core mutual interests remain unchanged. In 2007, China opted for reengagement as its short-term strategy in the nuclear dispute, and it has been able to nudge Pyongyang in this direction. Beijing's interests are best served by an outcome that maximizes stability on the peninsula while preserving the geopolitical status quo of the wider region. At the same time, there are indications that Beijing may be reevaluating its long-term strategy with regard to a neighbor with demonstrated potential for provoking regional instability.

## II. NORTH KOREAN PERCEPTIONS OF CHINA: FROM IDEOLOGY TO REALISM

The days of comradeship between Beijing and Pyongyang are a thing of the past—the two communist states have followed divergent routes of development over the past three decades. China has all but abandoned Marxist ideology and evolved as an increasingly prosperous open-market economy and society, while the DPRK has largely remained an impoverished hermit state whose government apparatus is underpinned by a rigid ideology centered on the personae of its leaders. Alexandre Mansourov of the Asia-Pacific Center for Security Studies wrote that “revolutionary traditions have faded away, and personal loyalties and leadership bonds have already dissolved. . . . Pragmatism and rational calculation of national interests prevail in both capitals.”



China and North Korea: Friends at odds?  
(Propaganda poster from the Maoist era.)

As the two countries have grown apart in their world views and national systems—particularly in terms of their relations with other regional powers and the U.S.—they have developed considerable misgivings regarding each other's intentions. Though the vacillation of Chinese support has been a bitter pill for Pyongyang to swallow, it has learned to deal with Beijing no less pragmatically

than Beijing deals with Pyongyang. The post-Soviet years have undoubtedly disabused the DPRK leadership of any residual notions of solidarity among socialist nations, even if such notions had been at best pragmatically useful. The reality is that as a rational state with a hierarchy of prioritized interests, China is willing to pursue its multiplying and increasingly complex international objectives at the cost of Pyongyang's economic or political eclipse, short of collapse.

Some of the North Korean elite may believe that their country's enduring economic weakness and political isolation dovetail with Beijing's interests, as they have resulted in greater dependence of the DPRK political establishment on Chinese benevolence for its survival. In this situation, Beijing maintains some leverage—however limited—on the actions of its enfeebled neighbor. Mansourov notes that Chinese economic aid has been supplied at levels of minimum sustenance since the demise of the Soviet Union, including during the famines of the 1990s, and has often included various economic or political strings; for example, requests for Chinese access to North Korean mineral resources and for greater cooperation by Pyongyang at the six-party negotiations. Chinese assistance has mostly come in the form of food commodities, lower-end consumer products, and oil shipments. These amount to approximately 90 percent of North Korea's total provisions, which are bought on credit or bartered. "Friendly" prices no longer exist, as Chinese products are sold to North Korea at market value.

At the same time, Beijing has systematically endorsed economic reforms and a policy of opening up as the long-term solution to the DPRK's stagnation. Given the alleged rift between pro-reform and conservative factions in the Pyongyang elite, China's advice may be perceived by anti-reform groups in two ways: as interference in North Korean internal affairs or as an attempt to undermine the paramount authority of the Kim dynasty and its sustainers to the benefit of more pro-reform (and possibly pro-China) factions. North Korea expert Andrei Lankov has suggested that such a division—between the conservative top elite, composed of approximately one hundred senior cadres and their families, and a mid-level elite with some reformist aspirations—does exist.

These calls for economic reform may be perceived as disingenuous in Pyongyang's eyes, given the lukewarm support that China has provided to its neighbor's initial experiments with reform. A case in point was the Sinuiju special economic zone, whose first governor, a Dutch-Chinese businessman, was arrested by Chinese authorities for tax evasion. Mansourov observes that at some point Pyongyang may have come to believe that China does not wish to see it undertake extensive reforms out of fear that a prosperous DPRK could shed its reliance on Chinese aid and gain greater political independence, possibly

even engaging with the U.S. to the detriment of Chinese security interests. Or, conversely, China may fear that North Korea could become destabilized should reforms fail.

Finally, North Korea is suspicious of China's warming ties with South Korea and the U.S., as well as with Japan in late 2006 and in 2007. Given China's key interest in maintaining relatively sound economic and political relations with these countries (its fourth, first, and second largest trade partners, respectively), Beijing has reduced its political support for the DPRK. After all, it has far more to gain from the enhancement of its economic and political relations with these powers than from its unpredictable neighbor. Pyongyang may be wary of any possible signs of collusion between the U.S. and China, including tacit agreements of greater U.S. pressure on Taiwan to respect the cross-straits status quo in return for greater Chinese pressure on Pyongyang.

### III. NORTH KOREA AND CHINESE INTERESTS



North Korean leader Kim Jong Il (center) and former Chinese vice premier Wu Yi (left) in Pyongyang for the completion ceremony of the Taean Friendship Glass Factory, built with Chinese aid.

*(People's Daily Online, October 10, 2005)*

Prognostications of a reversal of Chinese strategy in northeast Asia as a result of the nuclear test ultimately proved to be unfounded, as China's diplomatic maneuverings in 2007 demonstrated. Despite the embarrassment of having been inept in preventing the provocative actions of a smaller and far weaker neighbor, China nevertheless eschewed the sort of coercive stance U.S. government hard-liners had hoped to see following the test. In spite of its general support for punitive measures, Beijing opposed actions—notably the searching of North Korean cargo ships—that would push Pyongyang into a corner and could increase the latter's willingness to engage in further brinksmanship. Ambassador Wang Guangya said to reporters that if such inspections came “into operation, it could easily lead, by one side or the other, to a provocation of conflict, which could have serious implications for the region.”

Beijing quickly took the lead in seeking to reinstate the Six-Party Talks, the first step in what would become its policy of facilitating active reengagement between the U.S. and North Korea. China dispatched former Foreign Minister Tang Jiaxuan to the White House, where he delivered a message from President Hu Jintao: “It is in the interests of China and the United States, as well as the interests of Northeast Asian countries, to realize the denuclearization of the Korean peninsula, [to] maintain peace and stability on the Korean peninsula and Northeast Asia.” He added that the two countries should “prevent the situation from getting worse or even getting out of control.” Tang subsequently led a delegation to Pyongyang, where he extracted Kim Jong Il's acquiescence to reinstate the stalled talks without preconditions. Some South Korean academic experts suggest that China likely applied pressure to get Pyongyang to return to the talks, though it remains unclear whether the incentive was punitive or remunerative.

At the heart of Beijing's desire for a peaceful denouement to the issue lie several critical interests that directly bear on what Michael Swaine and Ashley Tellis of the Carnegie Endowment for International Peace once described as Beijing's core objectives of maintaining domestic stability and external security. The long-standing nature of these interests is corroborated in regular press conferences with the Chinese Ministry of Foreign Affairs (MFA), which has persistently reiterated an unchanging official position. For example, on February 17, 2005, MFA spokesman Kong Quan made the following statement: “I want to stress that China persistently stands for the denuclearization, peace and stability on the Korean peninsula.” Despite the DPRK's flagrant behavior in late 2006, in January 2007 the MFA spokesman repeated that “the interest shared by all the countries concerned [is] to realize the denuclearization of the Korean peninsula through dialogue and negotiation, maintain the peace and stability of the peninsula, and thereby attain and safeguard the peace and stability of the entire Northeast Asia.”

Emerging in relative importance on the scale of Chinese priorities are interests tied to the Chinese Communist Party leadership's need for sustained and robust domestic economic growth and healthy political relations with the U.S., as well as with Japan and South Korea. This explains Beijing's coolheaded pragmatism in oscillating between support for the North Korean and U.S. positions, respectively. As Scott Snyder and Joel Wit of the United States Institute of Peace note, the momentousness of these interests also explains why China strayed from its traditional line of noninterference in the internal affairs of other states to take on a leading role in resolving the DPRK nuclear issue. 2007 has further demonstrated Chinese willingness to assume a chief diplomatic role in the defense of its interests beyond its borders.

The maintenance of political stability in North Korea is China's foremost objective, surpassing even its neighbor's eventual denuclearization. North Korea's possession of nuclear weapons is detrimental to Chinese interests in the long run, because that possession justifies a strengthening of the U.S.-Japan alliance or implementation of a U.S. missile defense shield system in Asia. Such eventualities are dwarfed, however, by Beijing's perception of the immediate and catastrophic implications of serious political instability in North Korea. In a 2005 presentation to the U.S.-China Economic and Security Review Commission, the RAND Corporation's Murray Tanner noted that the three northeastern provinces that border North Korea (Liaoning, Jilin and Heilongjiang) are China's region of greatest social unrest. The area, home to almost 110 million people and once the hub of China's state-owned heavy industries, has been experiencing years of economic decay and high unemployment as a result of the slow demise of the state-owned sector. Although economic recovery in these provinces has picked up in recent years, Beijing continues to view the region as a potential powder keg of nationwide social instability. China is adamant about preserving stability in this region's immediate vicinity, which includes North Korea. The exertion of heavy economic or political pressure on North Korea advocated by U.S. and Japanese hard-liners is out of line with Chinese interests, since either kind of pressure could lead to the socio-economic disintegration of North Korea, with negative repercussions on the Chinese northeast.

One of Beijing's main concerns is that of a massive and destabilizing influx of North Korean refugees into the Chinese northeast should the North Korean state verge on collapse. In the run-up to the Beijing Olympic Games in the summer of 2008, the Chinese government sees social stability as an absolute imperative as it seeks to project the image of a stable, modern state. Hu Jintao's report at the 17th Party Congress in October 2007 emphasized “promoting reform and development while maintaining social stability” and nurturing a “harmonious socialist society.” The presence of millions of North Korean refugees at its border would tarnish the international image Beijing wishes to project.

Moreover, Beijing is worried that a larger Korean demographic presence in Jilin's Yanbian Prefecture (an area traditionally inhabited by Chinese of Korean extraction and claimed by certain South Korean nationalists to be the lost province of Gando) could eventually precipitate calls for a redrawing of national borders to match demographic reality. This concern is highlighted by what one expert at Seoul National University sees as the progressive dilution of the ethnic Korean identity of this region. Given the growing local Han population, coupled with the emigration of Chinese of Korean extraction to South Korea, ethnic Koreans now represent less than 40 percent of the prefecture's population. Thus, according to Chinese law, most local government position quotas no longer need to be guaranteed for the minority ethnic group. Furthermore, Korean language schools in Yanbian are reportedly dwindling as the demography of the region changes.

On the academic front, Chinese scholars have continued working on the Northeastern Project, which has sparked diplomatic tensions with both Koreas by its appropriation of the ancient (AD 37–668) kingdom of Koguryo (also referred to as Goguryeo) as part of Chinese history. Koguryo covered an area equivalent to today's North Korea and much of the Chinese northeast. Academics have speculated that the Northeastern Project's assertions may be in anticipation of possible territorial demands over Yanbian by a reunified Korea. It is notable that North Korea has joined the South in emphasizing that the ancient kingdom is the heritage of a reunited Korea. The Korean Central News Agency (KCNA) reported on November 15, 2007, that a symposium of social scientists was held in the North "to mark the 1,580th anniversary of the transfer of the capital of Koguryo to Pyongyang..." and its "great impact on exalting the national honor and the international prestige of Korea in the middle ages." In late November, KCNA further stated that Koguryo "always inflicted wholesale deaths on the enemies in battles against foreign invaders. ... Very strong in *attack* and *defense* capacity, the armored unit ... was one of the important factors of Koguryo becoming the great power in the East." Interestingly, "foreign invader" could refer to both Tang dynasty China and Silla (whose borders closely correspond with those of present-day South Korea).

Another key Chinese aim is that of maintaining the regional geopolitical status quo, thereby precluding any hasty transformation of the power-political balance on the Korean peninsula to China's detriment. Although China is not adverse to the notion of a reunified Korea in the future, it seeks to ensure that reunification would not harm its interests. Wang Yiwei of Fudan University once outlined China's preferred scenario for North Korea this way: a gradually modernized and stabilized North Korean state would act as a buffer between itself and U.S. troops in South Korea and would contribute to the economic rejuvenation of China's own northeast region. On the one hand, the Chinese have been considerably more supportive of inter-Korean diplomatic exchanges and commercial relations

than has Seoul's U.S. ally. They spelled out this official stance specifically at an MFA press conference: "On the issue concerning the Korean peninsula, the main parties are the North and South Koreans, and we hope that both sides will further enhance understanding and ultimately achieve independent reunification through peaceful means."

On the other hand, Beijing is not banking solely on the friendship of a reunified Korea that would eventually lose sight of the *raison d'être* of its U.S. alliance. This may have seemed plausible at the height of "China fever" and anti-Americanism in South Korea five years ago, but Beijing is undoubtedly aware that the pendulum of South Korean sympathy has swung away from pro-Chinese sentiments. Indeed, South Koreans elected a pro-American candidate—Lee Myung-bak, who supports a reciprocal policy toward North Korea—to the presidency on December 19, 2007. Lankov suggests that Beijing is placing its chess pieces in the North so it will be in a strong enough position to pressure Seoul to acknowledge Chinese interests following eventual reunification. One element of this strategy is the expanding use of Chinese infrastructure-related standards accompanying the Chinese economic presence in the DPRK, which could make Beijing a quintessential economic actor on the peninsula.

#### IV. TOWARD REENGAGEMENT AND THE END OF EXCEPTIONALITY



North Korean leader Kim Jong Il (right) and Chinese ambassador Liu Xiaoming enjoy a meal at the People's Republic of China Embassy in Pyongyang on the occasion of the Lantern Festival. (*Embassy of the People's Republic of China in the DPRK, Official Website, March 2007*).

The risks that the nuclear detonation posed to China's strategic interests have galvanized its policymakers into steering the affected parties back toward negotiations. Through active back-channel consultations, Beijing was able to break the impasse that had stalled the Six-Party Talks for almost a year, and it announced on October 31 that Pyongyang had agreed to return to the negotiations. Although talks were convened in Beijing on December 18, they produced only minor tangible progress in the resolution of the Banco Delta Asia (BDA) issue (regarded by the DPRK as a requisite for progress on the nuclear issue); the six sides merely reaffirmed their commitment to the principle of "action for action." The North Korean and U.S. sides did pledge to meet in New York the following month to further consult on the question of financial sanctions. For its part, China pursued diplomatic initiatives throughout the year, aiming toward a compromise solution on the denuclearization of the Korean peninsula. If 2006 was a year of inertia in the six-party process, 2007 was one of diplomatic reengagement, much of it under the aegis of the Chinese foreign policymaking establishment.

Beijing's modalities of engagement have remained the same as they were before the nuclear test. Rather than leaning strongly toward Washington in ways that could have further exacerbated the DPRK's suspicions, or offering undue material support to Pyongyang as inducement for the latter's cooperation (which would likely have drawn U.S. accusations that Beijing was rewarding its former ally's bad behavior), China maintained a balanced official stance that all parties to the talks should remain flexible in seeking to resolve the standoff. This was confirmed on January 4, 2007, when MFA spokesman Liu Jianchao stated at a press conference that "China's assiduous efforts to solve the nuclear issue on the Korean peninsula and propel the Six-Party Talks have been widely recognized and appreciated by the international community, including other parties to the Six-Party Talks. As is known to all, the nuclear issue on the Korean peninsula is very complicated and demands a flexible and practical attitude of the principal parties. All parties should play a constructive role."

The fact that the nuclear test had occurred in spite of President Bush's long-standing hard-line posture underscored the ineffectiveness of the hawkish stance, providing credibility to proponents of pragmatism in the Chinese diplomatic establishment who had long called for greater compromise between Pyongyang and Washington. Notably, China's sub-rosa consultations with officials in Washington may have given a boost to calls by realists at the U.S. State Department for a more practical and creative approach, including formal direct negotiations between American and North Korean officials, for which Beijing had long appealed. Indeed, on January 18, 2007, following U.S.-DPRK talks in Berlin, Liu Jianchao stated that China "always supported direct contact between the U.S. and the DPRK. We hope this meeting achieves positive results and creates conditions for the early resumption of Six-Party Talks." The numerous one-on-one meetings between U.S. chief negotiator Christopher Hill and his

North Korean counterparts in 2007 attest to the closer convergence between Beijing, Washington, and Pyongyang on a line initially traced by Beijing.

Beijing's approach was, first, to convince U.S. policymakers of the need for a give-and-take approach and, second, to bring Pyongyang back to the negotiating table without preconditions. Although China was prudent in not maneuvering too aggressively against Pyongyang, its neighbor's flagrant moves diluted any remaining scruples Beijing may have had about using more forceful tools to obtain North Korea's cooperation. Scott Syder and Joel Wit of the United States Institute of Peace quoted a Chinese analyst who allegedly described North Korea as a "wayward son who requires discipline from a parent."

However, China's willingness to use a bigger stick to exact its neighbor's cooperation immediately after the July 2007 missile tests seemingly backfired. A *New York Times* article claimed that Chinese oil shipments to North Korea were completely halted during the month of September, immediately preceding the nuclear test. If the claim of this report is true, the fact that Pyongyang chose to conduct its nuclear test regardless of its large neighbor's admonitions may have led Beijing to believe that tougher measures would be counterproductive and might propel the Kim Jong Il regime to take even riskier actions. This experiment with hard diplomacy may have confirmed to China that Pyongyang could not be prodded too forcibly and that any hope for true progress ultimately rested on a shift in the U.S. position. Although China's four major banks were ordered to cease all transactions with North Korean companies and individuals in late 2006, it appears that Beijing balked at another "oil supply shock" that could induce its neighbor to push the stakes higher.

In light of progress made on the BDA issue between the U.S. and the DPRK in January in Berlin, China was able to organize the third session of the fifth round of the Six-Party Talks, which began on February 8. During the course of those talks, China circulated a draft joint statement on North Korean denuclearization to the five other parties, which Christopher Hill indicated would include actions as opposed to pledges. The February 13 agreement sponsored by China offered Pyongyang a rare opportunity to back away from its brinkmanship and reestablish ties with the international community and pursue economic reforms, notably working toward an end to U.S. sanctions. The following were among its provisions: "The DPRK and the U.S. will start bilateral talks aimed at resolving bilateral issues and moving toward full diplomatic relations" (II-2); "The US will begin the process of removing the designation of the DPRK as a state sponsor of terrorism, and advance the process of terminating the application of the Trading with the Enemy Act with respect to the DPRK" (II-2); and "The Parties agreed to cooperate in economic, energy and humanitarian assistance to the DPRK. In this regard, the Parties agreed to the provision of emergency energy assistance to the DPRK in the initial phase" (II-5).

China has been empathetic to Pyongyang's security concerns vis-à-vis its American nemesis, within the bounds of not endangering core Chinese interests. By assuaging these concerns through the process of reengagement initiated in the February 13 agreement (including the resolution of the BDA financial issue), China was killing two birds with one stone. First, it was successful in reducing tensions by bringing the U.S. and North Korea to the negotiating table, thus lowering threats to the peninsular status quo and its own domestic stability. Second, by facilitating reengagement between North Korea and the U.S. (including direct talks between the two countries aimed at eventual diplomatic normalization), China is depriving the Kim Jong II regime of its stated justification for developing nuclear arms in the first place. Once the regime's security concerns were adequately addressed, it would be expected to dismantle its nuclear program, reversing a reality that could trigger a regional arms race that is incongruous with China's security interests.

Furthermore, by creating incentives for Pyongyang to reform and modernize its economy, China may have hoped for a double-win situation. First, it would reduce the burden on itself of North Korea's economic needs, especially in terms of energy and food relief. Second, although economic modernization reforms along the lines of those enacted by China in the 1980s and Vietnam in the 1990s would likely decrease the DPRK's dependence on China (since opening up would ultimately result in burgeoning economic ties with South Korea and the European Union, not to mention the U.S. and Japan), by virtue of its location and recent investment in the country, China could position itself for immense strategic gain as a primary investor in the DPRK.

Among other actions, the agreement called for the establishment of working groups on U.S.-DPRK relations, Japan-DPRK relations, energy and economic aid, armistice and security issues, and denuclearization of the Korean peninsula. In addition, 50,000 tons of heavy fuel oil (equivalent to emergency energy assistance) was to be delivered to North Korea within 60 days of the talks. In return, the DPRK was to halt "plutonium production and processing [activities] at Yongbyon and allow International Atomic Energy Agency inspectors back into the country to monitor and verify this freeze." At the end of the day, China's joint statement was somewhat of a boon for Pyongyang, and it underscored the idea that Beijing sees no solution to the North Korean nuclear issue that would further weaken its neighbor. Gradual internal stabilization of the DPRK through economic engagement, coupled with normalization of ties with the outside world, remains China's objective in the Six-Party Talks. In February 2007, most concessions came from the U.S. side.

Over the past year, China may have gotten the sense that its neighbor was finally willing to attempt economic reforms and the normalization of its

international position. Over the spring and summer and into the fall of 2007, North Korea established or renewed diplomatic ties with numerous countries in the Middle East, Southeast Asia and Latin America, similar to the flurry of diplomatic relations it established with European countries, Australia and Canada around the time of the first inter-Korean summit in 2000. 2007 saw a push for reengagement with Pyongyang and the progressive transformation of China's ties with its neighbor into normal state-to-state relations, without the conspicuous exceptional treatment accorded the North Korean regime in the past. Two well-publicized situations demonstrate that Chinese tolerance is dwindling regarding North Korea's flaunting of the normal rules of conduct in interstate affairs.

During the sixth round of the Six-Party Talks first convened in March 2007 and resumed in July, the U.S. and the DPRK reached an agreement on the North Korean funds frozen at the BDA. The agreement would have allowed for the transfer of these funds to another bank after they were "cleansed" by transferring them through a U.S. bank (the issue was less that of the funds themselves than of restoring North Korea's access to international financial markets). However, the transfer turned out to be an extremely complicated matter for China. The U.S. and North Korea initially sought to transfer the funds through the Bank of China, but the Chinese balked because BDA had been blacklisted by the U.S. Treasury. China refused to provide a financial haven for the North Korean funds because of its concern that this would put it at odds with the U.S. financial system and, by extension, with much of the global financial system. Thus, the Chinese declined exceptional treatment to North Korea. Following intensive technical consultations with the other parties, the transfer issue was finally resolved when Russia agreed to have the funds transferred to a bank in Khabarovsk.

In another example of China's dwindling tolerance, it held thousands of tons of food aid to North Korea at the Dandong-Sinuiju border in October 2007 because of a dispute between the DPRK government and Chinese train companies. According to the *Financial Times*, some 1,800 Chinese train cars carrying provisions had been retained in North Korea, where they were dismantled by the regime for scrap metal use. Chinese train officials responded to the loss of rail cars with a policy under which one car was sent into North Korea for each car that emerged. As a result, aid from the World Food Program was blocked from being delivered to North Korea, despite the severe flood damage to the country's food production bases.

In late 2007, the DPRK made public overtures to South Korea and other countries in the region, suggesting that it wishes to be less dependent on its large neighbor. During the second inter-Korean summit between Kim Jong II and

South Korean President Roh Moo-hyun in early October, the two sides pledged further economic and political cooperation. Experts close to the government in Seoul say that the North advocated for the inclusion of the “three-party” option in the fourth clause in the Joint Declaration (“to pursue issues related to declaring the end of the Korean War by holding on the Korean peninsula, a three- or four-party summit of directly-related sides”) to maintain the option of excluding Beijing from the eventual negotiation of a permanent peace.

Another notable event was the visit to Pyongyang by Vietnamese Communist Party chief Nong Duc Manh less than two weeks after the inter-Korean summit in October. Some experts in Seoul speculate that the North’s leadership is exploring reform models and advice other than those proffered by the Chinese, possibly because of suspicion that assistance from China may be tainted by an intention to further Chinese influence on the DPRK. Vietnam is an especially significant model of a country that has successfully reformed its economy, developed friendly ties with the U.S., and maintained an independent position vis-à-vis Beijing, all the while preserving an authoritarian political system.

On the other hand, Pyongyang’s cooperative stance in the six-party process in 2007 has also opened the door for improved relations with Beijing. Since the February declaration, several events have indicated a strengthening of ties between the DPRK and China. The Chinese Embassy to the DPRK reported that “On March 4, 2007, on the occasion of the Lantern Festival, Kim Jong Il . . . visited the Chinese Embassy in Pyongyang at the invitation of Ambassador Liu Xiaoming. Kim Jong Il wished the Chinese Government and the Chinese people a happy holiday. Ambassador Liu Xiaoming conveyed to Kim Jong Il the best regards from Hu Jintao.” In July, the first official visit abroad by newly appointed Chinese Minister of Foreign Affairs Yang Jiechi was to North Korea. On October 31, KCNA announced that “The Central Committee of the Workers’ Party of Korea hosted a reception in honor of Liu Yunshan, member of the Political Bureau and member of the Secretariat and head of the Publicity Department of the Central Committee of the Communist Party of China, on a visit to the DPRK. . . .” where “Liu Yunshan in a speech wished the Korean party and people bigger achievements in building a great, prosperous, powerful nation.”

On November 20, the DPRK’s official news agency reported that

Gu Xiulian, vice-chairperson of the Standing Committee of the Chinese National People’s Congress, met and had a friendly talk with the delegation of the Korean Committee for Cultural Relations with Foreign Countries headed by its acting Chairman Mun Jae Chol on a visit to China at the Great Hall of the People in Beijing. . . . Noting that the political trust and cooperative relations in various fields, including

economy and culture, have grown stronger between China and the DPRK, Gu said that the mutual visits of the top leaders of the two countries in recent years marked an important occasion in putting the bilateral friendly relations on a new level.

Recently, Air China announced that it would begin direct flights to Pyongyang in early 2008.

## V. CONCLUSION

If 2006 was a year of divergence between Beijing and Pyongyang, 2007 was one in which the two sides improved their relations. The future of the “lips and teeth” relationship between the two countries appeared uncertain immediately following the October 2006 nuclear test, when China sided with other UN Security Council members in condemning North Korea. But then Beijing actively sought to reinitiate the stalled six-party negotiation process. One sees an underlying pragmatic sense in the two countries’ decision-making circles that the long-standing core interests of both sides are best served by developing and maintaining positive bilateral ties. In Beijing’s case, the central issue is stability on the Korean peninsula, avoiding any disorder that could destabilize China’s northeast and preserving the prevailing geopolitical status quo. In Pyongyang’s case, China is its primary source of economic support, without which the current regime could probably not survive. Restoring a positive working relationship with China was thus a practical necessity for Pyongyang.

However, although it improved again after the rift caused by the nuclear test, the China-DPRK relationship appears to be shedding some of the unique aspects that characterized it in the past. Decision makers in Zhongnanhai seem to be eliminating much of the exceptional treatment Pyongyang has received in the past and beginning to treat it like a “normal country.” At the same time, Pyongyang’s leadership seems to be seeking broader interactions with the South, the region, and the world at large to reduce its dependence on China. The steady improvement in relations between Beijing and Pyongyang is likely to continue in 2008, but how the two countries deal with each other in light of new factors—such as the U.S. elections, the new conservative government in the South, and the DPRK’s economic fortunes—remains to be seen.