

UNITED STATES INSTITUTE OF PEACE WORKING PAPER

The Real Bridge to Nowhere

China's Foiled North Korea Strategy

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ABOUT THIS REPORT

This report examines the complexities of Chinese-North Korean relations, taking into account the perspective of China's border areas, a vital aspect of China's relationship with the Korean peninsula that is often overlooked. China is sensitive about the unique issues associated with managing its land border regions, with their ethnic composition, particular development challenges and special vulnerability to the ups and downs of relations between it and its international neighbors. China's border with North Korea has proven more challenging and costly to manage over time than local Chinese authorities and Beijing had hoped, due in large part to North Korea's failure to meet the economic needs of its people. China's goals of deepening cross-border economic transactions through a more open border are challenged by the increased threats to local security presented by a porous border with a fragile state.

The Korea Working Group (KWG) at the U.S. Institute of Peace commissioned this Working Paper. The KWG brings together the leading North Korea watchers from the government and think tank communities to discuss pressing policy issues in the political, security, social, and economic fields. The chair of the KWG is Ambassador Richard Solomon, President of the U.S. Institute of Peace. The director is John S. Park, a Northeast Asia specialist in the Institute's Center for Conflict Analysis and Prevention.

ABOUT THIS SERIES

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INTRODUCTION

On January 1, 2009, Chinese President Hu Jintao and North Korean leader Kim Jong Il exchanged greetings and declared 2009 the “year of China-DPRK friendship,” marking 60 years of diplomatic relations between the two countries.¹ Despite pledges to deepen cooperation and promote exchanges, however, the New Year began with the China-North Korean border closed and pervasive uncertainty about Kim’s health and the political stability of the DPRK. For Beijing, Pyongyang’s behavior and renewed tensions between the two Koreas raise its concerns about the prospects for broader regional conflict. It also sees developments on the peninsula as they may affect its own territory should instability in the DPRK spill into Northeast China. It is Kim Jong Il’s failure to reform the North Korean economy and take measures to institute a succession process to enhance political predictability in the country that are a source of anxiety both among senior leaders in Beijing and local leaders in areas along the DPRK border. Nowhere is the uncertainty about North Korea’s future more acutely felt than in China’s border region with North Korea, and there are few places where these concerns are closer to home than in Jilin Province’s Yanbian Korean Autonomous Prefecture. With more than 800,000 Chinese-Koreans and a 522 km long land border with North Korea, Yanbian is likely to bear the brunt of failures in China’s policies toward its difficult neighbor.

This paper examines the complexities of PRC-DPRK relations, taking into account the perspective of China’s border areas, a vital aspect of China’s relationship with the Korean peninsula that is often overlooked. China is sensitive about the unique issues associated with managing its land border regions, with their ethnic composition, particular development challenges and special vulnerability to the ups and downs of relations between it and its international neighbors. At the same time, China recognizes the paradoxical nature of these regions as opportunities to build bridges with neighboring societies and strengthen its international relationships across borders.

¹ *Xinhua*, “Chinese, DPRK leaders exchange congratulatory messages on the launch of friendship year,” January 1, 2009. North Korea is formally known as the Democratic People’s Republic of Korea (DPRK).

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Jilin's Yanbian Korean Autonomous Prefecture plays a critical role in China's strategy vis-à-vis North Korea. It is an object of China's policy concerns as China seeks to promote conditions for economic development in Yanbian through the promotion of international trade and investment, while also protecting the security of its citizens living in this stretch of its territorial border region.

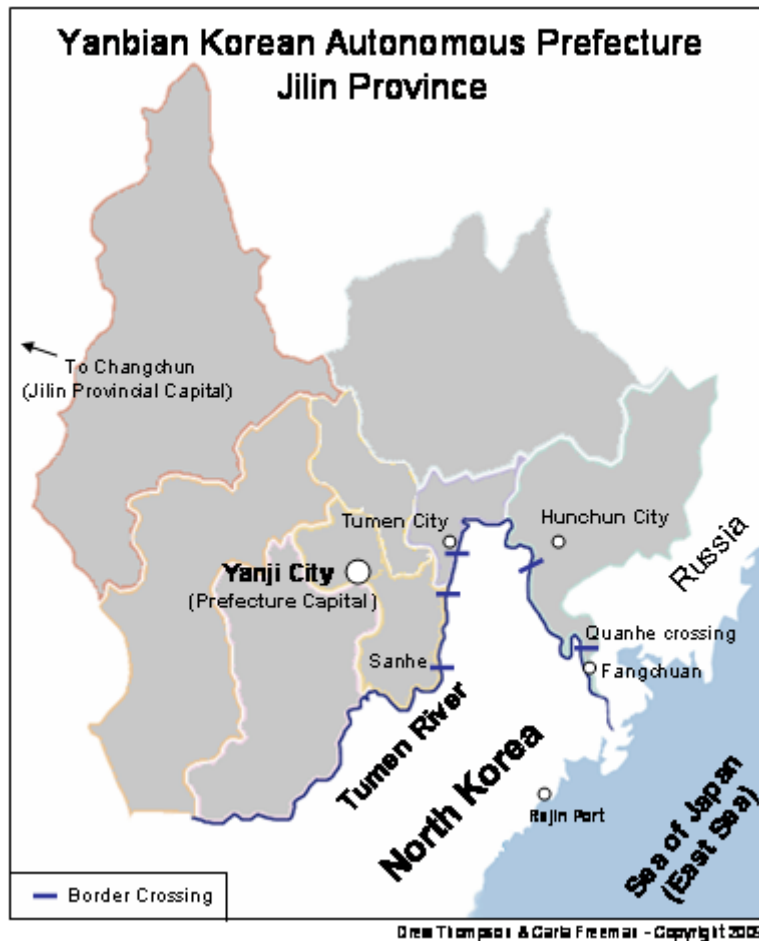
Yanbian is also a key tool in China's efforts to promote its interests on the Korean peninsula. China's goals for the Korean peninsula reflect a congruence between its domestic interests, which are focused on social and political stability and economic development, and its broader strategic aims — including deepening its ties with North Korea in part so as to help make it a more normal state, while maintaining healthy, trade and investment-oriented relations with South Korea. Chinese authorities have sought to place Yanbian Prefecture in a central role for its Korean peninsula strategy, positioning it as a “bridge” to the two Koreas. Unfortunately, China has met with disappointment at every turn. As far as the role of South Korea in Yanbian Prefecture and its relationship with Seoul are concerned, this “bridge” has led to mutual suspicion more than it has to the kinds of economic relationships Beijing had hoped to promote. Following PRC-ROK normalization in 1992, China and Yanbian eagerly welcomed a South Korean presence in the prefecture. South Korea promised a source of much-needed foreign investment and trade opportunities for the local population whose Korean ethnicity was expected to offer a special draw to investors from South Korea. The South Korean economic presence has instead fallen short of Yanbian's expectations and become a source of significant concern for the Chinese, who have found themselves increasingly at loggerheads with Korean nationalism as it is playing out in the prefecture and more broadly in Northeast China.

A second area of disappointment relates to North Korea's response to China's efforts to open the PRC-DPRK border to trade and investment, which have also failed. Despite the investment of considerable infrastructure in the area by the Chinese, aimed at linking China's economy to North Korea's, the border with North Korea has remained a barrier, even a drag, on Yanbian's economic progress. China's expectations that North Korea would embrace more market-oriented economic activity when presented with greater

opportunities to trade with China have not been met. Finally, the border with the DPRK has proven more challenging and costly to manage over time than China's local authorities and Beijing had hoped, due in large part to North Korea's failure to meet the economic needs of its people. China's goals of deepening cross-border economic transactions through a more open border are challenged by the increased threats to local security presented by a porous border with a fragile state.

YANBIAN IN THE SINO-SOUTH KOREAN RELATIONSHIP

FIGURE 1: Map of Yanbian Korean Autonomous Prefecture



Yanbian Korean Autonomous Prefecture occupies one quarter of Jilin Province's area, strategically nestled on China's border with both Russia and North Korea within

sight of the Sea of Japan.² Its 42,000 square kilometers are sparsely inhabited with a population of about 2.2 million residents spread out over a rolling sub-arctic landscape divided into eight counties and cities. With its substantial ethnic Korean population and strategic location, Yanbian has become both a platform for and an object of a “great game” being played between China and South Korea, as each seeks to increase its influence and presence in North Korea. Beijing and Seoul both have distinct stakes in how current conditions in North Korea play out. For Beijing’s part, as long as North Korea remains vulnerable to internal political instability and a threat to international security, it must constantly hedge against the possibility that North Korea will collapse or morph into a country or region that sees its future more closely aligned with South Korea than with China. This would bring an end to its historical ideological ties to China, and effectively eliminate the buffer that Beijing would prefer to preserve between its border and a U.S. treaty ally. Preventing the current North Korean regime from upsetting the regional order is China’s most immediate priority. Beijing’s role as convener and promoter of the Six-Party Talks reflects the hope that dialogue can keep U.S. and Japanese frustrations with North Korea in check, even though Chinese experts on North Korea have little optimism that the DPRK will willingly give up its nuclear weapons.³

At the same time, deplorable economic conditions and pervasive political repression in the DPRK stoke fears in China that even in the absence of open conflict on the peninsula, sudden and unexpected political changes or natural disasters could destabilize the regime and catalyze large-scale outbound migration. The prospect of hundreds of thousands of desperate North Korean refugees, potentially including armed soldiers, raises the specter of instability and chaos spreading across the border into China’s Northeast or “*dongbei*” region. Extensive Chinese efforts to encourage the DPRK to boost economic development following a Chinese-style approach to economic reform have not borne fruit, frustrating China’s aim of fostering a “harmonious international environment,” beginning with its immediate regional neighborhood. China sees stability in its periphery as critical to the sustained growth of its own domestic economy.

² Koreans refer to the Sea of Japan as the East Sea.

³ Interviews in Beijing and Changchun, December 2008.

Mutual Mistrust: The Third Korea or the Fourth Dongbei Province?

China's pursuit of its interests in preserving a North Korea that is friendly to it in the long term has raised significant concerns in Seoul. At the very least, South Koreans seek a political solution to the divided peninsula, aspiring to a unified Korea that is dependent neither on China nor the United States for economic or security guarantees. Various iterations of South Korean policy towards the North have sought to shape behaviors or expand South Korean influence, either through "sunshine" policies of engagement or more guarded and harder-line approaches. South Korean commercial activities with North Korea have largely been held hostage to political impulses, channeled through highly politicized joint ventures or heavily guarded investment zones. The disconnect is obvious because South Korean business interests seeking to invest or trade with North Korea are driven by the pursuit of profit, rather than idealistic objectives or fantasies of reviving a Korean ethnic empire. Seoul's goals in facilitating these business connections do include the political motive of expanding South Korean access to and influence in North Korea, planting the seeds for more permanent political and economic integration of the peninsula.

At the same time, China recognizes Yanbian's potential as an additional channel for South Korean influence in North Korea. Indeed, initial South Korean investment in the prefecture was aimed in part at tapping the possibility of greater cross-border economic activity across the PRC-DPRK border, consistent with its "northern policy" of the time, which sought ways of encouraging North Korea to open up to international trade and investment.⁴ The activities of South Korean human rights groups in Yanbian working with DPRK refugees, combined with rhetoric tinged with irredentism emanating from South Korean nationalists about the sovereignty of the region, however, have emerged as significant sources of mistrust and contention between Beijing and Seoul. The role of the NGOs in particular rankle both central and local authorities in China, who see them as encouraging North Korean defection to sovereign Chinese territory. Their actions complicate management of the Chinese border with the DPRK and its relationship with

⁴ Carla Freeman, *China's Reform Challenge: The Political Economy of Reform in Northeast China, 1978-1998*, (Johns Hopkins University dissertation, UMI, 1998), p. 251.

Pyongyang, in addition to inciting incidents that embarrass China in front of the international community.⁵

South Korean nationalist feeling also plays a role in the simmering tensions in recent years between China and South Korea over the history of Koreans in contemporary Northeast China and North Korea. The controversy involves the ancient kingdoms of *Koguryo* (*Gaogouli*) and *Parhae* (*Bohai*) and also brings into question China's right to sovereignty over the territory largely coterminous with Yanbian. Yanbian is also ground zero for another emotional territorial dispute that alienates Korean from Chinese interests — the history of Mount Paektu, which the Chinese call "Changbai Mountain."

The *Koguryo* and *Parhae* dispute grew heated in 2002 after the launch of China's "Northeast History Project" on the history of the territory of China's *dongbei*, a region that did not experience widespread Han Chinese settlement until the late nineteenth century. *Koguryo* was a kingdom that once controlled much of the Korean peninsula and included territory extending into today's Northeast China. It lost its struggle for supremacy on the Korean peninsula to a rival kingdom; eventually much of its territory was occupied by the kingdom of *Parhae*, which also had its capital in what is China's northeast today. By 2004, Chinese textbooks had appeared claiming *Koguryo* and *Parhae* as minority Chinese kingdoms, and China's Ministry of Foreign Affairs had deleted references to *Koguryo* from the brief history of Korea on its website. Also that year, China issued stamps commemorating the listing of "China's *Koguryo*" as a UNESCO World Heritage Site — similar controversial stamps had been issued months earlier by both South Korea and Japan of the disputed Tokdo/Takeshima islands. The implications for many South Koreans of China's action were clear: China was laying the groundwork for its own irredentist claims over North Korea that would buttress its intensifying economic influence there.

Seen from the Chinese perspective, the Northeast History Project's claims about *Koguryo* can also be seen as a defensive response to concerns by China about South

⁵ "Identities of Five Intruders into Japanese Consulate Exposed," *Global Times* from *People's Daily*, May 17, 2002: <http://www.china.org.cn/english/features/42234.htm>

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Korean interests in Yanbian and Northeast China more broadly. Some South Korean nationalists had begun to commonly refer to Yanbian as the “Third Korea,” a description that Beijing does not view as benign. Some assertions include statements that the historical presence of Koreans in today’s Northeast China opens the door to legitimate claims to that territory by Korea, including Yanbian and beyond. The Korean War and the subsequent PRC-DPRK boundary treaty officially settled the Sino-Korean border. Some South Koreans have challenged this agreement, recalling that Korean officials had repeatedly sought to advance Korean claims to that territory before the Korean War, including in the late 19th century and again after the end of Japanese occupation in 1945, when the territory was commonly referred to as “*Gando*.” They have also challenged the legality of the Sino-Japanese agreement of 1909 affirming Chinese rights over *Gando*, a claim that has had support among South Korean lawmakers.

The controversy around *Gando* and other territorial disputes are only intensifying. China is expanding tourism to Changbai Mountain or Mt. Paektu and its “Heavenly Lake” as a “cradle of Manchu, Korean, and Han nationalities.”⁶ According to the PRC-DPRK border agreement, the border divides the mountain between China and North Korea. Both North and South Koreans claim the mountain as the sacred birthplace of the Korean people; it also holds special significance for Korean communists as the “sacred mountain of the revolution,” where Kim Il Sung conducted some of his most famous battles and Kim Jong Il is said to have been born. More and more Chinese find Korean claims to the mountain offensive and essays have appeared on unofficial Chinese websites that insist that Koreans have never had any territorial claim to the mountain or to Yanbian’s territory. According to some arguments, Mao Zedong divided the Paektu/Changbai peak between China and the DPRK, not because he acknowledged territorial rights by Pyongyang but because he deferred to Kim Il Sung’s wishes in an expression of appreciation for the role Kim and his Korean guerillas had played in support of China’s revolution.

Against this backdrop of contention, China’s economic influence in North Korea is viewed increasingly warily by many South Koreans who see it as part of a strategy to lay

⁶ Website accessed at: <http://www.travelchinaguide.com/attraction/jilin/changchun/changbai.htm>

the groundwork for incorporation of North Korea into China as its “fourth northeastern province.”⁷ Many worry that China’s influence in North Korea will squeeze out South Korean efforts to develop economic linkages, and Chinese companies will capture valuable natural resources that belong to the Korean people.⁸ Furthermore, South Koreans fear that Chinese economic advances in the DPRK will preclude eventual unification of the two Koreas, making North Korea an economic and security dependency of China at South Korea’s expense.

Alongside this speculation, some South Koreans also see a conspiracy in the decreasing size of the Korean-Chinese population in Yanbian as part of a plot to diminish Korean cultural influence in the territory, thus reinforcing Chinese historical claims to uninterrupted sovereignty over the region. In September 1952, the Chinese central government approved the formation of the Yanbian Korean region, upgrading it to an Autonomous Prefecture in 1955, giving it special rights under China’s Regional Ethnic Autonomy Law. At the time, Korean-Chinese made up more than half of the population. However, outbound migration to other regions in China, low birth rates and inbound Han Chinese migration has reduced Korean-Chinese to approximately 38% of the population. Unofficial South Korean estimates suggest the percentage may be even lower at around 33% today. Some South Koreans believe that Han Chinese officials in Yanbian are actively seeking to increase the ratio of Han Chinese to Korean-Chinese in the prefecture to the point where the provincial and central governments will re-classify Yanbian from an ethnic autonomous prefecture (*zhou*) into a municipality (*shi*). Lending credence to the suspicion, were this to occur, individual officials would benefit from pay raises and official perks because municipalities enjoy higher status in the political hierarchy, although functionally, the roles of prefectures and municipalities are virtually identical. Such an administrative restructuring would also mean that current special quotas for minority officials would likely end.

⁷ Website accessed at: http://www.koreafocus.or.kr/design1/layout/content_print.asp?group_id=101165

⁸ C. Freeman, Interview, Yanbian, December 2007.

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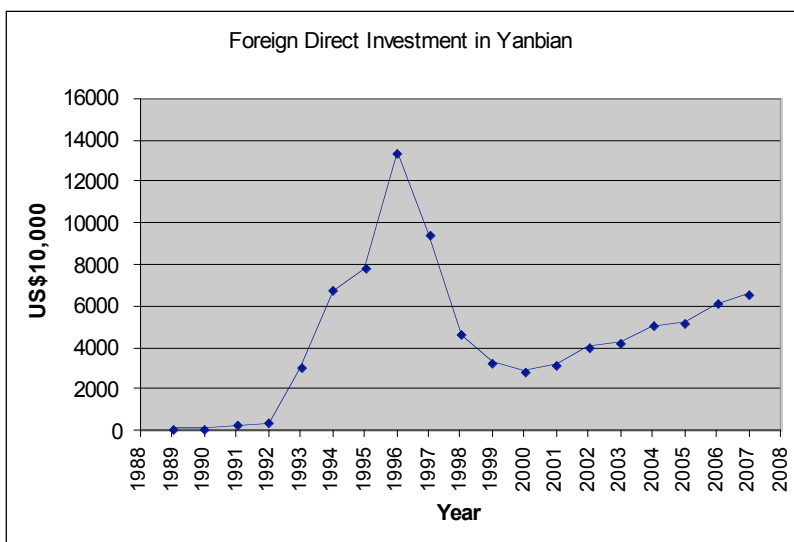
In line with national concerns about expanding employment and raising incomes, all localities seek to leverage economic development to ensure social stability, utilizing local comparative advantages and creating a local economic environment conducive to the growth of the local GDP. As noted, this issue has a security dimension in Chinese border regions where the presence of non-Han ethnic groups raises Chinese government sensitivities about any factors that could be socially destabilizing. For Jilin Province generally and Yanbian Prefecture specifically, competitive advantages are counterbalanced by disadvantages, both of which are associated with their location along China’s border with the Korean peninsula. Yanbian has drawn on central and provincial support and invested heavily to leverage potential advantages presented by the large Korean-Chinese minority and its proximity to both North and South Korea.

The normalization of relations between South Korea and China in 1992 marked the formal beginning of what can be described as China’s successful “two Koreas” policy, which opened the door to closer cooperation with South Korea. In 1992, there were less than 40 South Korean companies registered in Yanbian with total invested capital under US\$1 million. With normalization came a rush of new companies and funds, doubling the number of companies and tripling the invested amount. South Korean investment in the prefecture peaked in 1996; 141 South Korean companies had invested \$86 million, primarily in manufacturing light industrial products and commodity trading. The Asian economic crisis that began a year later precipitated a decline in South Korean investments, an exodus that continued until 1999 before a modest increase resumed. Official statistics claim over 100 companies and over \$50 million in FDI in 2003, though an association of South Korean businesses in Yanbian listed only 21 members in 2005. This may indicate that some of the officially registered foreign enterprises are “round trip” investments, whereby entrepreneurs or companies channel capital originating in China to a South Korean entity, which then invests in the mainland, taking advantage of tax and other incentives available to foreign invested enterprises.⁹ Furthermore, some

⁹ For example, according to the prefecture commerce bureau’s “Website of Yanbian Attract Investment,” foreign invested enterprises enjoy a tax holiday, paying no taxes for the first to second year, and half the local rate for the next three years, in addition to other tax deferral opportunities.

Chinese government officials have expressed dismay at the modest scale and relatively low technology of many of the investments. While South Korean ventures make up two thirds of the total, the average value was just US\$790,000, significantly smaller than investments from Hong Kong, Taiwan, and Japan. Most importantly, a report by a government official cited in one study admitted that by 2002, the South Korean invested companies had, “experienced huge losses and failed to invigorate the local economy.”¹⁰

GRAPH 1: Foreign Direct Investment in Yanbian



South Korean businessmen express overall dissatisfaction with the investment climate in Yanbian, citing frustration with the local government, which one South Korean business representative in the prefectural capital, Yanji, characterized as capricious, corrupt, and opaque.¹¹ Cheap, Korean-speaking labor is abundant, but there is little indication that South Korean companies are effectively tapping this resource. No major South Korean companies (or any other multinationals for that matter) have noteworthy outposts in Yanbian, despite the abundance of highly visible chaebol investments in other major cities in East and Northeast China. Aside from the former Daewoo Hotel

See: <http://www.ybinvest.gov.cn/>

¹⁰ Outi Luova, “Mobilizing Transnational Korean Linkages for Economic Development on China’s Frontier,” *Japan Focus*. Accessed at: www.japanfocus.org/products/details/2388

¹¹ Interview in Yanji, December 2008.

and two textile factories (the Ssangbang Wool and Kabool factories), and Yanbian Science and Technology University which was founded by a Korean-American, Kim Chinkyung, and operated with some South Korean support, the highest profile South Korean investor is an internet portal and on-line gaming company. To the consternation of many officials, foreign direct investment has not played the hoped-for role of technological or innovative catalyst in Yanbian, any more than Yanbian's close proximity to the DPRK's largely untapped mineral resources has. Many of Yanbian's residents have utilized their Korean language skills largely by leaving the prefecture to seek low-end jobs (legally or illegally) in South Korea and major urban centers in China, particularly where there is significant South Korean investment. With more than half of the prefecture's families reporting at least one family member working abroad, outbound migration results in significant capital inflows in the form of remittances, amounting to over US\$1 billion in 2006, nearly doubling the prefecture revenue that year.¹² Interestingly, it is likely that a portion of Yanbian's inbound remittances originate from North Korean defectors resident in South Korea. Those funds are channeled through Yanbian to support remaining family members in North Korea or to fund entrepot trading schemes.¹³

Jilin Province and Yanbian's aspirations for robust cross-border trade and access to raw materials in Russia and North Korea are alive, but remain unfulfilled. In the first half of 2008, trade with North Korea comprised one-third of Yanbian's total imports and exports, followed by Russia with 25 percent, and South Korea with 13 percent. Of Yanbian's total exports, the European Union and the United States make up only 13 and 8 percent, respectively. [See Table 1.] However, there is obviously frustration with the business environment in both Russia and North Korea on the part of Chinese companies. There is a booming, but small-scale trade with Russia via buses carrying Chinese shuttle traders from Hunchun across the Russian border to sell, and Russians into Hunchun to buy. Likewise, small companies in China dominate North Korean trade — most of these companies are private or owned by low-level government institutions at the prefecture or county level. Well capitalized corporations and "group" enterprises

¹² "Overseas Laborers from Yanbian," *CRIENGLISH.COM*, January 18, 2009.

¹³ John S. Park, "North Korea, Inc.: Gaining Insights into North Korea Regime Stability from State Trading Company Activities," *USIP Working Paper*, April 22, 2009, p.6.

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(*jitian*) have a low profile and are not flagged by local officials as playing a significant role in Yanbian’s foreign trade or as major employers. In fact, the corporation highlighted by the Yanbian commerce bureau as having the highest volume of foreign trade specializes in sending contract laborers abroad, primarily to South Korea.¹⁴

TABLE 1: January-June 2008 Yanbian Volume of Trade Per Partner

January-June 2008 Yanbian Volume of Trade Per Partner									
Unit: US\$10,000									
	Import/ Export [Total]	% Increase over Same Period	Proportion of Imp/Ex %	Export Value	% Increase over Same Period	Proportion of Total Export %	Import Value	% Increase over Same Period	Proport ion of Total Import %
Total	64,042	10.39	100	46,998	0.88	100	17,044	49.11	100
DPRK	20,289	78.28	32	10,334	58.19	22	9,955	105.35	58
Japan	4,478	6.42	7	3,725	8.1	8	753	-1.17	4
ROK	8,458	11.29	13	6,615	7.57	14	1,844	27.06	11
Russia	14,806	-25.19	23	12,965	-28.97	27	1,841	19.72	11
EU	6,372	26.86	10	6,079	34.39	13	293	-41.37	2
USA	5,203	-12.03	8	3,645	-9.61	8	1,557	-17.22	9
Other	4,436	8.20	7	3,635	-0.38	8	801	77.61	5

Source: Yanbian Prefecture Commerce Bureau

In addition, there are serious difficulties encountered in business ventures between Yanbian and North Korean organizations. Corruption is a significant problem, as is the lack of hard currency in North Korea, resulting in most trading conducted as countertrade or barter transactions, whereby Chinese companies provide products to North Korea in exchange for North Korean commodities. That said, the Chinese renminbi (RMB) is also commonly used for settlement in smaller scale border trade.¹⁵ While there are some higher profile investments made by Chinese companies in North Korea, such as agreements to operate mining or fisheries concessions, Yanbian and

¹⁴ See Yanbian Chamber of Commerce – list of top import export companies in the prefecture. See also, “延边州常务副州长李洁思接受网络媒体采访,” *Gansu Daily*, July 21, 2006.

¹⁵ See “PBC Official on the Adjustment in the Limit Set for Cross-Border Transportation of National Currency,” *People’s Bank of China*, December 10, 2004. Accessed at: www.pbc.gov.cn

Jilin companies have often lost out to companies from elsewhere in China that have better access to both capital and technology.

It is important to underscore that local government officials' efforts to deepen trade with North Korea are supported by central authorities. For local level officials, border trade is an important aspect of the local economy where they are particularly competitive, with the potential to increase local incomes and stimulate economic growth and development. This is particularly important in China's Northeast, which has suffered economic decline since the collapse of the heavy industrial base that did not survive the marketization reforms of the late 1990s.

Promoting trade with the DPRK also has benefits on the other side of the border. Access to Chinese commodities and finished goods also satisfies unmet demand in the DPRK. In particular, Chinese foodstuffs are considered vital to ensuring that North Korea's food needs are met, particularly in light of the devastating crop failures and resulting famine of the 1990s. Border trade improves the overall economic condition of North Korea's northern provinces, giving them access to Chinese energy commodities, and manufactured goods, including spare parts. Chinese markets for North Korean exports, including coal and ores, generate much needed currency as well as goods via counter-trade. Thus trade is viewed as an important contributor to the security of the border region, reducing DPRK shortages that underlie many illegal border crossings and cross-border crime.

Perhaps most significantly, Chinese officials see promoting trade across the border as a vital means by which to encourage DPRK authorities to reform their economic system and begin incremental political reforms. While it may be optimistic to hope that Chinese market reforms in Yanbian will influence decisions in Pyongyang about opening and reforming the DPRK economy, cross-border trade does influence DPRK citizens in border provinces by engaging them in market practices, thereby educating them about

market principles.¹⁶ Yanbian is particularly important in this regard because of the close affinity between Korean-Chinese in Yanbian and their cousins in the DPRK. Compared to the DPRK-ROK border, the DPRK-Yanbian border is relatively porous, both figuratively and literally. The Tumen River is relatively shallow and narrow as it winds between Yanbian and North Korea, particularly compared to the deeper and wider Yalu River on the western portion of the border between China's Liaoning Province and the DPRK. Goods, both legitimate and illicit, as well as ideas cross more readily in the Yanbian section of the border. Visitors to the DPRK have commented that the China border is the primary source of non-official news and information, due to North Korea's relatively effective blockade of South Korean ideas and influence. Essentially, Yanbian, with a GDP around US\$1,200 per capita, is a more visible and practical role model for the DPRK's possible economic future than South Korea, where individual incomes average \$27,100.¹⁷

IF YOU BUILD IT, HOPE THEY'LL COME

Despite pronouncements by prefecture officials that economic growth has been rising steadily since the reform and opening period began in 1978, Yanbian Prefecture can hardly be considered a prosperous place. Likewise, Jilin Province ranks 22 out of 31 provinces in overall GDP. While the economy of Jilin's capital, Changchun, benefits from successful major companies, such as the famous First Auto Works — and Jilin is not without other major corporate players — the province's economy overall has long fallen short of expectations and not kept pace with provinces on the eastern seaboard.

To promote trade with the DPRK, Yanbian Prefecture, consistent with other border jurisdictions, offers preferential policies. Duties for DPRK products are reduced by as much as 50% over imports from other countries. Similarly, border trade conducted by

¹⁶ Historian Andrei Lankov at Kookmin University has written extensively about China-North Korea relations and presumed Chinese motivations for engaging North Korea. For example, see: Andrei Lankov, "Staying Alive," *Foreign Affairs*, Mar/Apr2008, Vol. 87, Issue 2, pp. 9-16.

¹⁷ South Korea per capita GDP statistic from CIA World Fact Book. Yanbian Prefecture per capita mentioned in: 王绪田, "积极扩大消费需求 - 促进延边经济增长又好又快," 州发展和改革委员会, 二〇〇八年十月.

individuals with residency within 20 kilometers of the border is duty free for exchanges under RMB 3,000.

In addition to preferential policies, prefectural and provincial authorities have made immense investments in infrastructure. As part of national, provincial, and local five-year planning cycles, billions of RMB have been poured into new transport infrastructure, buildings, telecommunications, and public service facilities. Yanbian's 10th Five Year Plan (2001-2005) saw RMB 39.8 billion in fixed asset investment, an increase of 2.1 times the previous five years.¹⁸ By 2010, prefectural economic planners are seeking approximately RMB 100 billion in cumulative fixed assets, indicating ambitious plans to increase investment 18% per year on average.¹⁹ Local officials advocate for these massive levels of investment as a manageable and reliable way to ensure steady GDP growth in line with government-set targets. Aside from the political benefits accruing to local officials for reaching growth targets, the region benefits from kilometers of new highways and innumerable new and refurbished government buildings and telecommunications infrastructure.

Many of these investments are designed to expand trade among China, Russia, and North Korea. For example, the Yanbian/Tumen highway has cut travel time from the prefectural capital of Yanji to the Quanhe border crossing from 3 hours to around 1.²⁰ Massive new customs houses and border posts have been built at major crossing points to handle large-scale trade and traffic. Power, phone, and Internet connections now reach the farthest border post. In addition to these "hard" infrastructure projects, significant investments have been made in increasing human capacity, such as employing staff at border crossing points with Korean, Russian, and English language skills.

¹⁸ "延边州常务副州长李洁思接受网络媒体采访," *Gansu Daily*, July 21, 2006.

¹⁹ "州人民政府关于印发延边州国民经济和社会发展“十一五”规划纲要的通知," 2006年08月10日08.

²⁰ A 1997 investment guide for potential Japanese investors claimed the driving time from Yanji to the Quanhe border crossing was three hours, and another two hours from the Quanhe/Wonjong bridge to Rajin port. The distance from the bridge to Rajin port is approximately 51 kilometers, indicating the poor quality of North Korean roads. The guide also claimed that a helicopter shuttle service was expected to start in 1998. Accessed at: http://www1.korea-np.co.jp/pk/014th_issue/97102203.htm

The government's objective is not only to build the infrastructure that enables Chinese companies to access raw materials and markets in the DPRK and Russia. Chinese leaders hope that DPRK would recognize the opportunities presented by China's economic reform model, see the massive investment in China's Northeast region, and perceive it as an opportunity to reform its own economic system so as to take better advantage of its links to China, and other international markets, ultimately becoming a "normal" country. Unfortunately, such massive investment in China has not fostered economic, much less political reforms in the DPRK. The newly poured concrete roads run up to newly built customs houses and office buildings, under ornate archways on the Chinese banks of the Tumen River, right into a one lane bridge incapable of supporting a heavily loaded truck on the North Korean side. Instead of being the gateway for North Korea to join the world, Yanbian remains the end of the paved road.

Fettered to a Corpse?

In November 2008, DPRK officials quietly informed their Chinese counterparts that they would be closing the border with South Korea. The official reason given was delivery of propaganda leaflets by helium balloon by a number of North Korean defectors residing in South Korea. Inexplicably, the border between China and the DPRK was also officially closed amidst widespread speculation about Kim Jong Il's health.²¹ Several days after the border was closed, the bridge across the river at Yanbian's Tumen City was deserted, covered with snow almost a week old — a testament to the cold temperatures and lack of cross-border traffic. Only Chinese tourists stood at the red line marking the border to have their picture taken with a giant portrait of Kim Il Sung in the distance as a backdrop. Rather than becoming a land of new markets and opportunities for Chinese business people, North Korea remains a curiosity. A December 2008 visit to the area by the authors confirmed that the border closing was not an administrative measure enforced only in the minds of bureaucrats in Beijing and Pyongyang. Highways and secondary roads in the border region were virtually devoid of truck traffic.

²¹ Some media reports indicated that the border was only closed to passenger and truck traffic. Freight trains and official vehicles were still permitted to cross. See: "North Korea limits visitors from China," *Reuters*, November 13, 2008.

While the late 2008 border closing was temporary, it illustrates the unpredictability of doing business with North Korea. There is clearly concern among Chinese scholars that the massive investment in Jilin Province will not generate expected returns. In the words of one Chinese expert, “Until the DPRK feels more secure and changes its economy, Yanbian is a dead end.”²² North Korea shows no sign of opening up or systematically reforming its economy, or making any attempts to capitalize on the opportunity that Chinese planners consider themselves to have presented.

The latest border closing is only the most recent example of North Korean wariness of developing cross-border trade relations even with its most sympathetic international neighbor, and its ambivalence about introducing economic reforms along the lines of the trade-oriented approach of China and its Asian neighbors. Following more than a year of intense lobbying by the United Nations to open select border crossings between the DPRK and China, the bridge across the Tumen River in the Yanbian town of Quanhe was opened in February 1997. Chinese authorities subsequently upgraded the facilities to a “grade 1 customs and border post,” reflecting a rapid increase in the number of crossings from 1,000 in 1996 to 100,000 in 1997.²³ On June 6, 1997, a duty-free open air market was constructed in North Korea close to the Quanhe/Wonjong bridge.²⁴ The volume of trade grew steadily at the market until DPRK officials severely restricted foreign currency transactions, effectively shutting down the market two years later.

The United Nations-sponsored Tumen Programme was launched in 1991 to bolster multilateral trade and investment among China, North Korea, South Korea, Russia, and Mongolia, but has accomplished little to increase regional integration. Its key objectives, including gaining right-of-way access for China to the Sea of Japan/East Sea and helping to integrate North Korea’s economy into the region, have not been met. While it

²² Interviews in Beijing, Changchun, and Yanji, December 2008.

²³ Ian Davies, “Regional Co-operation in Northeast Asia, The Tuman River Area Development Programme, 1990-2000: In Search of a Model for Regional Economic Co-operation in Northeast Asia,” Program on Canada-Asia Policy Studies, North Pacific Policy Papers #4, p. 22.

Accessed at: <http://www.iar.ubc.ca/programs/pastprograms/PCAPS/pubs/nppp4.pdf>

²⁴ “Survey on Newly Introduced Reforms in Rajin-Sonbong District: UNDP,” http://www1.korea-np.co.jp/pk/002nd_issue/97073002.htm.

See also: http://www1.korea-np.co.jp/pk/014th_issue/97102203.htm

provides a useful consultation mechanism for the member countries, it has done little to resolve the economic, social, and security issues facing each of the countries. Despite seemingly endless optimism about its potential and its role as a track-two vehicle for North Korea to engage its neighbors,²⁵ the Tumen Programme does not profess to offer opportunities to break through the current impasse, though it lumbers on with new “opportunities” and various partnership programs. It serves as a repository for aspirations, such as lists of potential projects for foreign partners to invest in, including a 1994 plan for a six-lane bridge to replace the current narrow crossing at Hunchun.²⁶

Jilin authorities fear that many of the infrastructure projects that have already been built will never reach capacity and stand as white elephants on the border with North Korea. They blame their proximity to North Korea as contributing to a poor investment climate in Yanbian. Liaoning’s relative success in building a bustling border port with the DPRK at the Dandong-Sinuiju crossing also appears to rankle Jilin. While Yanbian’s Korean-speaking work force remains its biggest competitive advantage, foreign investment is retreating from Yanbian, with South Koreans finding a better business environment in Qingdao and Dalian where deep water ports and global markets beckon. Relatively good governance and transparency, as well as decent housing and urban infrastructure are attractive to expatriates, making the decision to invest in these cities more attractive. Landlocked Jilin and Yanbian cannot effectively compete with these more developed markets. Making matters worse for Yanbian, in 2004 the DPRK declared that the Rajin-Songbong Economic Zone, a 2-3 hour drive over 45 kilometers of mountainous dirt roads from Quanhe bridge, was a “failure,” prompting scarce resources and attention to migrate to newer zones in Sinuiju, near Dandong, and Kaesong, which is 10 kilometers from South Korea.²⁷

²⁵ Carla Freeman, “In Pursuit of Peaceful Development in Northeast Asia: China, the Tumen River Development Project, and Sino-Korean Relations,” *U.S.-Korea Institute Working Paper* (2008).

²⁶ Hunchun Bridge Project Profile, Tumen Programme. Accessed at: www.tumenprogramme.org [<http://www.tumenprogramme.org/data/upload/download/2002%20Project%20Profiles%20for%20the%20Tumen%20River%20Area%20Development%20Programme/Part%203.pdf>]

²⁷ Hisako Tsuji, “Tumen River Area Development Programme: Its History and Current Status as of 2004,” Economic Research Institute for Northeast Asia, April 2004, p. 19. Accessed at: <http://www.erina.or.jp/en/Research/dp/pdf/0404e.pdf>

THE BORDER DILEMMA: OPEN, BUT SECURE?

Jilin and Yanbian authorities face a difficult dilemma in managing their long border with North Korea. This dilemma is not unique to Jilin or Yanbian, as China actively seeks to increase investment, trade, and local economies in all its border areas. According to Taylor Fravel, an American scholar of Chinese border security:

China must now seek to balance efforts to secure its frontiers with the opening of its borders to ever-growing flows with neighbors that facilitate trade, investment and other interactions key to economic growth. A strident approach to border management might limit the promotion of economic development by restricting trade flows and weakening investor confidence, while a loose approach might facilitate the flow of contraband or resources that could be used by separatist groups to undermine political stability.²⁸

China thus sees it in its interests to foster cross-border linkages, but must weigh the benefits of permitting relatively porous borders against the nontraditional security threats that accompany greater openness.

The High Price of Friendship

North Korea presents a number of security threats to Yanbian Prefecture, particularly non-traditional security threats. North Korea is a source of illicit drugs, primarily methamphetamines, and counterfeit currency. Additionally, large numbers of North Koreans regularly seek to cross the border into China illegally, seeking to escape to South Korea, or for short-term excursions within Chinese territory. Smuggling, including human trafficking, is also rampant across the border, providing additional incentives for Chinese authorities to engage in proactive management of the border area. As a result of these challenges, the Chinese government has invested heavily in border security and taken unusual steps to secure the border.

Illegal border crossing from North Korea to Yanbian is a common occurrence, particularly in areas where the Tumen River is shallow and narrow, making it relatively easy to cross even when it is not frozen over. By comparison, the Yalu River along the

²⁸ M. Taylor Fravel, "Securing Borders: China's Doctrine and Force Structure for Frontier Defence," *Journal of Strategic Studies*, Vol. 30, No. 4-5, pp. 705-737, August-October 2007, p. 713.

Liaoning border is wider and deeper, and Liaoning authorities have built fences in some stretches near Dandong to discourage illegal crossings. Chinese authorities are particularly concerned about large-scale illegal migration from North Korea, which could potentially upset social stability in the northeast region. Smaller scale migration is also a concern as it puts pressure on an already fragile labor market. Furthermore, North Koreans who cross into China perpetrate crime and armed robberies, some of whom also engage in drug and commodity smuggling, carrying social costs, as well as adding overheads and burdens to the border security apparatus. The number of North Koreans illegally living in China is estimated at as many as 300,000.²⁹ Under current Chinese policy, they are classified as “economic migrants,” not refugees ineligible for asylum. According to some studies, three quarters of North Korean escapees are now female, routinely forced into the sex trade, or sold into marriage.³⁰ In addition, anecdotal evidence suggests that the flow of illegal drugs manufactured in North Korea through Yanbian is also associated with high levels of drug addiction there. One possible indication of above average drug use is the incidence of HIV/AIDS, however, because more than half of the HIV/AIDS cases in Jilin are in Yanbian.³¹

Chinese Views of Border Security and Its Border Security Operations

Chinese conceptualization of border security is comprehensive, closely linking domestic stability in the border region, including Yanbian Prefecture, with the actual defense of the national border line against external threats, which are key components of China’s border defense doctrine. As Fravel notes:

In Chinese military thought, the concept of frontier defense, or *bianfang*, includes more than just border defense. It also encompasses the internal political stability of China’s frontier regions (*bianjiang*), especially the absence of ethnic unrest, in addition to the protection of borders (*bianjing*) from external aggression.³²

²⁹ Figures for the number of North Korean refugees in China vary widely, from 30,000 to 10 times higher. No authoritative statistics are available.

³⁰ Tom O’Neill, “Escape from North Korea,” *National Geographic*, February 2009. Accessed at: <http://ngm.nationalgeographic.com/2009/02/north-korea/oneill-text/1>.

³¹ Zeng et al., “Health Vulnerability among Temporary Migrants in Urban China,” Chinese Academy of Social Sciences, self published.

³² Taylor Fravel, “Securing Borders,” p. 714.

Border defense is a core mission of China's security forces — the People's Liberation Army (PLA), People's Armed Police (PAP or PAPF), and the Public Security Bureau (PSB).³³ Generally, the PAP border guard units are responsible for securing the border, while the PLA is garrisoned farther from the border, ready to maneuver to trouble spots and provide a rapid response capability. In most cases, the division of labor between the PLA and the PAP is clear in border areas. The 2008 White Paper issued by the Chinese Defense Ministry provides the following definition of the PAP border public security units and their role in border defense:

The border public security force, listed as a component of the PAPF, is an armed law-enforcement body deployed by the state in border and coastal areas and at ports. Its main responsibilities are as follows: border and coastal public security administration; ports and border inspection and surveillance... and the prevention of and crack-down on illegal and criminal acts in border and coastal areas, such as illegal border crossing, smuggling and drug trafficking.³⁴

However, with the exception of Myanmar and perhaps Afghanistan,³⁵ North Korea is unlike the other countries that border China and has required special border security arrangements. Both Myanmar and North Korea are particularly fragile states, with records of narco-trafficking, reclusive governments, and grinding poverty. Few were surprised therefore when numerous, but vague media reports in 2003 indicated an increase in the number of troops being moved to the North Korean border. There was no official confirmation of this until 2006, when the ministry of defense's white paper stated, "In 2003, the PLA border defense force took over the defense of the China-DPRK border and the Yunnan section of the China-Myanmar border from the border public security force, thus enabling the state to integrate land border defense and administration."³⁶ Importantly, Chinese officials confirmed that this shift in responsibility

³³ Massachusetts Institute of Technology scholar M. Taylor Fravel has done extensive and detailed work on China's border security. For example, see; M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes*, Princeton University Press, 2008; and M. Taylor Fravel, "Securing Borders: China's Doctrine and Force Structure for Frontier Defense," *Journal of Strategic Studies*, Vol. 30, No. 4-5, pp. 705-737, August-October 2007.

³⁴ 2008 Defense White Paper, State Council Information Office.

³⁵ China's border with Afghanistan is only 76 kilometers long and very mountainous. Some reports suggest that the PLA also guards the Sino-Afghan border. For example, see, "Border PLA Have Warm Ties with Local People," *People's Daily*, December 17, 2001.

³⁶ 2006 Defense White Paper, State Council Information Office.

was not limited to a re-assignment of PLA units already resident in the border area, but included new units that were transferred from elsewhere to bolster the forces already in the area.³⁷

An undated document published by the Jilin Provincial Minority Affairs Commission described how the PLA made up the first and second lines of defense.³⁸ The first line refers to blocking the border at the national boundary. The second line refers to security measures covering the territory extending several kilometers from the borderline, including observation posts and checkpoints responsible for interdicting traffickers and smugglers. The third line is the responsibility of the Public Security officers and PAP border units, including checkpoints at transport hubs. This arrangement is unique to the North Korea and Yunnan border areas where the PLA plays a role usually performed by the PAP and PSB forces. The 2008 Defense White Paper states clearly that this force normally mans border inspection stations and also includes mobile forces in “important sectors in border areas.”³⁹ In most instances, it is the PAP that mans the bridges and border stations, while the PLA is responsible for the portions along the border where there are no built-up crossings.

Casual observers often confuse PLA and PAP units, even though they are very distinct organizations with different missions and separate chains of command. Further confusing matters however, is the assertion that they are under the “dual leadership” of the Central Military Commission and the State Council. In addition, there are separate chains of command between different contingents of the PAP, with some branches under military control and others under the Ministry of Public Security and subordinate bureaus. Public Security Bureaus exercise daily command of the PAP border forces, ensuring close coordination between civilian police and the armed PAP units under their

³⁷ Interviews in Yanji, December 2008.

³⁸ “结合边防特点积极开展兴边富民工作,” 武警吉林省边防总队, 吉林省民族事务委员会.

³⁹ 2008 Defense White Paper is more precise than previous versions in this regard. The 2008 version helpfully states, “The border public security force has 30 contingents in provinces (autonomous regions or municipalities directly under the central government, except Beijing); 110 detachments in border and coastal prefectures (prefecture-level cities, autonomous prefectures or leagues) and 20 marine police detachments in coastal prefectures; 207 active-duty border inspection stations at open ports; 310 groups in border and coastal counties (county-level cities or banners); 1,691 border police substations in border and coastal townships (towns); 46 frontier inspection stations on major border routes; and 113 mobile groups deployed in important sectors in border areas.”

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER

The Real Bridge to Nowhere

command. [See Appendix 1 and Appendix 2 for charts illustrating the command structure of national and local PAP forces.]

PAP border units are subordinate to local civilian authorities. In the event of a crisis, however, different levels of government will convene committees including Party, government, PLA and PAP leaders to coordinate responses in accordance with the National Defense Mobilization Committee system or the Emergency management system.⁴⁰ The 2008 Defense White Paper further clarifies the chain of command for border guards, “Routine guard duties can be divided into regular and temporary missions. Usually the regular missions are assigned by the Ministry of Public Security, and the temporary ones are assigned by local Party committees, governments or public security organs.”⁴¹

In a complex border environment, such as Yanbian, the close interaction between the PAP and the PSB is extremely important. PLA and PAP units are composed of recruits from outside the region where they are stationed, so they often have little local knowledge. Public Security officers are more often local and part of an extensive network that includes community-based precincts (派出所) and officers that engage in community policing. This knowledge of the local landscape, access to local intelligence, and fluency in local dialects is invaluable for border control operations. Drug smuggling and human trafficking interdiction is often entirely reliant on informants and information volunteered by the community. In Yanbian’s case, because of the large Korean-Chinese population — many of whom have family ties to kinsman in North Korea — Korean language ability and a network of community informants and information sources are vital to the mission.

The PAP and the PLA engage in several initiatives to integrate their work in the community with the goal of broadening their intelligence-gathering capabilities and increasing their knowledge of local conditions. Both forces train and patrol regularly with

⁴⁰ See: Thompson & Freeman, “Flood Across the Border: China’s Disaster Relief Operations and Potential Response to a North Korean Refugee Crisis,” *U.S.-Korea Institute*, 2009.

⁴¹ The authors are grateful to Dennis Blasko for his insights into PAP command relationships. See also: http://english.gov.cn/official/2009-01/20/content_1210227_10.htm

Yanbian militia units. Because militia units are made up of Yanbian natives, the PLA and PAP troops benefit from their local knowledge and language skills, increasing their intelligence collection and knowledge of the field. Furthermore, the militia units benefit from learning the latest tactics and technologies from the regular units.⁴² To further their relations with local communities, various units engage in community outreach and development projects. PLA units have been active in community support projects, including running small poverty alleviation and scholarship programs in impoverished areas, refurbishing and re-roofing houses, donating fertilizer and seed to poor farmers, planting trees in reforestation projects, and providing small loans to families that have contributed sons to the military and face financial difficulties. In addition, they are active in disaster relief efforts, such as sandbagging against floods in 2004 in Tonghua city and participating in engineering projects around the prefecture.⁴³ High profile programs such as these endear the government and border security forces to citizens and are expected to generate dividends in terms of loyalty and intelligence.

To coordinate the collection of intelligence gathered from the community and other sources, the Yanbian prefecture party committee and government set up an office and “coordinating leading small group” (协调领导小组) to collect and prepare monthly reports about matters concerning the border, disseminating the information at regular meetings.⁴⁴ This group oversees an “accountability system” (责任制体系) for the four sub-province levels of government [州、县(市)、乡镇(街道)、村屯(居委)]. Senior leaders often visit the “front line” to inspect local cadres and resolve problems when necessary.

All of these mechanisms and investments contribute to increasing the effectiveness of the security forces in the border area. Highways and improved communications increase mobility and enable fewer units to cover more territory. Infrastructure, such as electrification, Internet access, and improved rations (the PLA-wide budget for board per soldier increased from RMB 10 to 11 in 2007), has improved morale among troops

⁴² 乔振友, 史贤良, 孙枫淞, “延边朝鲜族自治州千余民兵执勤边防线,”中国国防报, 2007年4月9日.

⁴³ “吉林省延边朝鲜族自治州‘五位一体合力治边’”, 中国平安网, September 19, 2006.

⁴⁴ 2004 border detachment work report.

stationed along the border. In the spring of 2004, the prefecture allocated 500,000 yuan to improve the field conditions for PLA soldiers on the border. The following year, the prefecture and county governments invested 700,000 yuan annually for subsidies to security units in border defense teams stationed in townships, after several years of underinvestment.⁴⁵ These investments are expected to reduce the social costs and mitigate risks from keeping the border with the DPRK open to commerce. The presence of large numbers of troops also benefits the local economy — particularly as the military and security forces increasingly rely on civilian contractors for support. In addition, this presence increases confidence among investors, dissuades crime and smuggling, which benefits legitimate businesses. However, the presence of a large number of security forces, as well as the admission that regular army troops are responsible for managing the DPRK border, is an acknowledgement of the difficulties faced by Chinese authorities and their concerns about security in the region. These investments and difficulties highlight the failure of China's strategy to boost the local economy and encourage economic reforms and social stability across the border in North Korea.

⁴⁵ "吉林省延边朝鲜族自治州'五位一体合力治边'", 中国平安网, September 19, 2006.

CONCLUSION

The increase in border security between China and North Korea in recent years is symptomatic of how China's strategy to build its economic relationship with North Korea and improve economic conditions on both sides of the border has failed. China's attempt to serve its own economic and geopolitical interests, while cultivating mutually beneficial ties with South Korea on the one hand and North Korea on the other, using as a conduit its Korean minority region, have been frustrated by unanticipated responses from the two Korean countries.

One can see many dimensions of the China-Korean peninsula relationship playing out in Yanbian, with both North and South Korea frustrating Chinese leaders at central and local levels. South Korea has been a particular disappointment, perhaps because the expectations were very high following normalization. At the strategic level, Korean nationalism has presented significant challenges because it is both powerful, but not strong enough at the same time. On the one hand, South Korean nationalism is damaging PRC-ROK relations, generating suspicions about the motivations of South Koreans in Yanbian on the Chinese side, and doubts that China will ever permit a unified peninsula on the South Korean side. Distrust regarding Yanbian's historical identity and future inclination are a manifestation of these misgivings. At the same time, South Korean nationalism has not been strong enough to drive enough businesspeople and capital to Yanbian to contribute to economic development and the improvement of living standards of ethnic Koreans there. Other parts of China, without indigenous Koreans but better investment environments have proven more alluring, perhaps because those jurisdictions are less suspicious of the motivations of South Korean businessmen. The presence of South Koreans in Yanbian is viewed with suspicion by local authorities because many South Korean religious groups and NGOs conduct underground railroad activities that assist North Koreans in escaping to South Korea.

North Korea has proven to be the greatest disappointment for China, from both the local and the strategically oriented central governments' perspective. North Korea's testing of a nuclear weapon in 2006, despite Chinese remonstrations to refrain, was a

clear message to Beijing that their historic relationship was no longer what it once was. Beijing's ability to influence North Korean political calculations is at a nadir. Chinese officials and scholars recognize that their political aims vis-à-vis North Korea's political and social development will not be achieved. Chinese North Korea experts privately admit that Kim Jong Il will not willingly give up his nuclear weapons, despite China's clearly stated desire that the Korean peninsula should remain nuclear weapon free. Referring to an assessment of Kim Jong Il's view of his weapon, one expert commented, "it's all he has, he can't give it up or he will have nothing. He would rather not have food for his people." In terms of economic reforms, North Korea is literally a dead end for Chinese highways that stop at the border. Massive investment and incentives to encourage border trade have not led to reforms or reciprocation on the part of North Koreans. South Koreans that have invested in Yanbian, hoping to find a backdoor to North Korea, have likewise been disappointed.

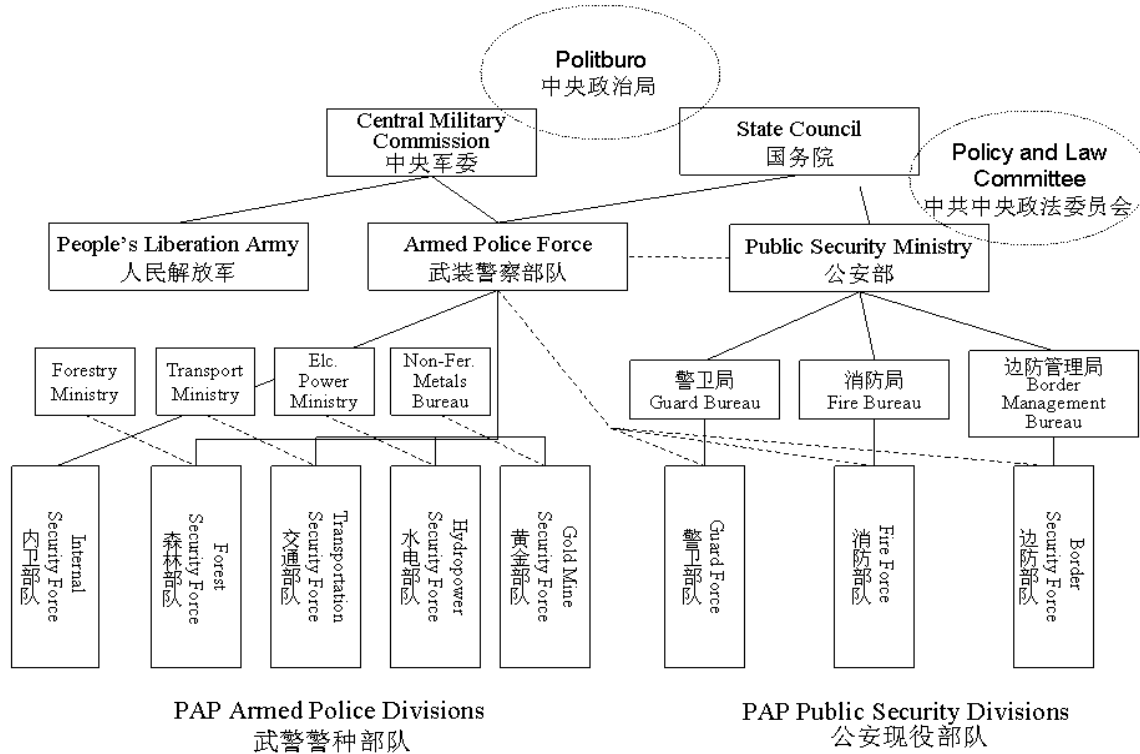
China faces a prisoner's dilemma with North Korea and its shared border; opening the border only further exposes China to greater problems, either from refugees, smuggling or other cross-border threats. Closing it dooms Yanbian to an uncertain economic future. The massive infrastructure that China has committed to Yanbian and the Northeast will require breakthroughs in trade with North Korea (and Russia), if it is to generate significant, sustainable economic and security returns. Unfortunately, North Korea's inability to improve living conditions forces China to commit immense resources to border management, further undermining economic development, the investment environment, and confidence in the Yanbian region. The DPRK is still the arbiter of Yanbian's security and determinant of the success of the economic strategy set forth for Yanbian. The refugee flow into China is reportedly controlled most effectively not by Chinese security forces, but by DPRK border guards who are positioned at 50-meter intervals along some sections of the border. Other external factors beyond China or Yanbian's control also contribute to security threats posed by North Koreans illegally entering China. Failed harvests, widespread corruption among border guards, as well as South Korea's defector policies are all key factors in the number of refugees, and their determination, to cross the border into China. Additionally, non-traditional threats, including narco-trafficking, counterfeiting and smuggling originate in North Korea, with

virtually no admission by DPRK authorities that the problem exists, making interdiction or cooperative strategies impossible for Chinese security forces.

All of these factors point to the failure of China's North Korea policy. China's massive infrastructure investments along the North Korea border have not encouraged reforms in the DPRK. Yanbian and Jilin pay an economic and social price for their proximity to the DPRK, including the possibility that their massive infrastructure investments will not generate adequate returns. In the absence of stability in North Korea, China is obliged to deploy large numbers of military and paramilitary troops in Yanbian and elsewhere along the North Korean border, even as it demilitarizes its other land borders and channels its military resources towards more vital modernization efforts. Barring the smooth implementation of economic reforms and modest relaxation of the oppressive political environment in North Korea, Yanbian is likely to remain the Chinese side of a bridge to nowhere.

APPENDIX 1: NATIONAL COMMAND STRUCTURE OF THE PEOPLE'S ARMED POLICE

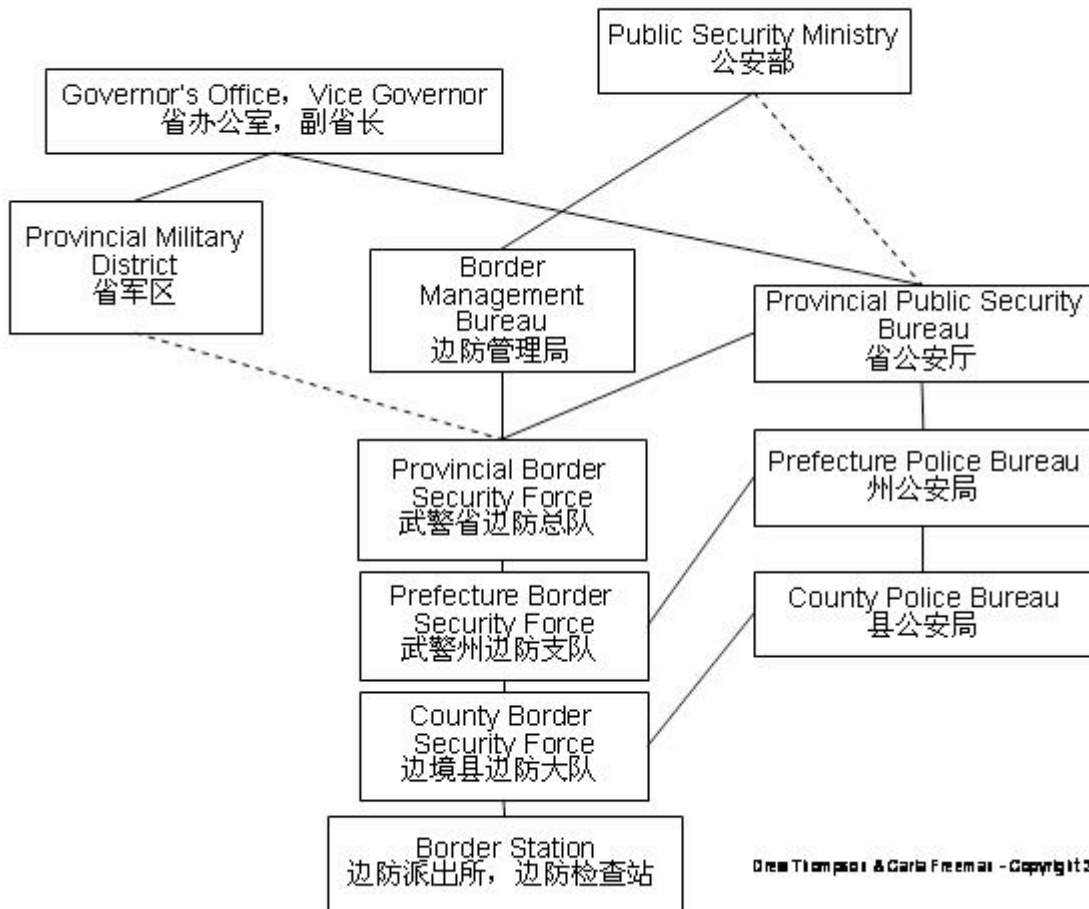
National PAP Organization Chart



Drew Thompson & Carla Freeman - Copyright 2009

APPENDIX 2: LOCAL CHAIN OF COMMAND FOR PEOPLE’S ARMED POLICE BORDER SECURITY FORCES

Provincial PSB and PAP Border Unit Organization Chart



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