

## **North Korea's Reliance on China and China's Influence on North Korea**

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North Korea's economic reliance on China has been increasing recently. China is certainly North Korea's most important partner of political collaboration and international mediator. The international community is paying close attention to the possibility that China may bring North Korea under its outright control. It is certain that North Korea's reliance on China will deepen further if its economic difficulties worsen or if there is a crisis in the regime. While the expansion of North Korea-China economic relations may trigger a positive change in North Korea, it might have a negative impact on the development of inter-Korea relations and the settlement of issues related to North Korea's nuclear program.

### **Introduction**

Recently, the economic reliance of the Democratic People's Republic of Korea (DPRK) on China has been increasing. In particular, China's share in the DPRK's entire foreign trade (excluding trade with South Korea) jumped to 78.5 percent in 2009. In May 2010, North Korean leader Kim Jong Il visited Beijing for a summit at the invitation of China, right after the sinking of the South Korean Naval ship Cheonan on March 26, 2010 and in the midst of the international community's pointing to North Korea as a prime suspect for the sinking. At the UN Security Council meeting on the Cheonan attack, China fully sided with the DPRK. A series of steps taken between North Korea and China, including those discussed in this study, indicate ever-closer political relations between the two nations.

Many suspect that the DPRK's heavy economic reliance on and close political relations with China may be a sign that the DPRK is becoming a Chinese puppet. French columnist Guy Sorman in a recent article described North Korea as, "... a de facto tributary state of China."<sup>1</sup> While some experts say that the underlying tenet of China's North Korean policy is to structuralize a pro-China regime in the DPRK, others see the relations between the two countries in a much more negative light, despite the reality of their expanded economic relations.

This study analyzes North Korea's increasing reliance on China, amid rapid changes within the DPRK (which include Kim Jong Un's emergence as the heir-apparent following reports on Kim Jong Il's ailing health) and China's influence on

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the DPRK, while also paying attention to contrasting viewpoints on the DPRK's reliance on China and its impact on future inter-Korea relations.

## **Status of North Korea's Reliance on China**

### ***Political Relations***

During the Cold War period, the Chinese military took part in the Korean War on the North Korean side. In 1961, the DPRK and China signed an alliance treaty. They went on to develop relations and an allegiance in virtually all sectors, including politics, the economy, military cooperation, and culture, holding frequent bilateral summits until the early 1990s. However, a change occurred in the relations at the end of the Cold War, when China established diplomatic relations with South Korea (in 1992), a move which drew a strong denunciation of China by North Korea.

With the launch of the Kim Jong Il regime in the DPRK in 1998, the estranged relations between the DPRK and China were on the mend. North Korea's new leader paid visits to China and held summits on four occasions within six years until 2006, including one in May 2000. On his visit to North Korea in September 2001, Chinese President Jiang Zemin announced the so-called "16-Chinese-character guidelines," which included intentions for reinstating the former strong relations between the two countries, working toward the future, and reinforcing collaboration.<sup>2</sup>

Bilateral relations between China and North Korea have not always progressed smoothly. In 2002, the Chinese government arrested Yang Bin, a Chinese entrepreneur whom North Korea had appointed as the Chief Administrator for the Sinuiju Special Administrative Region. Tensions further developed between the two countries following the second North Korean nuclear crisis (2002) and difficulties surrounding the Six-Party Talks. Even though China denounced North Korea for its nuclear tests in 2006 and 2009, respectively, their relations recovered each time after a cooling-off period.

When tensions were running high on the Korean peninsula following the sinking of the Cheonan in 2010 and the provocative postures taken by the DPRK over the incident, the DPRK and China held two high-level meetings, which showed their continuing close relations. On May 3, 2010, Kim Jong Il paid an informal visit to Chinese President Hu Jintao for the first time in four years after their last meeting in 2006. The two were able to reconfirm close bilateral ties between and discuss pending issues, including Pyongyang's nuclear program and economic cooperation. Three months later on August 25, 2010, Kim Jong Il paid another visit to China to meet with President Hu Jintao in Changchun and travel to several places in Northeast China.

The North Korean leader's visits to China on two occasions in just three months in 2010 had multi purposes. One was to request support for the deteriorating North Korean economy and for the establishment of a new leadership centered on Kim Jong Un. Another was an appeal for collaboration against the international community's sanctions on the DPRK that were initiated by South Korea and the United States after the sinking of the Cheonan. For its part, China saw a need to mitigate the mounting tensions on the Korean peninsula and persuade the DPRK to return to the Six-Party Talks, while displaying its stance of support for the DPRK in a time of difficulty.

There have been vicissitudes in the bilateral relations between North Korea and China since Kim Jong Il took the helm in 1998. While the two countries appear to be getting closer recently, observers are generally skeptical about whether their relations will return to the “blood ally” status of the Cold War period. In reappraising the current bilateral relations between North Korea and China, the following five factors should be considered: The systematic apparatus of their political relations, the close ties between the leaderships of the two countries, the content of their exchanges and discussions, the efficacy of the bilateral alliance, and the history of conflicts between the two nations.

First, in bilateral political relations, communication through reciprocal visits made by their respective leaders has been crucial for both sides. Since the August Incident of 1956 in the DPRK, the country's leadership has limited working-level exchanges with China due to the possibility of China's support of political opposition in the DPRK. In 1958, the two countries signed an agreement for reciprocal visits by their respective leaders for discussions on pending issues.<sup>3</sup> From 1958 to 1991, the two countries held summits on 40 occasions based on the agreement.

Bilateral summit diplomacy halted for eight years between 1991 and 1999 in the early post-Cold War period and after Kim Il Sung died in 1994. Summit diplomacy was then restored with Kim Jong Il's visit to China in January 2000. In the 11-year period following the visit, the leaders of the two countries met on eight occasions or an average of 0.7 times a year (or 0.4 times a year in the 1992-2011 period).

The close ties between the leaderships of North Korea and China originated in the “blood ally” relations formed out of China's military support of North Korea during the Korean War. The personal friendship between Kim Il Sung and Chinese Premier Zhou Enlai was another important element in establishing firm ties between the two countries. However, the deaths of these two leaders foreshadowed the downturn in the relations between North Korea and China that would start from the 1990s.

Discussions between the two countries at summits or working-level meetings held in the post 2000-period have been mostly limited to the economic collaboration required by the DPRK to relieve its economic burden or China's main concerns of North Korea's nuclear program and matters related to the Six-Party Talks.<sup>4</sup> In essence, China dispatched high-ranking officials to the DPRK to talk it into participating in the Six-Party Talks, while the DPRK visited China to request economic aid. Thus, the current bilateral relations can be regarded as ordinary inter-country based on respective national interests.

In terms of the efficacy of the bilateral alliance, formal relations between the two countries have been mostly based on the DPRK-China Treaty of Friendship, Cooperation and Mutual Assistance signed in 1961, which is an asymmetrical security alliance. Since 2000, the need for amendments to or annulment of the treaty has been raised, based on the widespread view that it has outlived its usefulness. China has officially refused to make any changes, though, asserting its usefulness still holds.

It is necessary to delve into the history of conflicts between the two countries to analyze the status of the DPRK's political dependence on China. Historically, fundamental distrust has existed between North Korea and China, with conflicts arising between them on several occasions. These include Kim Il Sung's purge of the “Yenan faction” (referring to those engaged in communist activities alongside Chinese communist leaders headquartered in Yanan, China) in 1956, China's establishment of diplomatic relations with South Korea (1992), the political exile of Hwang Jang

Yeop, a close aide to Kim Jong Il, to South Korea via China (1997), and North Korean nuclear tests. It is noteworthy that, following the DPRK's nuclear tests in 2006, China went out of its way to cast an affirmative vote for the United Nations Security Council Resolution 1718, reprimanding the DPRK's test by stating its belief that North Korea, "... flagrantly conducted the nuclear test" and stressed its resolute opposition to the nuclear test. At a seminar held in the United States in 2007, Kim Kye Kwan, North Korea's representative at the Six-Party Talks, commented, "China has no considerable influence on North Korea. It only tries to take advantage of us." In response to North Korea's second nuclear test in 2009, the Chinese Foreign Ministry released a statement expressing China's "... protest against North Korea's conducting of a new nuclear test despite warnings from the international community."

In its political and diplomatic relations with North Korea, China is most definitely the DPRK's most important "partner of political collaboration" and "international mediator" with an essential role for the survival of the DPRK as a state. Even so, it appears that the bilateral relations have realistically weakened to a considerable extent, compared to the Cold War period. It can be asserted that the DPRK's political reliance on China and China's political influence on North Korea are both limited.

### *Military Affairs*

North Korea and China have maintained high-level military exchanges even during the post-Cold War period. The DPRK has relied heavily on China to the extent that about 80 percent of its military diplomacy activities are carried out with China. However, in most cases, DPRK-China military exchanges appear to be symbolic goodwill gestures since there is virtually nothing militarily for China to collaborate with the DPRK. Similarly, in terms of military doctrine, education, or training, the two countries also have little to share with one another. This would explain why military collaboration has not been a subject discussed among the high-ranking military officers of the two countries during their many reciprocal visits.

China started providing military aid to the DPRK after its participation in the Korean War in October 1950. Following Zhou Enlai's visit to Pyongyang in October 1958 and Kim Il Sung's visits to China in November and December of the same year, China supplied an array of weapons and military equipment to North Korea, along with a US\$300 million grant, to help the DPRK fill the void left by the pullout of Chinese troops. During the 1980s, Kim Il Sung visited China on five occasions for open or closed-door meetings, hoping to reinforce bilateral collaborative relations. The military leaders of the two countries also made frequent reciprocal visits and China's military aid to the DPRK increased considerably during the 1980s.

The provisions for such generous support did not last indefinitely. At the onset of the 1990s, China began decreasing military aid for the DPRK while continuing to provide support in the form of consumables, such as blankets, clothing, airplane parts, tank engines, jeeps, and repair parts for weapon systems. It is believed that Chinese military aid to North Korea virtually stopped after Kim Il Sung's death in 1994. In March 2003, following the end of the Iraq War, the DPRK requested weapons aid from China; however, China refused and asked Pyongyang to maintain a posture of self-restraint. It was reported that on Kim Jong Il's visits to China in 2004 and 2010, respectively, that he once again asked China for military aid, including sophisticated fighter planes; a request China once again refused.

Table 1. China's Export of Military Supplies to North Korea in the Post-Cold War Period (US Dollars)

	Total	Weapons/ military equipment	Handguns	Sports handguns/ rifles	Other weapons	Bombs
1995	996,140	391,500	99,000	140,800	158,000	206,840
1996	3,460,669	1,049,500	67,680	117,228	11,080	2,187,461
1997	1,180,6+00	0	0	94,000	0	1,086,600
1998	383,717	0	0	0	0	383,717
1999	2,850,140	0	0	2,379,600	0	470,540
2000	151,800	0	0	97,200	35,850	18,750
2001	0	0	0	0	0	0
2002	0	0	0	0	0	0
2003	0	0	0	0	0	0
2004	63,174	0	0	0	0	63,174
2005	0	0	0	0	0	0
2006	26,100	0	0	0	0	26,100
2007	20,000	0	0	0	0	20,000
2008	27,800	0	0	0	0	27,800

Source: *Global Trade Atlas*, December 17, 2009; Dick K Nanto, Mark E. Manyin & Kerry Dumbaugh, "China-North Korea Relations," (Congressional Research Service, January 22, 2010), 18.

There are various reasons for China's lukewarm attitude toward military aid to North Korea in the post-Cold War period. One is the Chinese leaders' belief that giving "excessive" military aid to the DPRK may jeopardize the regional stability essential for China's economic development. Another is that the DPRK's nuclear program appears to have embarrassed China as a country that supported the denuclearization of the Korean peninsula and subsequently discouraged China from further providing any significant military aid to the DPRK.

During the Cold War period, the priority of China's North Korea policy was China's security interest and preventing the DPRK from leaning toward the Soviet Union. Thus, China had to continuously provide military aid to the DPRK. Even so, experts say that China's military aid to the DPRK during the Cold War period did not contribute significantly to its military strength due to China's low technological level in weapons/military equipment production, making North Korea rely more heavily on the Soviet Union. The DPRK's current military strength is shown to have been mostly built with support from the Soviet Union.

China did not transfer its military strategies to the DPRK. Nor did it carry out military collaboration, such as joint military training, despite the bilateral alliance. All of this is evidence that China was not interested in military collaboration, which is further corroborated by the status of weapons and military equipment transactions, troop deployments, and military officer exchanges between the two countries. It appears North Korea did not militarily rely on China, either.

### ***Economic Sector***

During the Cold War period, North Korea-China economic relations were based on the special bilateral relations established between the two countries as “blood allies” and were governed by the principles and rules of the socialist economic system. China provided considerably generous benefits to North Korea with favorable prices for export goods as well as grants and low-interest loans.

Following the collapse of the Soviet bloc countries, including the Soviet Union itself, the relations between North Korea and China started to develop in quite a different way from the past. China became the only choice left to North Korea for saving its worsening economy. At the same time, since China had adopted a market economy system it could not continue to provide benefits to the DPRK, such as favorable export prices or compensation trade. In this atmosphere, South Korea and Japan emerged as important trading partners for the DPRK; however, sanctions imposed on the DPRK by the international community due to its nuclear program reversed this. This had a significant impact on the DPRK economy.

North Korea’s reliance on China in the post-1990s period compared to other countries is shown in Figure 1. In the early 1990s, its reliance on Russia dropped abruptly, while its reliance on China and Japan increased. Its dependence on trade with Japan gradually lowered, whereas its trade with South Korea rose sharply. DPRK trade with China is shown to have increased steadily.

As shown in Table 2, the volume of North Korea’s reliance on trade with China increased sharply in 2003 and thereafter. China’s share in the DPRK’s entire foreign trade recorded 52.6 percent in 2009 (or close to 80 percent when its trade with South Korea is excluded), showing the DPRK’s ever-higher reliance on China for trade. From 2007 onward, North Korea’s trade deficit with China continued to increase sharply, recording about US\$1 billion per year. This chronic trade deficit represents a trade imbalance between the two countries, and it appears that the deficit is resolved by grants, loans, or loan payment extensions offered by China or sometimes repayment with substitute commodities. Yet, in the worst case, debt-servicing

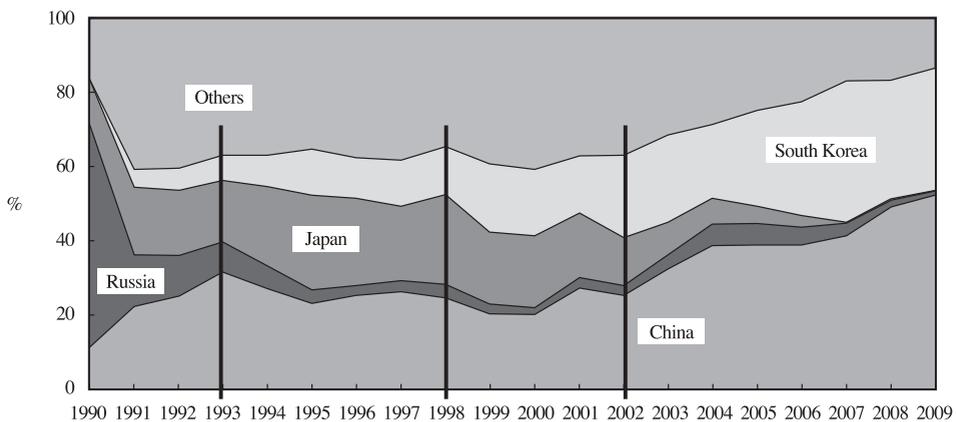


Figure 1. North Korea’s Foreign Trade - Composition by Partner Countries

Source: Relevant data collected from Korea Trade-Investment Promotion Agency (KOTRA), the ROK Ministry of National Unification, and the customs offices of the countries concerned.

Table 2. North Korea's Trade with China in the Post-Cold War Period

(Million US Dollars)

	Exports to China	Imports from China	Total volume of trade with China	Share in the North's entire trade volume (%)	Amount of trade deficit
2003	395	628	1,023	32.8	-233
2004	586	800	1,385	39.0	-214
2005	499	1,081	1,580	39.0	-582
2006	468	1,232	1,700	39.1	-764
2007	582	1,393	1,974	41.7	-811
2008	754	2,033	2,787	49.5	-1,279
2009	793	1,888	2,681	52.6	-1,095

Source: KOTRA, "North Korea's Foreign Trade." Annual data.

is simply put behind indefinitely.<sup>5</sup>

In terms of types of goods traded, major items exported to China from North Korea include primary products (natural resources and agricultural/marine products), such as coal, iron ore, cement, and fish. Major items that North Korea imports from China include petroleum, capital goods such as machinery and electrical devices, grains, and meat.

As for China's investment in North Korea, the various data and information available on the investment-related discussions, plans, agreements, and executions between the two countries are quite confusing. Official statistics on China's investment in North Korea taken from reports released by the Chinese Ministry of Commerce, Chinese embassies, and the media (including the Xinhua News Agency) reveal two spheres: numbers from negotiated investments and real investments. An analysis of these sources reveals that in 2006 the total amount of China's real investment in North Korea stood at US\$45.6 million, a third of the number arrived at in investment-related discussions (US\$135 million). Moreover, there are 14 cases of China's investment in the DPRK, compared to 19 cases of investment discussions approved by the Chinese government. There seems quite a significant discrepancy between the investments discussed and real investments undertaken.

A closer look at China's direct investment in the DPRK shows that the statistics released by the Chinese Ministry of Commerce appear to be the most reliable source. As indicated by Figure 2, China's direct investment in the DPRK appears to have started in earnest from 2003 to 2004, when the country's foreign trade volume recorded a sharp increase. The investment amount jumped to US\$18 million by 2007 and to US\$41 million by 2008. The accumulated amount of investment increased from US\$22 million in 2004 to US\$120 million by 2008 and to US\$260 million by 2009.<sup>6</sup> It is judged that the rise of Chinese investments in North Korea are associated with the economic collaboration laid out under the Northeast Development Plan, which the Chinese government is actively pursuing.

An analysis of the DPRK-China economic relations from diverse perspectives, shows that Pyongyang's economic reliance on China continues to deepen. Whether this economic reliance has reached the extent of China's outright control of the DPRK's economy should be determined through an analysis of the factors leading to this

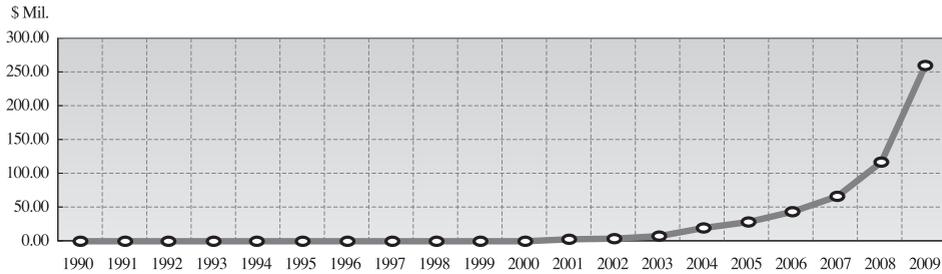


Figure 2. Cumulative Trend of China's FDI in North Korea

Source: "2009 Statistical Bulletin of China's Outward Foreign Direct Investment" [in Chinese], <http://chinainvests.files.wordpress.com/2010/12/2009-mofcom-investment-report1.pdf>.

reliance that include international sanctions on the DPRK due to its nuclear program and changes in inter-Korea relations. The sharp increase in trade volume between North Korea and China from 2003 onward is attributed to the sharp drop in trade volume between the DPRK and Japan (due to the worsening relations between the two) and participation by Japan in the international economic sanctions against the DPRK. Similarly in 2009, the volume of inter-Korea trade decreased due to the tense relations between the two Koreas.

Many see a relationship between the sharp increase in China's investment in North Korea and the former's Northeast Development Plan, an economic development strategy for China's three northeastern provinces adopted by the Chinese government in 2003. The plan includes the Dandong-Sinuiju Development Project that requires permission from North Korean for China to access the East Sea. In this sense, continued mutual collaboration with the DPRK makes it more efficient to push ahead with such projects.

The status of the North Korean economy has also worked as a factor to attract more Chinese investment. From 2002 to 2004, North Korea allowed private trade and launched an innovative measure referred to as the July 1 (2002) Economic Management Improvement Plan. This measure led to an increase in the volume of Chinese trade with the DPRK.

It is an exaggeration to say that North Korea's economic reliance on China has reached the extent of China's outright control of the DPRK's economy. Generally, China's investment in North Korea so far has been made to meet North Korean requirements. As North Korea regards self-reliance as one of its core values, it has not let its guard down against economic subordination to China. China's investment in North Korea remains very low compared to its investment in other countries despite the sharp increase in recent years. The DPRK's heavy economic reliance on China (particularly in trade) is a result of political factors, including the international sanctions and changes in inter-Korea relations, rather than purely economic factors; therefore, the current situation is not static. The assertion that China's aim is to control the DPRK economy outright is only an expression of concern over China's hegemonic and aggressive diplomacy, as evidenced in its Northeast Development Plan, its aggressive moves to secure overseas resources ahead of other countries, and its exploitation of the current stall in inter-Korea economic collaboration for its own advantage.

## **North Korea's and China's Views of Each Other and Policies**

### ***China's View of North Korea and Relevant Policy***

Debates in China over DPRK-China relations in the 2000s are spurred by the differing views of two main factions: those who see the DPRK as a strategic asset (traditionalists) and those who see the country as a liability (progressives). The traditionalists assert that it is necessary to maintain stability in the region for China's economic development, stressing China's past "blood ally" relations with the DPRK. The progressives argue that there is less need for China to maintain a North Korean buffer zone now that the Cold War is over and globalization is the new trend. This faction emphasizes the importance of maintaining a solid relationship with the United States and understanding the limitations of the Pyongyang regime. This faction also asserts that North Korea's development of nuclear weapons harms the national interests of China. Besides the two positions, a third group regards the DPRK as a microprudential burden and macroprudential asset.<sup>7</sup>

The diversity of China's views on North Korea indicates that they are vulnerable to shifts in direction, depending on the status of the international situation and the needs of the two countries. However, the traditionalist view of North Korea as a strategic asset still appears to be the most dominant Chinese approach to the DPRK. Evidence of this was seen in China's response to the sinking of the *Cheonan* in March 2010; an act widely believed to have been perpetrated by North Korea.

In official comments on the sinking of the *Cheonan*, the Chinese government referred to itself as a responsible power and stressed that its objective was to maintain peace and stability on the Korean peninsula. It is noteworthy that China sided with the DPRK, despite its previous declaration that instability and conflict between the two Koreas must be eliminated in order for peace and stability to continue on the Korean peninsula.

China's policy toward North Korea reflects its national interest and prioritizes maintaining the stability of the North Korean regime. China judges that its economic development and prosperity could be hampered by increased tension on the Korean peninsula. This tension could result in an inflow of North Korean refugees to China following the collapse of the DPRK, internal strife between the two Koreas, armed provocations against South Korea by North Korea, and full-scale conflict between the two Koreas that could include the intervention of third parties.

The underlying tenet of China's North Korea policy has been to utilize North Korea for its own national interest. Following the DPRK's nuclear tests, however, China began to take an increasingly dual stance in collaborating with the international community while at the same time stressing its "blood ally" relations with the DPRK. Such a stance can be viewed as strategic management of the situation, rather than China making an abrupt change in the status quo. China seeks to maximize its national interests and minimize its strategic losses, which it believes can be best achieved by the prioritization of peace and security on the Korean peninsula and fostering friendly relations with the two Koreas, and by introducing gradual change to the Korean peninsula.<sup>8</sup>

### ***North Korea's View of China and Relevant Policy***

In the post-Cold War period, North Korea sees it as essential to maintain friendly relations with China for its survival as a state. From a national security perspective, the United States has continued to view North Korea as one of the most hostile countries, with the DPRK's military in a constant state of confrontation against the ROK-U.S. Combined Forces. North Korea remains internationally isolated. China is the only country in the world to take a supportive stance toward the DPRK, and economically, such support has absolute significance for North Korea's regime.

North Korea still harbors deep-rooted distrust toward China and has faced conflicts with China over various issues. In particular, while the DPRK values its friendly relations with China on the national security level, it still sees excessive intervention from China in its internal affairs as a threat to the survival of the DPRK regimes. Kim Jong Il has been reported to have said, "Make use of China, but don't trust China."<sup>9</sup>

North Korea expressed outright discontent over China's current stance on the DPRK's nuclear program. Some claim that the sinking of the Cheonan was the DPRK's attempt to regain China's attention in the face of China's gradual distancing of itself from the DPRK following the second nuclear test in 2009.<sup>10</sup> North Korea's current leaders seem to believe that China's emergence as a power poses a threat to their country's security as well as infringes on its self-reliance. The emergence of China as a global power requires that it should assume greater responsibilities in the international community, which could result in China putting more pressure on the DPRK to observe the norms and systematic framework of the international community.

The DPRK appears to seek dual gains from its relations with China, i.e. first, getting out of economic difficulty and maintaining the regime with military and economic aid from China; and second, reinforcing its self-reliance due to concerns over the possibility of China exerting outright economic and political control over North Korea. In this context, North Korea is pushing ahead with three strategic policy directions. The first is a "bandwagoning" strategy where the DPRK makes use of China's emergence as a power for its own national interest.<sup>11</sup> North Korea can use China's power as a shield against the threat from the United States, strengthen the security of its regime, and push ahead with economic recovery.<sup>12</sup> The second strategy involves enhancing its self-reliance by mitigating conflicts through an asymmetrical relationship with China. Even if the DPRK adopts a defensive "bandwagoning" strategy, DPRK-China relations cannot help but be asymmetrical, with the DPRK being the beneficiary of China's one-sided provision of military and economic support, while at the same time enjoying a considerable level of self-reliance since China does not expect North Korea to acquiesce to China's national interest. This uniquely asymmetrical relationship is a result of the concurrence of their national interest, i.e. the DPRK's need for China's support for the survival of its regime, and China's need for close collaboration with the DPRK to maintain security and stability in the region and further economic development. It has also been asserted that North Korea's attempt at fostering a nuclear crisis atmosphere and its approach to the United States mitigated the DPRK's asymmetrical conflicts with China.<sup>13</sup> A third strategy is North Korea's use of China's weaknesses in its internal/external policies. A study by the China Institute of Contemporary International Relations details how Kim Jong Il targets China's weaknesses for North Korean benefit. In the eyes of the North Korean leader, China's wish to create a safe external environment while carrying out peaceful

diplomacy toward neighboring countries, its national development strategy focused on economic growth, its need to play an active role in matters concerning the DPRK's nuclear program, and its cross-strait relations with Taiwan as China's main weaknesses.<sup>14</sup> Some say persuasively that the DPRK's attack on the Cheonan was an attempt to bring China, which was distancing itself from the DPRK, back on its side by causing instability on the Korean peninsula. China, in fact, sided with North Korea in the aftermath of the incident.

### **Appraisal of China's Influence on North Korea**

North Korea relies on China, especially in the current situation where the DPRK's isolation in the international community has deepened, making China the DPRK's key diplomatic collaboration partner and international mediator. However, despite this reliance, North Korea still strongly rejected China's attempt to assert influence over the security of the regime and this makes it difficult to claim that the DPRK's reliance on China has become a reality. Simultaneously, the DPRK's economic reliance on China has deepened considerably. Thus, it is important to study the possibility that North Korea's heavy economic reliance on China may expand to politics and national security that could result in China's outright control of North Korea.

China's share in the DPRK's foreign trade accounts for an absolute position and shows a continued increase; however, experts view the DPRK's economic reliance on China in contrasting ways.<sup>15</sup> One report by Robert Keohane and Joseph Nye points out that North Korea's economic reliance on China appears to be very high in terms of sensitivity and vulnerability.<sup>16</sup> Another study asserts that the Chinese government is attempting to bring the DPRK's economy under its outright control in an attempt to expand its influence in East Asia, and that China's political influence on North Korea cannot help but increase with the DPRK's ever-higher reliance on China.

To appraise the view that North Korea's economy is gradually being brought under China's control, it is necessary to analyze China's intentions and the DPRK's position. The first intention holds that, "China's economic collaboration with North Korea maintains a level designed only to prevent the regime's collapse and is carried out at the request of North Korea in most cases."<sup>17</sup> The second asserts, "There is no plan, to speak of, made by the Chinese government to bring North Korea's economy under its outright control." According to this, the Chinese government's Northeast Development Plan should be viewed from a perspective of the need for accompanied growth, i.e. using North Korea for the development of China's northeastern region, which remains undeveloped.<sup>18</sup> The third claims, "China is taking part in the international community's sanctions against North Korea due to its nuclear program" and the fourth that, "if China really intends to bring North Korea's economy under its outright control, it should increase the amount of crude oil supply to North Korea and lower the price." China's crude oil supply to North Korea has remained at 500,000 tons a year since 2001 as international prices being applied.<sup>19</sup>

As for views on North Korea's position, many point to how the DPRK has consistently stressed the importance of a self-reliant economy and rehabilitation. They cite how "China's development of natural resources in the DPRK, which is pointed out as evidence of the DPRK's ever-heavier economic reliance on China, is really a form of barter trade i.e. China's supply of facilities in return for iron ore, rather than

investment.” They also point to North Korea’s expansion of bilateral trade as a choice it made amid its ever-deepening isolation in the international community. Others claim “North Korea [is adopting] a populist policy in [such a way that] political self-reliance is reinforced, as it knows well, that its heavier reliance on China will result in economic subordination and infringement on political independence.” Influence is a very abstract concept and impossible to quantify, some scholars studying the view that China is attempting to bring the DPRK’s economy under control, claim that China’s influence on the DPRK is actually very limited, which has created controversy.

China appears to have the strongest outside influence on North Korea. The DPRK relies entirely on China for the supply of strategic items and commodities such as energy and food. If China halts diplomatic support for North Korea, then its international isolation will deepen further. In this respect, China has clear political and diplomatic influence on the DPRK. Even from a military perspective, the assurance that China will automatically be involved in a contingency situation is very important for North Korea’s national security. South Korea and the United States feel a psychological burden over the possibility of Chinese military’s support of the DPRK should any conflict arise.

China does exert influence on North Korea; however, there remain many restrictive factors on this influence. These include China’s economic policy priorities that require stability on the Korean peninsula and no changes in the DPRK’s current regime. In essence, one of China’s main concerns is the possibility that any pressure it places on North Korea may lead to the DPRK’s resistance or a military crisis on the Korean peninsula; any miscalculation in pressure could result in a needless war.<sup>20</sup> North Korea’s firm resolve to maintain its self-reliance also works as a restrictive factor in China’s influence on the DPRK. Even though the DPRK increasingly relies on China, if China attempts to use this economic reliance to increase its political influence on the DPRK, this may lead to a possibility of a collision of interest in China’s relations with the DPRK.<sup>21</sup>

China’s influence over North Korea has changed due to the priority China places on its own national interest and the fact that the policy objectives of the two countries hardly match each other in the post-ideological era. This situation works as a structural factor that complicates and limits China’s attempts to exert influence on North Korea. This is evident in the DPRK’s nuclear development initiatives and subsequent tests (despite China’s attempts at dissuasion) as well as North Korea leaving the Six-Party Talks. It is more difficult than it appears for China to secure leverage for exercising its political and economic influence on the DPRK, especially with the lure of expanding economic exchanges with the DPRK.

## **Conclusion**

With the DPRK’s increasing reliance on China (particularly in the economic sector) the international community, including South Korea, is paying close attention to the possibility that China may bring the DPRK under its outright control. The possibility seems to become more pressing, especially in light of the worsening of the DPRK’s already dire economic situation, Kim Jong Il’s ailing health, and the transition period North Korea is about to enter when Kim Jong Un (the designated heir-apparent) takes over control of the country. The situation on the Korean peninsula itself is also

in a transition period, especially in terms of the impact that the DPRK's nuclear program continues to have on relations between the two Koreas.

From a political perspective, China is the DPRK's most important "partner of political collaboration" and "international mediator" with no doubt that the DPRK (as a country isolated from the international community) relies on China. The bilateral relationship appears to be one of asymmetrical mutual reliance. As the DPRK hardly politically or militarily relies on China, it is not proper to view its economic reliance on China as the main evidence of China's influence and power over North Korea. Many see China's overall influence on the DPRK as disproportionate to the DPRK's economic reliance on China and shows that China's influence over North Korea has the same limitations as it has had in the past.

It is certain that North Korea's reliance on China will deepen if its economic difficulties worsen or there is a crisis in the regime. Furthermore, while the expansion of the North Korea-China economic relations may trigger a positive change in the DPRK, it may have a negative impact on the development of inter-Korean relations and the resolution of issues concerning North Korea's nuclear program.

## Notes

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  19. Prices of crude oil imported into North Korea from China:

	2001	2002	2003	2004	2005	2006	2007
Quantity (10,000 tons)	57.9	47.2	57.4	53.2	52.3	52.4	52.3
Price (Dollars/ton)	188	162	211	262	378	471	538

Source: KOTRA, Trends of North Korea's Foreign Trade; Dong-ho Jo and Sang-geun Lee, "A Critical Review," 381.

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