

# **SHADES OF RED: CHINA'S DEBATE OVER NORTH KOREA**

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## SHADES OF RED: CHINA'S DEBATE OVER NORTH KOREA

### EXECUTIVE SUMMARY

Pyongyang's latest round of provocations has prompted Beijing to reconsider its North Korea policy. A rocket launch, the withdrawal from the Six-Party Talks, and the 25 May nuclear test all deepened doubts in China about its policies towards its neighbour. This series of escalating gestures coincided with reports that Kim Jong-il was seriously ill, which set in train succession plans. Together, the nuclear tensions and succession worries drew out an unusually public, and critical, discussion in China about its ties with North Korea. The debate took place between those proposing a stronger line against North Korea ("strategists") and others advocating the continuation of substantial political and economic cover for China's traditional ally ("traditionalists"). Beijing ultimately supported a strongly worded UN Security Council presidential statement and a resolution mandating a substantial sanctions regime, albeit one focused on missile and defence programs that would not destabilise the economy. Although many in the West have pointed to this debate as a sign of a policy shift, Beijing's strategic calculations remain unchanged. As one high-level Chinese diplomat said, "Our mindset has changed, but the length of our border has not".

North Korea's attempted satellite launch and nuclear test generated significant domestic and international pressure on Beijing, while its withdrawal from the Six-Party Talks stripped China of its primary strategy for dealing with the nuclear crisis. Chinese policymakers began to question whether North Korea's nuclear ambitions and desire for recognition as a nuclear power by the international community were in fact negotiable. Beijing was angered by the latest escalation and was ready to reprimand the North, but in a controlled way that would protect Chinese interests.

China prioritises stability over denuclearisation due to a vastly different perception than the U.S. and its allies of the threat posed by a nuclear North Korea. Beijing's largest worries are the possibility of military confrontation between North Korea and the U.S., regime implosion, a flood of North Korean refugees into China, or precipitous reunification with South Korea leading to a U.S. military presence north of the 38th parallel. It

therefore continues to shield North Korea from more punitive measures, including stronger economic sanctions, for its provocative behaviour. China negotiated for over two weeks to ensure that UN Security Council Resolution 1874 was strong enough to satisfy the U.S. and its allies yet sufficiently restrained in its effects to mitigate any damage to the North Korean regime. It remains reluctant to tighten the screws on Pyongyang. Beijing learned a lesson when its strong reaction to the 2006 nuclear test damaged bilateral relations, and now attempts to deal with the bilateral relationship separately from the nuclear issue.

Overall, North Korea has created a number of foreign policy dilemmas for China. The latest round of provocations makes Beijing's balancing act between supporting a traditional ally and responding to its dangerous brinkmanship more difficult, especially when combined with heightened international pressure. Pyongyang's behaviour has the potential to undermine Chinese regional security interests, particularly if Japan and South Korea respond by developing offensive military capabilities. While there is an ongoing debate on North Korea policy within Beijing policy circles reflective of divergent views of U.S.-China relations, overall there remains significant aversion to any move which might destabilise China's periphery. Beijing therefore views the nuclear issue as a longer-term endeavour for which the U.S. is principally responsible, and continues to strengthen its bilateral relationship with North Korea.

**Beijing/Seoul/Brussels, 2 November 2009**

## SHADES OF RED: CHINA'S DEBATE OVER NORTH KOREA

### I. ROCKET LAUNCH<sup>1</sup>

Within days of President Barack Obama's inauguration on 20 January 2009, U.S. satellites detected the deployment of a long-range missile from a munitions factory near Pyongyang. On 24 February, a spokesman for the [North] Korean Committee of Space Technology issued a statement that the Democratic People's Republic of Korea (DPRK) was preparing to put the "Kwangmyŏngsŏng-2", an experimental communications satellite, into orbit with the Unha-2 (Taepodong-2) space launch vehicle in early April.<sup>2</sup> The launch took place from North Korea's Musudan-ri launch site in North Hamgyong province on 5 April, approximately 80 kilometres from the Chinese border.<sup>3</sup>

<sup>1</sup>For China's priorities regarding North Korea, see Crisis Group Asia Report N°112, *China and North Korea: Comrades Forever?*, 1 February 2006. For earlier Crisis Group reporting on North Korea, see Crisis Group Asia Reports N°167, *North Korea's Chemical and Biological Weapons Programs*, 18 June 2009; N°168, *North Korea's Nuclear and Missile Programs*, 18 June 2009; N°169, *North Korea: Getting Back to Talks*, 18 June 2009; N°122, *Perilous Journeys: The Plight of North Koreans in China and Beyond*, 26 October 2006; N°112, *China and North Korea: Comrades Forever?*, 1 February 2006; N°100, *Japan and North Korea: Bones of Contention*, 27 June 2005; N°96, *North Korea: Can the Iron Fist Accept the Invisible Hand?*, 25 April 2005; N°89, *Korea Backgrounder: How the South Views its Brother from Another Planet*, 14 December 2004; N°87, *North Korea: Where Next for the Nuclear Talks*, 15 November 2004; N°61, *North Korea: A Phased Negotiation Strategy*, 1 August 2003; and Asia Briefings N°91, *North Korea's Missile Launch: The Risks of Overreaction*, 31 March 2009; N°77, *South Korea's Elections: A Shift to the Right*, 30 June 2008; N°71, *North Korea-Russia Relations: A Strained Friendship*, 4 December 2007, N°62, *After the North Korea Nuclear Breakthrough: Compliance or Confrontation?*, 30 April 2007; N°56, *North Korea's Nuclear Test: The Fallout*, 13 November 2006; N°52, *After North Korea's Missile Launch: Are the Nuclear Talks Dead?*, 9 August 2006.

<sup>2</sup>"Preparations for launch of experimental communications satellite in full gear", Korean Central News Agency (KCNA), 24 February 2009.

<sup>3</sup>For a technical review of the launch, see David Wright and Theodore A. Postol, "A Post-launch Examination of the

Beijing was aware as early as January 2009 that North Korea intended to test the new U.S. administration. After Obama's inauguration, Wang Jiarui, chief of the International Liaison Department of the Chinese Communist Party, led a delegation of officials to Pyongyang, during which the North Koreans reportedly conveyed the desire to "test the waters" with the U.S.<sup>4</sup> Beijing allegedly attempted to persuade them not to launch the satellite, requesting that no action be taken that might destabilise the region.<sup>5</sup> Unable to convince Pyongyang to cancel the launch, Beijing urged it not to jeopardise the Six-Party Talks or regional security.<sup>6</sup> It also encouraged North Korea to sign the Outer Space Treaty and the Convention on the Registration of Objects Launched into Outer Space.<sup>7</sup> At the same time, Beijing was also curious about what the launch might reveal about Obama's policy toward North Korea.<sup>8</sup>

In any case, North Korea's rocket launch was not a priority on China's foreign policy agenda at the time.<sup>9</sup> After six years of the Six-Party Talks and numerous rounds of DPRK provocations, Chinese policy analysts had developed "North Korea fatigue".<sup>10</sup> In early April, the most

Unha-2," Bulletin of the Atomic Scientists, Web Edition, 29 June 2009, [www.thebulletin.org/node/7320](http://www.thebulletin.org/node/7320).

<sup>4</sup>See Crisis Group Briefing, *North Korea's Missile Launch: The Risks of Overreaction*, op. cit., p. 7; Crisis Group interview, Beijing, April 2009.

<sup>5</sup>According to one Chinese expert, Beijing tried to stop the launch not because it opposed the DPRK's right to do so, but because "along with rights come responsibilities" – and North Korea was not fulfilling its responsibility to return to the Nuclear Non-Proliferation Treaty (NPT). However, North Korea insisted that it had withdrawn from the NPT in 2003 and was not obliged by any international laws or treaties to suspend or cancel the launch. Crisis Group interview, Beijing, July 2009.

<sup>6</sup>Crisis Group interview, Beijing, July 2009.

<sup>7</sup>Ibid.

<sup>8</sup>Crisis Group interviews, Beijing and Washington DC, July 2009.

<sup>9</sup>Crisis Group interviews, Beijing, July 2009.

<sup>10</sup>When the announcement was made, many Chinese analysts reacted with indifference, asking, "what else is new?" Crisis Group interviews, Beijing, February-March 2009. The U.S. was also experiencing DPRK fatigue, but mustered a robust

pressing issue for Beijing was to prepare for the first meeting between Chinese President Hu Jintao and President Barack Obama, while bilateral discussions were preoccupied with the confrontation between U.S. naval vessels and Chinese ships in the South China Sea. The Ministry of Foreign Affairs (MOFA) official line regarding the missile test was curt: “we have noted related reports ... and hope all sides will do things that are conducive to the peace and stability of the Korean Peninsula”.<sup>11</sup>

## A. UNSC PRESIDENTIAL STATEMENT

In the week following the 5 April launch, the UN Security Council grappled with how to respond. There was much debate over whether the launch had violated Security Council Resolution 1718, which specifically demanded that “the DPRK suspend all activities related to its ballistic missile program and in this context re-establish its pre-existing commitments to a moratorium on missile launching”.<sup>12</sup> Given the rocket’s trajectory over Japan,<sup>13</sup> which was a non-permanent member on the Council at the time, Tokyo reacted strongly, and pressed the U.S. and UN to take a stronger stance. Obama called the launch a “clear violation of UNSC Resolution 1718 and a threat to the northeast Asian region and to international peace and security”.<sup>14</sup> As the U.S. prepared to bring the issue to the Security Council, China took its usual “wait and see” approach, acknowledging that North Korea had launched a satellite and insisting that the DPRK had the right to the peaceful use of nuclear and rocket technologies.<sup>15</sup>

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response because the new administration knew it was being tested. Crisis Group email correspondence, 14 October 2009.

<sup>11</sup>“外交部就朝鲜试射卫星、南海事件等答问” [“MOFA answers questions on DPRK satellite launch and U.S.-China confrontation in South China Sea”], 12 March 2009, [www.china.com.cn/policy/txt/2009-03/12/content\\_17434538.htm](http://www.china.com.cn/policy/txt/2009-03/12/content_17434538.htm).

<sup>12</sup>For a summary of the debate and the legal issues involved, see Crisis Group Briefing, *North Korea's Missile Launch: The Risks of Overreaction*, op. cit., p. 3.

<sup>13</sup>Choe Sang-Hun and David E. Sanger, “North Koreans launch rocket over the Pacific”, *The New York Times*, 4 April 2009.

<sup>14</sup>Statement by President Barack Obama, 5 April 2009, [www.whitehouse.gov/the\\_press\\_office/Statement-by-the-President-North-Korea-launch](http://www.whitehouse.gov/the_press_office/Statement-by-the-President-North-Korea-launch).

<sup>15</sup>At a routine press conference, a Chinese foreign ministry spokesperson said, “In spite of the similarities, technologies of rockets and missiles are different. Launching a satellite is different in nature from a missile or a nuclear test. It involves countries’ right of peaceful use of the outer space. We believe that the Security Council should make a cautious response”. Spokesperson Jiang Yu’s regular press conference, Chinese foreign ministry, 7 April 2009, at [www.fmprc.gov.cn/ce/ceun/eng/fyrth/t556455.htm](http://www.fmprc.gov.cn/ce/ceun/eng/fyrth/t556455.htm).

Beijing was not surprised that Washington took the issue to the Security Council, but believed that its interests were well-protected as long as all parties stuck to the Six-Party Talks and a UN process. The UN ensures that China can wield its threat of veto to modify actions it opposes and dissuades other actors from pursuing action outside of the UN framework. The Six-Party Talks guarantee Beijing, as chair, a central role in setting international policy toward the DPRK, consistent with its growing multilateral foreign policy orientation and desire to be seen as a “responsible great power”.<sup>16</sup> While there was uncertainty in Beijing that the Six-Party Talks would necessarily resolve the crisis,<sup>17</sup> the process kept negotiations open and lessened the possibility of the crisis escalating, while allowing Beijing to exert control over the international response.<sup>18</sup> Furthermore, from China’s perspective, the talks offer convenient excuses for the lack of progress, such as South Korean domestic politics or the Japanese overreaction on the abduction issue.<sup>19</sup> The talks have also significantly strengthened China’s relationship with the U.S.<sup>20</sup>

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<sup>16</sup>Responsible great power: 负责任大国 (*fuzeren daguo*) “中国展现负责任大国形象” [“China reveals its image as a responsible power”], 解放军报 [PLA Daily], 29 September 2006, at <http://news.xinmin.cn/domestic/opinion/2006/09/29/77894.html>; and “积极参与维护世界和平中国展现负责任大国形象” [“Positively participating in upholding world peace, China reveals its image as a responsible power”], 中新网 [China News], 29 September 2006, [http://news.cqnews.net/gn/200609/t20060929\\_1580752.htm](http://news.cqnews.net/gn/200609/t20060929_1580752.htm). For more information on China’s desire to be seen as a responsible power, see Crisis Group Asia Reports N°153, *China’s Thirst for Oil*, 9 June 2008, pp. 27-31; and N°166, *China’s Growing Role in UN Peacekeeping*, 17 April 2009, pp. 11-14.

<sup>17</sup>According to a senior MOFA official’s remarks in November 2003 (the first round of Six-Party Talks was hosted in late August 2003), China’s primary goal with Six-Party Talks was to “keep them talking and not fighting”. Private briefing by senior MOFA official, Beijing, November 2003.

<sup>18</sup>Crisis Group interview, Beijing, August 2009.

<sup>19</sup>Crisis Group interview, Washington DC, June 2009. For example, in China’s eyes South Korean President Lee Myung-bak’s repudiation of his predecessor Roo Muh-Hyun’s North Korea policy obstructed the progress in the Six-Party Talks because it “irritated” North Korea. Former Japanese Prime Minister Junichiro Koizumi’s requiring the resolution of abduction issues as a precondition for normalising relations between Japan and North Korea also stalled progress at the Six-Party Talks and tied the hands of U.S. as well.

<sup>20</sup>U.S.-China cooperation on North Korean issues is repeatedly cited by diplomats from both sides as one of the most successful examples of their bilateral cooperation on “third country” issues. Crisis Group interviews, Washington DC, May 2009; Beijing, February, July, August 2009. See also Bonnie Glaser and Wang Liang, “North Korea: The Beginning of a China-U.S. Partnership?”, *The Washington Quarterly*, Summer 2008, p. 165. The Obama administration also

However, Beijing underestimated the determination with which the U.S. would pursue the issue at the UN.<sup>21</sup> The Chinese mission was surprised by the strong position taken by the U.S. delegation,<sup>22</sup> and quickly realised that China was unlikely to get by with just a press statement, the mildest form of action.<sup>23</sup> Beijing also underestimated Tokyo's reaction to the test.<sup>24</sup> The U.S., along with Japan and South Korea, emphasised operative paragraph five of Resolution 1718, in which the Council "Decides that the DPRK shall suspend all activities related to its ballistic missile programme".

China was able to block a resolution by proposing a strongly worded presidential statement.<sup>25</sup> The final statement was based on a 9 April draft China submitted that vaguely described the event as a "launch on April 5th", without specifying whether it was a ballistic missile or a space launch vehicle. Both the U.S. and China claimed the compromise as their success. The statement also made clear that the launch was in contravention of Resolution 1718 and any future launches using ballistic missile technology would also be in violation of existing Security Council resolutions. It demanded that the DPRK not conduct any future launches using ballistic missile technology, and allowed for the substantial strengthening and augmentation of the existing sanctions regime

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praised China for its "help in the nuclear standoff with North Korea". "Obama declares new era of cooperation with China", Associated Press, 28 July 2009. On NBC's Meet the Press, Hillary Clinton praised China for its role in pressing North Korea to abandon its nuclear ambitions, "China has been extremely positive and productive in respect to North Korea". Meet the Press, 26 July 2009.

<sup>21</sup> Crisis Group interviews, Washington DC, June 2009; Beijing, 8 July 2009.

<sup>22</sup> Crisis Group interview, Beijing, April 2009.

<sup>23</sup> The options were to issue a press statement, presidential statement or resolution. The first two are non-binding, but a presidential statement indicates a more serious form of censure.

<sup>24</sup> Crisis Group interviews, Beijing, April 2009.

<sup>25</sup> The presidential statement "condemned" the launch; China preferred "concern" and "regret". When referencing UNSC Resolution 1718, which was adopted in response to the DPRK's 9 October 2006 nuclear test, China opposed the word "violation", that Japan proposed. The U.S. proposed "not in conformity", which was opposed by Japan. "Contravention" was the compromise. Japan gave in only after Japanese Prime Minister Aso met with his Chinese counterpart Wen Jiabao in Pattaya on 11 April during the aborted ASEAN+3 meeting, which South Korean President Lee Myung-bak also attended. After the meeting, Aso said, "we shouldn't tie ourselves to the idea of resolution" and "we need to give our answers fast so that no wrong signal is sent". During the meeting, Aso also insisted on the word "condemns". Quote was taken from Chinese media reports subsequently removed from the web. Crisis Group interviews, New York and Beijing, April 2009.

under Resolution 1718.<sup>26</sup> The U.S. and Japan were pleased with the result of the deliberations, particularly the robust final language.<sup>27</sup> The U.S. State Department spokesperson commented that, "The form is not as important as a strong and effective response".<sup>28</sup>

Despite the statement's strong tone, China felt it had fulfilled its commitment to North Korea by replacing a binding resolution with a non-binding<sup>29</sup> presidential statement and ensuring that the word "violation" did not appear in the statement.<sup>30</sup> From Beijing's perspective, the statement jeopardised none of its key interests. The Six-Party Talks remained intact and the statement included no measures likely to threaten regional stability. Following its adoption, Chinese ambassador to the UN Zhang Yesui asserted that the response fulfilled China's requirements of being both proportional and cautious.<sup>31</sup> Yet his support to and description of the statement hit North Korea hard.<sup>32</sup> China's failure to anticipate the strength of the U.S. and Japanese reactions may have inadvertently led the North Koreans to feel they had a green light, if not protection within the UN for the launch.<sup>33</sup>

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<sup>26</sup> "Amb. Rice on U.N. Security Council's Statement on North Korea", U.S. UN Press Release, 13 April 2009; "U.N. condemns North Korea rocket launch", CNN, 13 April 2009.

<sup>27</sup> This was particularly so given that China and Russia entered negotiations with the position that the DPRK launch was not even covered by Security Council Resolution 1718. Crisis Group interviews, Beijing, April 2009.

<sup>28</sup> U.S. State Department spokesperson Robert Wood, Daily Press Briefing, 9 April 2009.

<sup>29</sup> Presidential statements are not legally binding, and U.S. State Department lawyers only consider resolutions adopted under Chapter 7 of the UN Charter, which are militarily enforceable, to be legally binding.

<sup>30</sup> Crisis Group interviews, Washington DC, June 2009; Beijing, 8 July 2009.

<sup>31</sup> UN/North Korea vote, UN iFeed, New York City, 13 April 2009, at [www.unmultimedia.org/tv/unifeed/d/12682.html](http://www.unmultimedia.org/tv/unifeed/d/12682.html); "张业遂:安理会对朝鲜发射问题应慎重适度" ["Zhang Yesui: UN response to North Korea should be proportional and cautious"], Xinhua News Agency, 13 April 2009, [www.gxnews.com.cn/staticpages/20090414/newgx49e42faf-1999126.shtml](http://www.gxnews.com.cn/staticpages/20090414/newgx49e42faf-1999126.shtml). Some officials in Beijing felt that Zhang compromised too much in the statement, thereby creating a situation in which the DPRK would overreact. Crisis Group interviews, Beijing, June-July 2009.

<sup>32</sup> Crisis Group interviews, Pyongyang, October 2009; Beijing, August 2009.

<sup>33</sup> Crisis Group interviews, Beijing, April, July and August 2009. Though Beijing had emphasised to Pyongyang that nothing reckless should be done, the DPRK saw this warning as a green light. One Chinese analyst observed that perhaps China should have taken a clearer position against the launch because the ambiguity of China's position led to it having to defend itself at the UN. Crisis Group interview, Beijing, August 2009.

## B. WITHDRAWAL FROM THE SIX-PARTY TALKS

North Korea was outraged by the strong tone of the statement in reaction to something it perceived as its legitimate right.<sup>34</sup> The day after the statement was released, Pyongyang demanded that the UN apologise and announced its permanent withdrawal from the Six-Party Talks.<sup>35</sup> Pyongyang also said that it would “boost its nuclear deterrent for self-defence in every way” and that it would convert its entire inventory of plutonium into weapons, resume operations at its Yongbyon nuclear complex, and test intercontinental ballistic missiles.<sup>36</sup> From Pyongyang’s perspective, the Six-Party Talks had become a vehicle for the five parties to pursue their own interests, engage in double standards and gang up on the DPRK.<sup>37</sup> The united reaction of the parties to the launch reinforced this view. Pyongyang was particularly dismayed by China’s and Russia’s actions and betrayal.<sup>38</sup> The DPRK disregarded China’s role in ensuring a non-binding statement over a resolution, focusing instead on the strong wording.<sup>39</sup> In addition to prompting North Korea’s withdrawal from the talks, the international community’s reaction to the satellite launch paved the way for the subsequent nuclear test.<sup>40</sup>

While Chinese diplomats had not ruled out the possibility that the DPRK would refuse to come back to the talks, they did not think that it would be permanent.<sup>41</sup> Nor did they envisage that the DPRK would restore the nuclear facilities that were in the disablement process under commitments in the second phase of the Six-Party Talks.<sup>42</sup> China considered the response incomprehensibly strong, “the toughest action North Korea has taken against the UN and the Six-Party Talks”.<sup>43</sup>

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<sup>34</sup> From Pyongyang’s perspective, the form of the statement did not matter, it focused on the harsh condemnation of an act it considered to be its sovereign right under international law. Crisis Group interview, Pyongyang, September 2009.

<sup>35</sup> “The DPRK will never participate in such Six-Party Talks nor will it be bound any longer to any agreement of the talks as they have been reduced to a platform for encroaching upon its sovereignty and forcing it to disarm itself and bringing down its system”. “DPRK foreign ministry vehemently refutes UNSC’s ‘Presidential Statement’”, KCNA, 14 April 2009. The DPRK mission in New York demanded a personal apology from U.S. ambassador to the UN Susan Rice.

<sup>36</sup> Additionally, Pyongyang again expelled inspectors from the International Atomic Energy Agency (IAEA) as well as U.S. personnel facilitating the disablement process at the reactor and associated facilities. The DPRK also announced that it would accelerate pursuit of an enriched uranium capability, a program whose existence it had long denied. For more information on North Korea’s enrichment potential, see Hui Zhang, “Assessing North Korea’s Uranium Enrichment Capabilities”, *Bulletin of the Atomic Scientists*, Web Edition, June 18, 2009, [www.thebulletin.org/node/7257](http://www.thebulletin.org/node/7257), cited in Jonathan Pollack, “Kim Jong-Il’s Clenched Fist”, *Washington Quarterly*, vol. 32, no. 4 (October 2009), p. 170.

<sup>37</sup> Crisis Group interview, Pyongyang, September 2009.

<sup>38</sup> The argument was made that a nuclear deterrent was even more necessary if China and Russia could not be counted on. Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

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<sup>41</sup> Crisis Group interview, Beijing, September 2009.

<sup>42</sup> Ibid.

<sup>43</sup> Crisis Group interview, Beijing, June 2009.

## II. CHINA DEBATES DPRK POLICY

The DPRK's withdrawal from the Six-Party Talks put China in a difficult position by stripping it of its primary process for dealing with the nuclear issue. Pyongyang's second nuclear test on 25 May appeared to strengthen the view of observers who said the DPRK was committed to building a nuclear arsenal irrespective of the Six-Party Talks. Any new strategy would require Beijing to decide how to prioritise competing interests – peace, stability and denuclearisation – which had previously been pursued in tandem through the Six-Party Talks. The situation led to a wide-ranging policy debate in China.<sup>44</sup>

Beginning in April 2009, media and policy analysts began to challenge the fundamentals of China's long-standing North Korea policy, asking whether this time Pyongyang had gone too far. The "strategists", represented mainly by American-educated scholars and liberals, argued that China should reassess its policy and work more closely with the U.S. on a coordinated and tough position.<sup>45</sup> The "traditionalists", represented by conservatives and hawkish policymakers, believed that Chinese and American interests on the Korean Peninsula were fundamentally divergent and that China should prioritise relations with its long-time ally.

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<sup>44</sup> The debate had already started after the first nuclear test in 2006. But it substantially sharpened following the provocations in 2009, when the strategist position had never been so clearly expressed.

<sup>45</sup> Since April 2009, the idea of traditionalists (传统派) and strategists (战略派) has been raised in interviews in Beijing. Suh Jae-Jean, president of the Korea Institute for National Unification, when summarising discussions by Chinese participants of an April conference in Seoul with the China Institute for International Studies (CIIS); Peking University (PKU); and the China Institute for Contemporary International Relations (CICIR) referred to the conflict between "traditionalists" and "strategists". He stated that although they shared the goal of denuclearisation, the traditionalists place more emphasis on the traditional ties between China and North Korea, insisting that denuclearisation can only be achieved through a more secure DPRK regime. He stated that the strategists hope to enhance China's international status through Six-Party Talks and cooperation with the international community, aiming to maintain world order and the leadership of the U.S. and China. "韩国: 中国不许朝鲜拥核 但对朝政策有矛盾" ["ROK: China doesn't allow a nuclear DPRK, but has internal conflicts on DPRK policy"], STNN, 15 May 2009, [www.stnn.cc/pacific\\_asia/200905/t20090515\\_1029915.html](http://www.stnn.cc/pacific_asia/200905/t20090515_1029915.html).

## A. THE STRATEGISTS

In the wake of the nuclear test, half of twenty Chinese international relations experts interviewed by *Global Times*, a newspaper with nationalist views on international affairs, expressed support for harsher sanctions against North Korea, with 70 per cent stating that the Six-Party Talks had failed.<sup>46</sup> These scholars arguing for a harder Chinese line are called "strategists" by policy circles in China, given their focus on the overall strategic mapping of China's global interests, which involves working collaboratively with the U.S.<sup>47</sup> To a certain extent, this group shares U.S. perceptions of North Korea and prioritises cooperation with the U.S. over China's relationship with North Korea.<sup>48</sup> Some scholars also argue that by failing to work more closely with Washington, Beijing may leave itself more open to the risk of the U.S. and DPRK doing a separate deal that undermines Chinese interests.

The views of the strategists are not new; some have advocated for Beijing to take a firmer stance towards North Korea for several years.<sup>49</sup> Many feel that China has consistently supported and provided assistance to North Korea, but has never received anything in return.<sup>50</sup> They saw the test as a "slap in the face of China"<sup>51</sup> which underlined the validity of their concerns. Because the test site was so close to the border, it undermined the China's security.<sup>52</sup> Furthermore, it challenged China's regional security interests, particularly if South Korea and Japan were to respond by developing offensive military capabilities. Strategists also argue that China's

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<sup>46</sup> "多名中国知名学者支持更加严厉地制裁朝鲜" ["Multiple Chinese experts in support of harsher sanctions against North Korea"], *Global Times*, 26 May 2009, <http://world.huanqiu.com/roll/2009-05/471241.html>.

<sup>47</sup> Crisis Group interview, Beijing, 21 August 2009.

<sup>48</sup> Unsurprisingly, this school is dominated by scholars who focus primarily on U.S.-China relations. Some others include Sun Zhe from Tsinghua University, Ren Xiao from Fudan University and Zhang Liangui from the Central Party School. (Zhang studied at Kim Il-sung University in Pyongyang from 1964-1968.)

<sup>49</sup> See note 44.

<sup>50</sup> Crisis Group interview, Beijing, August 2009.

<sup>51</sup> Zhu Feng, "North Korea Nuclear Test and Cornered China", PacNet, Pacific Forum CSIS, 1 June 2009, <http://csis.org/files/publication/pac0941.pdf>.

<sup>52</sup> Some Chinese experts are concerned that the nuclear test site was close to the Chinese border. "中国专家:防止朝鲜核爆愈加靠近中国是底线" ["Chinese experts: preventing the nuclear test location from approaching the Chinese border is our bottom line"], *Global Times*, 15 June 2009, <http://mil.huanqiu.com/Observation/2009-06/488500.html>.



security interests would be threatened by a North Korea that sought to become a de jure nuclear power.<sup>53</sup>

Zhang Liangui, a North Korea specialist at the International Strategic Studies Institute of the Central Party School, is representative of the strategists' position. His main arguments are that:

- China is the immediate victim of North Korea's nuclear test, which put Chinese citizens at risk given the test location's proximity to the border.<sup>54</sup>
- North Korea ignores Chinese national interests and complains about China despite receiving its aid, thus becoming a strategic and economic liability for Beijing.<sup>55</sup>
- China should use its influence (aid) to change North Korea's policy.<sup>56</sup>
- China should continue talking to the other four parties in order to exert influence over North Korea.<sup>57</sup>

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<sup>53</sup> Zhu Feng, "North Korea Nuclear Test and Cornered China", op. cit.

<sup>54</sup> Zhang Liangui expressed the following view in an interview with China Radio International: "The North Korean nuclear issue is a problem of nuclear proliferation and regional security. Additionally, it is a very imminent issue of environmental safety.... One cannot stand by and watch North Korea conduct nuclear tests in a densely populated area of East Asia. ... It is also only dozens of kilometres away from the Chinese border. Had the test resulted in an accident, the Korean nation and future generations will have no place to survive, the revitalisation of north east China will also suffer. Furthermore, the coastal areas in eastern China will be affected as well. This might be a danger which China has not faced for the past thousand years". "美压中国挑头制裁朝鲜专家称中国应动用影响力" ["U.S. presses China to lead sanctions against North Korea. Chinese expert says China should use its influence"], *World News*, 26 June 2009, <http://military.people.com.cn/GB/42969/58519/9552863.html>.

<sup>55</sup> Ibid. Zhang says: "But regarding North Korea, whatever pressure China will be under, it will still support/aid North Korea. From this perspective, China has made no impact on North Korea. North Korea even openly complained about China, in defiance of China's security interests". Though the two countries signed a treaty of friendship and mutual cooperation in 1961 which includes a security clause, the North Korean leadership has always doubted Beijing's alliance commitments. Pyongyang's faith in the alliance was shaken by Sino-American rapprochement; any lingering faith evaporated when Beijing normalised diplomatic ties with Seoul in 1992.

<sup>56</sup> Ibid. Zhang said: "I think China should link its assistance to its policy towards North Korea and make use of the leverage of this balance to exert pressure on North Korea".

<sup>57</sup> Ibid. Zhang said: "The purpose of Five-Party talks is not to exclude North Korea. Everyone welcomes North Korea's return to the table. In fact, China, the United States, Russia,

- A policy of trying to bribe Pyongyang amounts to appeasement.<sup>58</sup>

The voice of the "strategists" dominated the Chinese media immediately after North Korea's withdrawal from the Six-Party Talks and peaked after the second nuclear test on 25 May. It was nurtured by uncertainty in the Chinese government about how to react to the provocations.<sup>59</sup> A new strategy would require Beijing to choose between the two camps and decide how to prioritise competing interests (peace, stability and denuclearisation. See section below, "The Outcome"). Furthermore, many Chinese questioned the assumption – on which the Six-Party Talks were based – that North Korea's nuclear ambition was negotiable and could be renounced for the right price.<sup>60</sup>

Unsurprisingly, MOFA was the Chinese government body generally most sympathetic to many of the opinions critical of the DPRK. It is most directly involved in the Six-Party Talks and the bilateral relationship with the U.S. Diplomats are largely responsible for upholding the image of China as a rising power with growing responsibility in the world, and receive the brunt of criticism for Beijing's aid and support to North Korea. Nevertheless, the ministry's different departments have divergent interests. The Department of North American and Oceanic Affairs, Department of Asian Affairs, Office of Korean Peninsula Affairs, Delegation to the UN and Department of Arms Control all have a role to play in North Korea policy. "And they do not always agree".<sup>61</sup>

Nor is MOFA the sole decision-maker on North Korea. The People's Liberation Army (PLA) (responsible for long-standing military-to-military relations) and the Communist Party's International Liaison Department (an important actor given that many China-DPRK dealings are at a party-to-party level<sup>62</sup>) both have substantial influence

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Japan and South Korea believe that the Six-Party Talks are the best negotiation measure, but North Korea has announced its complete withdrawal. ... An important objective is to show North Korea, that even if it does not participate in the Six-Party Talks, the other five parties will still talk about this issue. This will certainly exert pressure on North Korea to change its policy and return to the negotiation table".

<sup>58</sup> According to *Southern Daily*, Zhang Liangui criticised the international community's attempts, led by the U.S., to "bribe" the DPRK through a policy of appeasement. "朝鲜退出“停战协定”以后" ["After North Korea withdraws from the truce"], *Southern Daily*, 4 June 2009, [www.nanfangdaily.com.cn/nfzm/200906040107.asp](http://www.nanfangdaily.com.cn/nfzm/200906040107.asp).

<sup>59</sup> Crisis Group interview, Beijing, May 2009.

<sup>60</sup> Crisis Group interview, Beijing, July 2009.

<sup>61</sup> Crisis Group interview, Beijing, August 2009. See note 94.

<sup>62</sup> The International Liaison Department of the Communist Party has the formal responsibility for managing party ties

on DPRK policy. And the Foreign Affairs Leading Small Group<sup>63</sup> has the ultimate decision-making authority. The splintered management of the North Korea issue creates institutional obstacles to making policy shifts and frustrates the adoption of any new policy line.<sup>64</sup>

## B. THE TRADITIONALISTS

The conservative school rose up in response to a discourse advocating what some Chinese termed the virtual abandonment of North Korea. These scholars, policy analysts and retired diplomats, several of whom served in the DPRK, remain deeply mistrustful of the West and have a zero-sum view of the stakes on the Korean peninsula. They believe that despite opportunities for cooperation, the U.S. presents the largest potential challenge to Chinese national interests. They blame Washington for lack of progress on North Korea due to its failure to engage in bilateral talks, provide sufficient security assurances to North Korea and eventually normalise bilateral relations.<sup>65</sup> They have been particularly critical of any characterisation of the China-DPRK relationship as a mere “normal bilateral relationship”,<sup>66</sup> and

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with North Korea. Crisis Group email correspondence, 20 October 2009.

<sup>63</sup>The Foreign Affairs Leading Small Group (中央外事工作领导小组) is the primary consultative body of the Chinese Communist Party for foreign policy. Chaired by Hu Jintao and comprised of senior members of the leadership, it provides a mechanism for top decision-makers to exchange views – both formally and informally – and develops recommendations for the Politburo and State Council. Lu Ning, “The Central Leadership, Supraministry Coordinating Bodies, State Council Ministries, and Party Departments”, in David M. Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform* (Stanford, 2001), pp. 45-49.

<sup>64</sup>Crisis Group email correspondence, 21 October 2009.

<sup>65</sup>Crisis Group interviews, Beijing, April, July 2009; Seoul, May 2009. Blaming the U.S. applies to Pyongyang’s recent provocations, given widespread feeling in Chinese policy circles that the Obama administration had not prioritised the DPRK issue early enough in its tenure. (See note 88.) However, it is clear that domestic imperatives rather than relations with the U.S. dictated Pyongyang’s timetable and actions. See Crisis Group Asia Report N°169, *North Korea: Getting Back to Talks*, 18 June 2009, and Crisis Group Asia Briefing N°91, *North Korea’s Missile Launch: The Risks of Overreaction*, 31 March 2009. See also Scott Snyder, “What’s driving Pyongyang?”, *Global Security*, 3 July 2009; and Jonathan Pollack, “Kim Jong-Il’s Clenched Fist”, op. cit., pp. 153-173.

<sup>66</sup>In a Ministry of Foreign Affairs Press conference of 2 June, the spokesperson said, “China and North Korea have a normal state-to-state relationship. China develops its relationship with North Korea just like it does with any other country. “2009年6月2日外交部发言人秦刚举行例行记者会” [“Foreign Ministry Spokesperson Qin Gang’s Remarks”], 2 June 2009, [www.mfa.gov.cn/chn/gxh/tyb/fyrbt/jzhsl/t565743.htm](http://www.mfa.gov.cn/chn/gxh/tyb/fyrbt/jzhsl/t565743.htm). The day

of the Security Council presidential statement, which they believe to be a condemnation of North Korea’s peaceful use of satellite technologies.

The Chinese government’s calculations have followed traditionalist lines throughout the debate. Although traditionalist voices dominate government policy thinking, they are generally restricted to internal policy discussions and not voiced publicly.<sup>67</sup> One of the most important institutions favouring a conservative approach to the DPRK is the PLA. The PLA’s traditional bonds with North Korea and its distrust of U.S. military power and intentions mean that the Chinese military has little sympathy for the “strategist” arguments.

The primary “traditionalist” arguments are:

- ❑ China and North Korea fought a war together against the U.S. The relationship – “like lips and teeth” – was built on fire and the blood of hundreds of thousands of Chinese soldiers,<sup>68</sup> so it will always be a special relationship. China cannot risk damaging the relationship with an important neighbour.<sup>69</sup>
- ❑ China has a key interest in preventing international pressure that might lead to provocative actions by Pyongyang.
- ❑ China must continue to provide aid in order to avert instability.
- ❑ North Korea, as a buffer zone between the U.S. presence on the Korean peninsula and Chinese territory, is a strategic asset, not a strategic liability.<sup>70</sup>

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after the nuclear test, ROK Defense Minister Lee Sang-hee met Chinese Defence Minister Liang Guanglie in Beijing. At that meeting, Liang reportedly said that China does not have a “special relationship” with North Korea, but “normal relations”. Crisis Group interview, Seoul, 1 October 2009.

<sup>67</sup>Crisis Group interviews, Beijing, June-July 2009.

<sup>68</sup>The exact number of Chinese and North Korean casualties during Korean War has always been debated. The numbers declared by the Chinese defence ministry and by the UN are drastically different. In October 2009, Chinese Premier Wen Jiabao referred to “hundreds of thousands” Chinese casualties and 130,000 Chinese soldiers buried in North Korea during his visit of the People’s Volunteer Army Cemetery in Pyongyang, “温家宝凭吊阵亡志愿军将士：中国人民没有忘记你们” [“Wen Jiabao paid visit to People’s Volunteer Army Cemetery: Chinese people have not forgotten you”], Phoenix TV, 5 October 2009, [http://news.ifeng.com/mainland/special/wenjiabaofangchao/news/200910/1005\\_8202\\_1376953.shtml](http://news.ifeng.com/mainland/special/wenjiabaofangchao/news/200910/1005_8202_1376953.shtml).

<sup>69</sup>During China’s Sixtieth Anniversary Parade on 1 October 2009, one of the units was proudly referred to as one that had fought in the battle of Heartbreak Ridge, a month-long battle (September-October 1951) that was one of the bloodiest during the Korean War. Both sides suffered high casualties, reportedly over 30,700 Americans and French and an estimated 25,000 North Koreans and Chinese.

<sup>70</sup>Crisis Group interview, Beijing, June 2009.

## C. PUBLIC OPINION

The reaction of the Chinese public has been mixed. Many writers on the internet have expressed traditionalist views, some even applauding the nuclear test.<sup>71</sup> Chinese public perception about North Korea has been shaped by years of favourable Chinese media coverage of the two countries' friendship.<sup>72</sup> This has led to a sentimental public perception of North Korea largely rooted in the past, particularly among older generations. According to one Chinese analyst, it also prevents the Chinese public from grasping the dire economic circumstances or the complex political situation in North Korea.<sup>73</sup>

At the same time, many negative views of the DPRK have also been expressed.<sup>74</sup> Younger generations who do not remember the Korean War have expressed exasperation with North Korea's antics, saying that if North Korea implements a policy that is "wrong" or against China's core interests, then strong measures should be taken, including sanctions.<sup>75</sup> Chinese journalists have privately stated that even though the usual media reports about the traditional friendship between China and the DPRK have been discounted, public sentiment is more critical than what is reported.<sup>76</sup> Many of those expressing opinions on the internet are assertive nationalists, with elements of both schools' thinking: they do not see the U.S. as a potential partner but nor do they want China to be pushed around by the DPRK. They view any crisis as an opportunity to increase China's leverage over other countries and its influence in the UN and

other international institutions.<sup>77</sup> During the height of the global financial crisis, this group was particularly vocal and influential. While the public debate suggests a rethinking of China's approach to North Korea, most observers agree that the policy impact remains limited.<sup>78</sup>

## D. THE OUTCOME

The public debate between the strategists and the traditionalists, unprecedented in scale, led many analysts in the U.S. and other countries to interpret it as evidence that China was finally getting tough on North Korea.<sup>79</sup> While the debate has prepared the ground for possible future changes in policy, for the time being China's overriding interest in peace and stability on the Korean peninsula continues to trump its interest in denuclearisation and non-proliferation.<sup>80</sup>

After the April launch and the second nuclear test, Chinese policymakers came to question whether Pyongyang's desire for nuclear weapon capability and international recognition as a nuclear power were negotiable.<sup>81</sup> This put China's basic interests of stability and denuclearisation in conflict with each other. According to Beijing's calculations, if North Korea's nuclear ambitions were not negotiable, pressure would likely provoke Pyongyang to take more dangerous steps, jeopardising China's more fundamental interests in regional peace and stability. While strategists (and many Western analysts) see denuclearisation as a precondition for peace and stability, conversely, traditionalists believe peace and stability are preconditions for denuclearisation.<sup>82</sup> Given

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<sup>71</sup> Some popular opinions include: "The North Korean nuclear test will win North Korea all the things it has been asking for. China will cooperate for North Korea to get those things and in the end, brings it back to negotiation table. – Good strategy!" <http://bbs.sports.sina.com.cn/thread-4-0/table-149835-3301.html>, 27 May 2009; "North Korea slapped the U.S. in the face with the nuclear test", [www.xoyue.com/viewthread-5239.html](http://www.xoyue.com/viewthread-5239.html), 1 June 2009; "Be aware of the conspiracy of ROK to develop nuclear capacity after the test! Koreans and Japanese are running everywhere to lobby for nuclear weapons", [http://bbs.koubei.com/thread\\_165\\_10170\\_1.html](http://bbs.koubei.com/thread_165_10170_1.html), 16 June 2009.

<sup>72</sup> Crisis Group interview, Beijing, September 2009.

<sup>73</sup> Ibid. The interviewee also indicated that China's overwhelming solidarity toward North Korea since the 1950s and 1960s means that much of the public, especially China's older generation, would not understand or support a change in China's policy.

<sup>74</sup> Crisis Group interview, Beijing, August 2009.

<sup>75</sup> Members of this group, when queried about whether they would like to go to North Korea, retort, "Why would I want to go there? Most Chinese who go say it reminds them of what China used to be like not all that long ago. So why wander back in time?" Crisis Group interview, Beijing, October 2009.

<sup>76</sup> Crisis Group interviews, Beijing, August 2009.

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<sup>77</sup> "The Korean nuclear test is only a game among big powers. This is China's best opportunity to negotiate with the U.S. on issues like Central Asia, Pakistan, the South China Sea and Tibet. China should use the opportunity well". <http://bbs.qxnzx.com/viewthread.php?tid=144793>, 20 June 2009.

<sup>78</sup> Scott Snyder, "China-Korea Relations: China's Nuclear North Korea Fever", *Comparative Connections*, October 2009.

<sup>79</sup> Crisis Group interviews, Washington DC, 22-26 June 2009. "After all, the conventional wisdom in U.S. foreign policy circles is that the Chinese leadership is increasingly angry with Pyongyang in the wake of its recent provocations and that Beijing is willing and able to use its leverage to pressure Pyongyang to give up its nuclear weapons program". Adam P. Liff, "U.S. Policy toward North Korea: The China Fallacy", *Pacific Forum of the Centre for Strategic and International Studies*, PacNet #67, 8 October 2009.

<sup>80</sup> Crisis Group interview, Beijing, August 2009.

<sup>81</sup> Zhu Feng, "North Korea Nuclear Test and Cornered China", op. cit.; Adam P. Liff, "U.S. Policy toward North Korea: The China Fallacy", op. cit.

<sup>82</sup> Without viable peace (in the sense of diplomatic normalisation between U.S. and DPRK) and stability (in the form of a U.S. security assurance), traditionalists believe that the DPRK will never give up its nuclear capabilities. Peace and stability

its overriding aversion to instability, Beijing prefers the traditional approach.<sup>83</sup> Chinese policymakers readily acknowledge the gap in priorities between the U.S. and China.<sup>84</sup> Further to the gap in priorities is a differing conception of the relationship between denuclearisation and stability. China sees a minimal relationship, whereas the U.S. and its allies see the former as inimical to the latter.

A policy discussion held at the highest level resulted in the decision to follow the traditional course. During Foreign Minister Yang Jiechi's meeting with U.S. Deputy Secretary of State James Steinberg on 5 June in Beijing, Yang made it clear that there would be no policy shift on North Korea.<sup>85</sup> While some had cited the cancellation of a 30 May trip to the DPRK by Chen Zhili, Vice Chair of the National People's Congress, as a sign of a shift, the move was a tactical gesture to relieve international pressure.<sup>86</sup> The decision to follow the mainstream approach for the time being is reinforced by the widely held assumption that North Korea's internal political dynamics drove the provocations.<sup>87</sup> It is also possible that the transition to the new

administration and Obama's approach has influenced Chinese policy development on this issue. The Chinese have remarked that the DPRK has ranked lower on the U.S.-China agenda in the Obama administration than it did during the Bush administration.<sup>88</sup>

Chinese policymakers traditionally are risk averse, avoiding substantial deviation from previous approaches and falling back on a wait-and-see attitude; any lack of clarity on a given situation is an additional reason for inaction.<sup>89</sup> Because no bureau or individual wants to be responsible for an escalation in tensions or conflict that might follow a policy change, senior political leaders are generally unwilling to risk suggesting such a departure. Therefore, any changes in Chinese perceptions of North Korea encounter significant difficulty in being translated into decisive action. Furthermore, while Chinese policymakers feel proud of their country's growing influence, they are also intensely wary of being saddled with excessive expectations.<sup>90</sup> North Korea is one issue where the potential burden of excessive expectations is felt acutely.

The mainstream approach being pursued by Beijing now is based on a deliberate effort to separate the DPRK bilateral relationship from the nuclear issue. This strategy is the result of lessons learned after 2006, when China merged the two and ended up poisoning the bilateral relationship.<sup>91</sup> Beijing now perceives the nuclear issue as a separate and long-term endeavour for which the U.S. is primarily responsible. This approach, reinforced by the visit of former U.S. President Bill Clinton to North Korea and the release of the two U.S. journalists who had been imprisoned in North Korea since March, allows China to continue to pursue a strengthened relationship with North Korea (as seen during Wen Jiabao's visit, see Section V), while waiting for any progress on the nuclear issue that might result from U.S.-DPRK bilateral talks. With regard to the latter, China is happy to

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are therefore seen as preconditions for them to give up their nuclear weapons. Furthermore, because these analysts dismiss or discount the possibility of negotiation, they believe it is impossible to pursue denuclearisation effectively without jeopardising peace and stability. Crisis Group interviews, Beijing, October 2009.

<sup>83</sup> Beijing does not consider a nuclear North Korea to be necessarily unstable. But an unstable North Korea will undoubtedly hurt China's interests. Crisis Group interviews, Beijing, July 2009.

<sup>84</sup> "If there is a contingency in the DPRK, the U.S. can simply send their marines here, but for China, we will face a massive problem involving huge criticism from the international community and a hostile relationship with the DPRK". Crisis Group interview, Beijing, October 2009. According to another analyst, "China and the U.S. agree on the need for the denuclearisation of the Korean Peninsula. But their goals differ. China wants a stable neighbourhood environment. The U.S. wants to safeguard its strategic interest in the Asia Pacific region. So, their goals differ, but what they want to see to achieve that goal in the Korean Peninsula is the same: demilitarisation. But I still want to emphasise that the U.S. and China have a serious difference in terms of their ultimate posture on the Korean Peninsula". Crisis Group email correspondence, 21 October 2009.

<sup>85</sup> "杨洁篪称中国对朝政策不会作出重大调整" ["Yang Jiechi: China will not make any major change to its DPRK policy"], *Jiefang Daily*, 6 June 2009, [http://old.jfdaily.com/news/xwggj/200906/t20090606\\_663851.htm](http://old.jfdaily.com/news/xwggj/200906/t20090606_663851.htm).

<sup>86</sup> Crisis Group interview, Beijing June 2009.

<sup>87</sup> Crisis Group interviews, Beijing, July-August 2009. According to one Chinese analyst, "creating a sense of external crisis serves to stimulate hostile perceptions of the external environment, building national morale. North Korea needs stability for a successful succession, and nuclear provocation

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is the only way for the country to ensure its security". Crisis Group interview, Beijing, July 2009.

<sup>88</sup> Chinese analysts remarked in several interviews that the Obama administration failed to prioritise the issue until North Korea's string of provocations. They also noted the meagre level of support and attention paid to the U.S. envoy on North Korea compared to the envoys on the Middle East and Afghanistan and Pakistan. Diplomats in Seoul made similar remarks. Crisis Group interviews, Beijing, April, July 2009; Seoul, May 2009.

<sup>89</sup> *Ibid.*

<sup>90</sup> Crisis Group interviews, Beijing, August-September 2009.

<sup>91</sup> "In 2007, China saw the nuclear issue as a big one that would affect everything, bilateral relations included. Since Tibet last year and Xinjiang this year, people's views on this have somewhat changed". Crisis Group interview, Beijing, October 2009.

“play a coordination role, but not much more than that”.<sup>92</sup> China nevertheless receives accolades from the U.S. for its cooperation and coordination, for example, when Assistant Secretary of State Kurt Campbell said that he had “rarely seen better coordination between China and the United States”.<sup>93</sup> At the same time Beijing has managed to boost its relationship with the DPRK. Chinese diplomats justifiably see this as a testament to the success of their approach.<sup>94</sup>

The public debate reflected a sophisticated media strategy on the government's part and a change of approach. Beijing generally does not allow discussion of its North Korea policy.<sup>95</sup> Encouraging more voices and allowing

scholars greater freedom to talk critically about the issue is a clear departure. Analysts were quite surprised, for example, by the publication of the *Global Times* survey on DPRK policy, seeing this as a signal to the public that there could be a future shift in DPRK policy.<sup>96</sup> In the meantime, Beijing has satisfied foreign audiences with reports of frustration towards the DPRK. The diversity of critical opinion was positively noted in several Western capitals,<sup>97</sup> serving to massage China's image abroad. At the same time, allowing the debate to go public sent a signal to the North Koreans.<sup>98</sup>

The overall impact of the debate on DPRK policy is still unfolding. Other public debates on foreign policy quandaries, such as Japan, eventually paved the way to real policy changes.<sup>99</sup> A policymaker noted that despite the lack of a major policy change to date, minor adjustments have taken place in policymakers' analysis, creating space for possible adjustments in the future.<sup>100</sup>

Some slight DPRK policy shifts are already discernible, and could become increasingly important over time. China has begun to downplay the centrality of the Six-Party Talks<sup>101</sup> and encouraged the U.S. to open up dialogue with the DPRK. Beijing has altered the vocabulary of the bilateral relationship, moving from a description of the relationship as “close as lips and teeth”, to a normal “state to state” relationship.<sup>102</sup> It supported back-to-back Security Council initiatives. It has allowed freer discussion of North Korea succession scenarios domestically, which previously was seen as taboo. Such in-

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<sup>92</sup> Crisis Group interview, Beijing, October 2009.

<sup>93</sup> Diplomats on both sides attest to high level of communication and coordination on the DPRK, which they assert is strengthening the bilateral relationship. (Both sides have also been giving each other quiet assurances on a number of hard security issues outside of North Korea.) This contrasts starkly with past periods when China did not feel adequately informed or consulted, notably when the U.S. had bilateral contacts with North Korea in Berlin in January 2007 and in Singapore in April 2008. China was also upset to learn that the DPRK had reportedly communicated to the U.S. on one occasion that it aspired to be the “Israel of East Asia”. Crisis Group interviews, Washington DC, May 2009; Beijing, August-October 2009. According to Kurt Campbell, “We work very closely before, during and after senior visits”, citing among other instances Wen Jiabao's visit. “There is a virtually unprecedented acceptance of basic goals and ambitions associated with the Six-Party Talks and negotiations with North Korea.... I think the coordination has been quite deep and I expect that to continue in the future. The alignment in views ... has been rather deeply reassuring”. U.S. Department of State, press conference in Beijing, China, Kurt M. Campbell, Assistant Secretary, Bureau of East Asian and Pacific Affairs, 14 October 2009. Ambassador Steven Bosworth said on 28 September that the US was “working closely in contact with [the Chinese]”. Interview with Steven Bosworth in Jonas Parelló-Plesner, “North Korea – the US still caught between speaking with the enemy and listening to allies”, *East Asia Forum*, 28 September 2009. [www.eastasiaforum.org/2009/09/28/nk-us-caught-between-enemy-and-allies/](http://www.eastasiaforum.org/2009/09/28/nk-us-caught-between-enemy-and-allies/). See also note 129.

<sup>94</sup> Maintaining the bilateral relationship with the U.S. is the responsibility of the MOFA's Department of North American and Oceanic Affairs, while maintaining the relationship with the DPRK is the responsibility of the MOFA's Korean Peninsula Affairs Office. “Their jobs are somewhat opposed, but both have to do their job perfectly”. Crisis Group interview, Beijing, October 2009.

<sup>95</sup> In 2004, China shut down *Strategy and Management*, a PLA journal, because it published an article openly critical of the North Korean government. According to Xinhua: “The article (it published) was at odds with China's foreign policy propaganda and was shut down.... For Chinese media, staying away from the mines and ensuring its own security is always top priority”. “Ten unfortunate deaths of Chinese media

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in 2004”, *Media China*, 12 September 2005, [http://news.xinhuanet.com/newmedia/2005-09/12/content\\_3478853.htm](http://news.xinhuanet.com/newmedia/2005-09/12/content_3478853.htm).

<sup>96</sup> Crisis Group interview, Beijing, August 2009.

<sup>97</sup> Crisis Group interviews, Washington DC, July 2009; Western diplomats, Beijing, July and August 2009.

<sup>98</sup> According to a former Western diplomat with ongoing contacts with North Korean diplomats, the North Koreans are aware of all of this, and have been noting the drift in China's approach for several years. North Korean diplomats have spoken in contemptuous terms about the reliability of China. Crisis Group email correspondence, 26 October 2009.

<sup>99</sup> A remarkably open debate took place on Japan policy in 2003 following the publication of provocative articles by Ma Licheng and Shi Yinhong in 2002. For more information, see Peter Gries, “China's ‘New Thinking on Japan’”, paper presented at the annual meeting of the International Studies Association, Honolulu, Hawaii, 5 March 2005.

<sup>100</sup> He added, “China is still weighing all the considerations. Before it is sorted out, China's policy will stay where it is”. Crisis Group interview, Beijing, August 2009.

<sup>101</sup> See Alan Romberg, “China and North Korea”, paper for the project “Improving Regional Security and Denuclearizing the Korean Peninsula: U.S. Policy Interests and Options”, October 2009, available at: [www.ncnk.org/resources/publications/Romberg\\_China\\_and%20North\\_Korea\\_10-09.pdf](http://www.ncnk.org/resources/publications/Romberg_China_and%20North_Korea_10-09.pdf).

<sup>102</sup> See note 66.

creased Chinese willingness to engage in off-the-record conversations about different futures for the Korean Peninsula, including a future that involves a unified Peninsula with a minimal U.S. troop presence, suggest that in time “strategists” may gain strength.<sup>103</sup> More interestingly, when asked about whether the Treaty of Friendship Cooperation and Mutual Assistance between the People’s Republic of China and the Democratic People’s Republic of Korea was still valid after the second nuclear test, a MOFA spokesman shunned the question and focused on “resolving conflict through dialogue” instead, raising suspicion as to whether China was already considering a change in the treaty.<sup>104</sup> All of these steps have laid the foundation for future changes and provided the government with more policy options going forward.

### III. THE SECOND NUCLEAR TEST

At the peak of this policy debate, North Korea conducted a nuclear test on 25 May 2009, its second since October 2006.<sup>105</sup> The initial response to the test revealed a dismayed China pulled in different directions by competing priorities. Beijing released a statement almost identical to the statement of unprecedented sternness released in the wake of the 2006 nuclear test. The only difference was the omission of the word “brazen” – a deliberate toning down after Pyongyang’s reaction to the 2006 statement sent bilateral relations into an all time low.<sup>106</sup> The fact that the statements were almost identical indicated a lack of new ideas. Beijing resorted to its routine foreign affairs lexicon and called upon parties to “respond in a calm and appropriate manner and persist in solving the problems through consultations and dialogue”.<sup>107</sup>

The test placed China in an awkward position. As the host of the Six-Party Talks and Pyongyang’s patron, Beijing faced significant criticism from the U.S. and its allies for not using its leverage to pressure North Korea. Policymakers in Beijing were also embarrassed they were unable to do anything about such a provocation right on their border.<sup>108</sup>

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<sup>105</sup> See Crisis Group Report, *North Korea: Getting Back to Talks*, op. cit., p. 5. The provisional secretariat of the Comprehensive Nuclear Test Ban Treaty Organization (CTBTO) announced that its international monitoring system observed the nuclear test successfully. The detected seismic event reached 4.52 on the Richter scale. “CTBTO’s initial findings on the DPRK’s 2009 announced nuclear test”, press release, 25 May 2009.

<sup>106</sup> The word 悍然 (*hanran*) or “brazen” is an adjective that Beijing generally reserves for the actions of perceived enemies. The 2009 statement read: “On 25 May 2009, the DPRK conducted another nuclear test in disregard of the common opposition of the international community. The Chinese Government is firmly opposed to this act.... To bring about denuclearisation of the Korean Peninsula, oppose nuclear proliferation and safeguard peace and stability in Northeast Asia is the firm and consistent stand of the Chinese Government. China strongly urges the DPRK to honour its commitment to denuclearisation, stop relevant moves that may further worsen the situation and return to the Six-Party Talks”. Foreign Ministry spokesperson Ma Zhaoxu’s regular press conference, MOFA, 26 May 2009, [www.fmprc.gov.cn/eng/xwfw/s2510/t564893.htm](http://www.fmprc.gov.cn/eng/xwfw/s2510/t564893.htm).

<sup>107</sup> “Chinese government ‘resolutely opposes’ DPRK’s nuclear test”, Xinhua, 25 May 2009, [http://news.xinhuanet.com/english/2009-05/25/content\\_11433096.htm](http://news.xinhuanet.com/english/2009-05/25/content_11433096.htm).

<sup>108</sup> The embarrassment of the 2009 test contrasted with the loss of face felt by Beijing after the 2006 nuclear test because on that occasion China had publicly requested that the DPRK not undertake the test. This may be one reason why China

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<sup>103</sup> Crisis Group email correspondence, 25 October 2009.

<sup>104</sup> “2009年6月9日外交部发言人秦刚举行例行记者会” [“Regular press conference by MOFA spokesman Qin Gang”], 9 June 2009. PRC lawyers are reportedly taking a “careful look” at the treaty to find ways of eliminating the automaticity of the security and military commitments in a way that would not overly anger the DPRK. Crisis Group email correspondence, 26 October 2009.

## A. RESOLUTION 1874

### 1. Negotiations

At an emergency meeting called at Japan's request, the UN Security Council issued a non-binding statement that condemned the nuclear test as a clear violation of Security Council resolutions and said it would begin work immediately on a new, legally binding resolution.<sup>109</sup> After eighteen days of negotiations, Resolution 1874 condemned the 25 May nuclear test and demanded that North Korea not conduct additional nuclear tests or launches using ballistic missile technology. New elements additional to those in earlier resolutions on North Korea include a prohibition on all arms exports from North Korea, a new framework for national authorities to inspect DPRK ships, and financial sanctions against DPRK entities as designated by the sanctions committee.<sup>110</sup>

China's dilemma in the Security Council was that while excessive sanctions could cause a North Korean economic collapse and/or further provocation, weak sanctions could lead the U.S. and its allies to take measures outside of the UN.<sup>111</sup> (China was vocal at that time about its concerns with the Proliferation Security Initiative.<sup>112</sup>) Beijing felt cornered on the resolution, underestimating

the quick and forceful reaction of the U.S. at the Security Council that left it isolated when the UK, Japan and South Korea joined in support of a strong resolution.<sup>113</sup> While in the past, China had been able to exploit differences between South Korea, Japan and the U.S., on this occasion the Obama administration skilfully tied its allies up in a close network, making it impossible for China and Russia not to join international efforts.<sup>114</sup> Another factor in Beijing's calculations was its desire to improve relations with the U.S. Just as the test occurred, Beijing was preparing for the first round of the Strategic and Economic Dialogue with the Obama administration,<sup>115</sup> making the provocation very ill-timed.<sup>116</sup>

While agreeing to a strong tone and robust sanctions, Beijing ensured carve-outs to protect its fundamental interests (see below). Insisting that only political engagement and dialogue could bring about positive change,<sup>117</sup> Beijing asserted that the sole purpose of sanctions was to bring the DPRK back to negotiations.<sup>118</sup> It inserted a clause stating that sanctions would be reviewed when North Korea returned to negotiations.<sup>119</sup> According to a Chinese scholar, "Unlike the U.S. which has focused solely on 'consequences' or 'punishment', China emphasises the need to give North Korea a way out if it complies".<sup>120</sup> Chinese policymakers believe sanctions will only

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did not engage in similar public representations this time. Crisis Group interviews, Beijing, July 2009.

<sup>109</sup>"UN Security Council condemns North Korea nuclear test", Reuters, 25 May 2009.

<sup>110</sup>U.N. Security Council Resolution 1874, S/RES/1874, 12 June 2009. These tools, such as a panel of experts to monitor implementation, are usually used by sanctions regimes. Western diplomats pointed to the similarity in language and style to Iranian sanctions resolutions suggesting that this was somehow deliberate. It also implies that this package is as strong as any other UN sanctions package. Crisis Group interviews, New York, 23-24 July 2009.

<sup>111</sup>Crisis Group interviews, Beijing, June-July 2009.

<sup>112</sup>The Proliferation Security Initiative (PSI) is a U.S.-led multinational initiative that seeks to interdict illicit shipments of weapons of mass destruction (WMD) or WMD-related materials. The PSI has over 90 member nations, but China has not joined. According to a Chinese foreign ministry spokesperson: "China understands the concerns over proliferation of the participating countries of PSI and agrees with the mission of PSI on non-proliferation. However, PSI has not excluded the possibility to take actions outside the framework of international law. The international community, including China, remains concerned on this point". MOFA press conference, 2 June 2009. For information on the PSI, see "Proliferation Security Initiative (PSI)", *Inventory of International Nonproliferation Organizations and Regimes*, James Martin Center for Nonproliferation Studies, <http://cns.miis.edu/inventory/pdfs/psi.pdf>; "The Proliferation Security Initiative (PSI) At a Glance", Arms Control Association Factsheet, October 2007, [www.armscontrol.org/factsheets/PSI](http://www.armscontrol.org/factsheets/PSI).

<sup>113</sup>Crisis Group interviews, Beijing, July 2009.

<sup>114</sup>Crisis Group interview, Washington DC, 25 June 2009.

<sup>115</sup>The first round of Strategic and Economic Dialogue was scheduled to open in late July. Regarding it as the most prominent platform for bilateral diplomacy aside from summit meetings, Beijing did not want any circumstances to disrupt the "harmonious atmosphere" of the talks.

<sup>116</sup>Crisis Group interviews, Beijing, June 2009.

<sup>117</sup>Crisis Group interview, New York, June 2009.

<sup>118</sup>Crisis Group interview, New York, June 2009. At a foreign ministry press conference, MOFA spokesperson Qin Gang emphasised that, "Sanctions are not the end of UNSC actions. Political and diplomatic methods are the only correct path to solve related problems of the Korean peninsula". MOFA press conference, 13 June 2009, [www.hbwh.net/html/2009/06/201033183793.htm](http://www.hbwh.net/html/2009/06/201033183793.htm).

<sup>119</sup>Beijing had insisted on the inclusion of a similar clause in prior resolutions. The relevant paragraph of the resolution reads that the Security Council "affirms that it shall keep the DPRK's actions under continuous review and that it shall be prepared to review the appropriateness of the measures contained in paragraph 8 of resolution 1718 (2006) and relevant paragraphs of this resolution, including the strengthening, modification, suspension or lifting of the measures, as may be needed at that time in light of the DPRK's compliance with relevant provisions of resolution 1718 (2006) and this resolution", UN Security Council Statement, SC/9679, 12 June 2009.

<sup>120</sup>Crisis Group interview, Beijing, 21 July 2009. A Chinese diplomat told Crisis Group with regard to sanctions, "China is already taking more responsibilities than it ever has in the past. Asking more is only going to be rejected. We cannot com-

harm the North Korean population which has already endured famine and extreme economic deprivation.<sup>121</sup> This position is consistent with Beijing's antipathy to sanctions – whether unilateral or multilateral.<sup>122</sup>

## 2. Loopholes

For Beijing, supporting a measured sanctions regime that targets North Korea's nuclear and missile programs (as opposed to civilian sectors), did not represent a significant change in the status quo. Chinese diplomats ensured the wording of the sanctions clauses was ambiguous regarding the requirement of states to take action.<sup>123</sup> Most importantly, the resolution does not authorise the use of force in its implementation. Nor does it block or impact international humanitarian aid.<sup>124</sup> Beijing also knew that it was well-placed to influence recruitment of the panel of experts established by the resolution, and successfully prevented the sanctions committee from targeting the top DPRK leadership.

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pare China with the U.S., we need to compare China today with China in the past". Crisis Group interview, August 2009.

<sup>121</sup> For more information on Chinese views of sanctions on the DPRK, see Crisis Group Report, *China and North Korea: Comrades Forever?*, op. cit., p. 20.

<sup>122</sup> Beijing's dislike of sanctions partially derives from its experience of being the object of sanctions imposed by the USSR in the 1960s because of its nuclear program, by the U.S. until the 1970s, by the West after 1989, and in the 1990s for missile sales to Pakistan. Beijing believes sanctions are a product of power politics to force countries to submit to the will of more powerful others. They are also seen as a serious violation of the principle of non-interference, which has long been a key theme of China's foreign relations since the "Five Principles of Peaceful Coexistence" (和平共处五项原则) of the 1950s which were central to critiques of Soviet intervention in Eastern Europe during the Cold War and of the U.S.-led NATO intervention in the former Yugoslavia, which China denounced as "hegemonist". See Crisis Group Reports, *China's Thirst for Oil* and *China's Growing Role in UN Peacekeeping*, both op. cit.; and Asia Report N°177, *China's Myanmar Dilemma*, 14 September 2009.

<sup>123</sup> On inspections for example, the U.S. was hoping for binding Chapter 7 language in cases of suspicious cargo. China objected to an obligation on inspections. While not as strong as Western members hoped for, it was acceptable – to the U.S. and others – given the provisions obliging reporting and redirecting of suspicious cargo that is not inspected (operative paragraphs 13, 15 and 16 of SCR 1874). On paragraph 17, Western diplomats believe the strong language on bunkering was indeed an "unprecedented" step for China. However, bunkering, as opposed to inspections, is easier for China to accept as it is more passive in that it only requires them to refrain from doing something. It is possible that this was a trade-off for the non-binding inspections. Crisis Group interviews, New York, 21, 23 and 24 July 2009.

<sup>124</sup> See Article 19 of UN Security Council Resolution 1784, S/RES/1784 (2009), June 12, 2009.

Beijing realises that it must be seen to be implementing sanctions in order to uphold its credibility as a permanent member of the Security Council, to prevent damage to its international image and to maintain good relations with the U.S. It has stated its commitment to implementing Resolution 1874 faithfully,<sup>125</sup> and publicised subsequent reports attesting to this. Chinese officials played up July press reports about the seizure of 70kg of vanadium metal en route to the DPRK by border police in Dandong, considering it a public relations success.<sup>126</sup> Around the same time, a Chinese investment company abruptly suspended a joint mining project with a North Korean firm that was targeted by Resolution 1874.<sup>127</sup> Beijing also agreed for the first time to punish senior DPRK government officials by supporting a travel ban and asset freeze.<sup>128</sup> Chinese cooperation with the U.S. in 1874 implementation has been praised by U.S. officials.<sup>129</sup> And Chinese policymakers were relieved by reports starting in July of a DPRK-ROK rapprochement, as it eased the pressure on China to implement sanctions.<sup>130</sup>

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<sup>125</sup> "Joint Press Release on the First Round of the U.S.-China Strategic and Economic Dialogue", Bureau of Public Affairs, Office of the Spokesman, Department of State, 28 July 2009.

<sup>126</sup> Vanadium is alloyed with steel to make missile casings, as well as high-speed machine tools, superconducting magnets and jet engines. "China seizes smuggled metal bound for North Korea", Reuters, 28 July 2009; Peng Kuang and Fu Jing, "UN sanctions against North Korea working: experts", *China Daily*, 1 August 2009.

<sup>127</sup> Zhongkuang International Investment signed a deal with the [North] Korean Mining and Development Trading Corporation, or KOMID, in 2006 to develop a bronze mine in the North and commissioned NHI Shenyang Mining Machinery, another Chinese company, to build facilities for the mine. The investment company, however, sent a letter to NHI in July demanding it stop construction of the facilities, citing unidentified Chinese steel industry officials. The investment firm reportedly told NHI that it could not disclose reasons for the suspension. "UN sanctions halt China North Korea mining deal", Associated Press, 30 July 2009.

<sup>128</sup> "China agrees to sanction of North Korea officials", Bloomberg, 13 July 2009.

<sup>129</sup> Philip Goldberg, Coordinator for the implementation of UN Security Council Resolution 1874, stated of Chinese cooperation: "We are working very cooperatively. We exchange information. They have taken measures as have other members of the Sanctions Committee, which represents the current membership of the Security Council, to implement the resolutions. And so what we need to do is make sure that that continues". Philip Goldberg, U.S. Coordinator for Implementation of UNSC Resolution 1874, press conference, Beijing, 20 October 2009. See also note 20.

<sup>130</sup> Crisis Group interviews, Beijing, August 2009. As early as July, Chinese scholars noticed a South Korean press report that suggested the Lee Myung-bak government was repackaging its offer of large-scale economic assistance to North



Yet isolated reports of sanctions implementation and better coordination and information-sharing with the U.S. do not amount to a shift in policy.<sup>131</sup> China ensured several loopholes in Resolution 1874 to protect its interests. It also plays a crucial role in determining when and how implementation occurs.<sup>132</sup> For example, Resolution 1874 calls on member states to inspect suspicious ships on the high seas and destroy all banned cargo if they have reasonable grounds to suspect a sanctions violation (paragraph 11). However, paragraphs 12 and 13 require the consent of the nation represented by the ship's flag. If consent is granted, the ship is to proceed to port for inspection.<sup>133</sup> While the DPRK certainly would not grant such consent, its ships are subject to inspection regardless of consent if they leave the high seas and enter foreign ports. In the case of a Chinese port, according to a PLA general, "if China is provided with evidence in advance, it is likely to quietly request that the DPRK recall the vessel".<sup>134</sup> With these two conditions in the inspection clause, some Chinese analysts have said that the resolution is a "tiger without its teeth and claws".<sup>135</sup>

Nor is Beijing particularly worried about the 1874 sanctions committee's designation of eight North Korean entities and five individuals believed to be involved in the DPRK's nuclear or ballistic missile programs. Some experts have noted that the companies will simply reconstitute themselves as new shell or front companies and continue operations.<sup>136</sup> The sanctions targeting individu-

als, rare for China to allow,<sup>137</sup> are seen as symbolic and unlikely to have any real impact. Chinese officials noted, "It is not helpful to corner anyone; that does not produce positive results".<sup>138</sup> However, one Chinese analyst observed the sanctions were futile, "These people [those targeted by sanctions] will never be allowed to step out of North Korea and have no overseas assets".<sup>139</sup> For the sanctions to be effective, the financial intermediaries serving these companies and individuals, some of which are in China, and North Korea's customers, would have to be targeted.<sup>140</sup>

But China eschews the utility of trade or financial sanctions for a number of reasons. More than 70 per cent of the DPRK's foreign trade is with China.<sup>141</sup> Cross-border trade reached \$2.79 billion in 2008,<sup>142</sup> an increase of 41.2 per cent over the previous year.<sup>143</sup> Financial pressure, especially applied by China, is probably the most powerful form of leverage over North Korea, but Beijing is very reluctant to use it. Chinese financial institutions and commercial entities are the most closely involved with North Korea's international transactions. According to a Chinese expert, Beijing may consider reducing hard currency transactions with North Korea in the case of a further deterioration of the situation, but is unlikely to declare such actions publicly.<sup>144</sup> Meanwhile, China stopped publicly issuing trade data about North Korea, veiling potentially sensitive numbers.<sup>145</sup> Washington and Beijing have been engaged in discussions on how to apply separate, more extensive restric-

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Korea in return for denuclearisation. At that time, Chinese scholars remarked to a prominent South Korean counterpart, "Since the ROK is now going to implement positive inducements, China won't have to impose sanctions". Crisis Group interview, Seoul, 1 October 2009.

<sup>131</sup> Crisis Group interviews, Beijing, August 2009.

<sup>132</sup> Crisis Group interview, Beijing, July 2009.

<sup>133</sup> The resolution states that the flag state "shall direct the vessel to proceed to an appropriate and convenient port for the required inspection by the local authorities pursuant to paragraph 11". "Security Council, acting unanimously, condemns in strongest terms Democratic People's Republic of Korea nuclear test, toughens sanctions", Security Council statement, SC/9679, 12 June 2009.

<sup>134</sup> Crisis Group interview, Beijing, July 2009. At a later meeting when a South Korean analyst asked several Chinese scholars and officials, "Why not cut off oil supplies to North Korea?" they replied, "China will do no more, and no less than what is required under UNSCR 1874". Crisis Group interview, Seoul, 1 October 2009.

<sup>135</sup> Crisis Group interview, Beijing, July 2009.

<sup>136</sup> John Hailprin, "UN panel issues new sanctions against North Korea over nuclear and ballistic missile tests", 16 June 2009, at <http://blog.taragana.com/n/un-panel-issues-new-sanctions-against-north-korea-over-nuclear-and-ballistic-missile-tests-111797>; Kim So Yeol, "How much effect will sanctions actually have?", *The Daily NK*, 20 July 2009.

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<sup>137</sup> China generally objects to placing individuals on the sanctions list, but in this instance agreed to a travel ban and assets freeze.

<sup>138</sup> Crisis Group interview, New York, June 2009.

<sup>139</sup> Crisis Group interview, Seoul, July 2009.

<sup>140</sup> John Hailprin, "UN panel issues new sanctions against North Korea over nuclear and ballistic missile tests", op. cit.

<sup>141</sup> "朝鲜核爆西方媒体热议中国态度" ["North Korea nuclear test: Western media discusses China's attitude"], Xinhua, 29 May 2009.

<sup>142</sup> "China aims to steady North Korea", *The New York Times*, 6 October 2009. As Chinese exporters and middlemen who arrange shipments into North Korea continue to profit, bilateral trade is expected to expand. "North Korea, China talk trade", interview with Scott Tong, on Marketplace, 5 October 2009, <http://marketplace.publicradio.org/display/web/2009/10/05/pm-north-korea/>.

<sup>143</sup> "2008년 北-中무역 규모 및 북한의 명절상품공급사업" ["2008 trade between North Korea and China and North Korea's provision of products for holidays"], *NK Tech*, February 2009, [www.nktech.net/inform/newsletter/nl\\_tend\\_v.jsp?record\\_no=265](http://www.nktech.net/inform/newsletter/nl_tend_v.jsp?record_no=265).

<sup>144</sup> Crisis Group interview, Beijing, July 2009.

<sup>145</sup> Chris Buckley, "China hides North Korea trade in statistics", Reuters, 26 October 2009.

tions on banking transactions with Pyongyang.<sup>146</sup> While U.S. officials are pressuring China to use this form of leverage and restrict its trade relationship, China has argued that these steps could damage legitimate trade and humanitarian links.<sup>147</sup> In October 2006, the Chinese quickly placed controls on DPRK financial transactions in local areas, but there have been no such reports of the bilateral application of financial sanctions this time.

Finally, Beijing knows that any Chinese sanctions could be eased by warming inter-Korean relations, which might further provide hard currency for the regime. In early August 2009, Hyundai Group Chairwoman Hyun Jung-eun (Hyŏn Chŏng-ŭn) travelled to North Korea and met with Kim Jong-il and other senior officials. She was able to secure the release of a South Korean Hyundai employee detained by Pyongyang for about five months, as well as a DPRK commitment to normalise operations of the inter-Korean tourism projects in Kaesŏng and Mt. Kŭmgang, and the Kaesŏng Industrial Complex (KIC).<sup>148</sup> Inter-governmental ties seemed to improve following the death of former South Korean President Kim Dae-jung and the visit of a DPRK delegation to Kim's funeral in Seoul in late August. China was also relieved by the goodwill demonstrated by North Korea towards Japan's new Hatoyama cabinet.<sup>149</sup> And in the scenario that North Korea does come back to talks, China is likely to feel less pressure to implement sanctions.

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<sup>146</sup> Dombey and McGregor, "China resists US call for curbs on Pyongyang", *op. cit.*

<sup>147</sup> Professor Shi Yinhong commented that, "In respect of concrete measures, maybe China still wants to leave some room for financial transactions for normal trade. There is a lot of trade done using hard currency". *Ibid.*

<sup>148</sup> While Kim has given permission to open the tourism projects, the South Korean government is unlikely to agree until North Korea returns to the Six-Party Talks. Seoul has made no official policy announcement, and even though the projects do not violate any UNSC resolutions, the international community is sensitive to any foreign exchange flowing into the DPRK, regardless of the source. The Lee government position is to "be flexible while maintaining principles", hence no official announcement, but reopening the tourism projects is almost impossible without progress in the DPRK nuclear issue. Crisis Group interview, ROK government official, Seoul, 30 September 2009.

<sup>149</sup> In a meeting with Kyodo News, Kim Young Nam, president of the Presidium of the DPRK Supreme People's Assembly said that North Korea would like to build "fruitful bilateral relations" with the Hatoyama cabinet. "朝鲜示好考验日本准首相鸠山由纪夫" ["North Korean goodwill tested Hatoyama cabinet"], China Radio International, 14 September, 2009. For further analysis of the DPRK's "charm offensive", see Scott Snyder, "China-Korea Relations: China's Nuclear North Korea Fever", *op. cit.*

#### IV. WEN JIABAO VISIT

Chinese Premier Wen Jiabao's "goodwill trip" to North Korea to mark the sixtieth anniversary of diplomatic relations on 4 October demonstrated China's concern for stability on the peninsula.<sup>150</sup> Amid hopes for progress on the nuclear issue,<sup>151</sup> Kim gave a vaguely worded promise to possibly return to talks, warning that North Korea's willingness would depend on the outcome of bilateral talks with the U.S.<sup>152</sup> China played up Kim's meeting Wen at the airport<sup>153</sup> and his statement regarding a possible return to the Six-Party Talks. Both

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<sup>150</sup> Wen's visit marked the first visit to Pyongyang by a Chinese premier in eighteen years. He was accompanied by an exceptionally large delegation of Chinese senior officials, including: Foreign Minister Yang Jiechi, Chinese Communist Party International Department head Wang Jiarui, National Development and Reform Commission Minister Zhang Ping, Minister of Commerce Chen Deming, Minister of Culture Cai Wu, Director of the research office of the State Council Xie Fuzhan, China's ambassador to the DPRK Liu Xiaoming, premier's office director Qui Xiaoxiong, Vice Minister for Foreign Affairs Wu Dawei and deputy director of the General Political Department of the Chinese People's Liberation Army Liu Zhenqi. Scott Snyder, "China-Korea Relations: China's Nuclear North Korea Fever", *op. cit.*

<sup>151</sup> Some analysts claimed that Beijing would not have sent such a senior visitor unless it had received assurances from Pyongyang. "North Korea's Kim woos visiting China premier", Reuters, 5 October 2009.

<sup>152</sup> DPRK official statements since the Wen visit state that Pyongyang would not give up its nuclear weapons unless the U.S. completely disarms, casting continued doubt over its willingness to return to the Six-Party Talks. A foreign ministry statement delivered to the UN Security Council by North Korean Ambassador Sin Son Ho described as "unimaginable" any reversal of North Korea's 2003 withdrawal from the NPT. Bill Varner, "North Korea says dismantling its nuclear weapons 'unthinkable'", Bloomberg, 6 October 2009. A 14 October statement reads, "In order to make the Korean Peninsula nuclear-free, it is necessary to make a comprehensive and total elimination of all the nuclear weapons on earth, to say nothing of those in and around South Korea. A prerequisite for global denuclearisation is for the U.S., which tops the world's list of nuclear weapons, to cut down and dismantle them, to begin with. The nuclear issue on the peninsula can be fundamentally settled only when the U.S. repeals its hostile policy toward the DPRK and replaces the Armistice Agreement with a peace accord and the whole Korean Peninsula and the rest of the world become nuclear-free". "U.S. entirely to blame for spawning nuclear issue on Korean peninsula", KCNA, 14 October 2009.

<sup>153</sup> Throughout history, only five foreign leaders have been received by Kim Jong-il at the airport: former Chinese President Jiang Zemin, Chinese President Hu Jintao, former South Korean President Kim Dae-jung and former Russian President Vladimir Putin.

governments vowed to support each other “for generations to come”, and signed a series of economic cooperation agreements.<sup>154</sup> The visit was significant for both sides given North Korea’s disappointment with China’s acquiescence to the UN sanctions regime and the growing gap in China and the DPRK’s national interests.<sup>155</sup>

China’s support to North Korea is part of its long-term development strategy to expand its economic interests and access to the country. Chinese companies continue to pursue deals in North Korean natural resources including iron ore and coal.<sup>156</sup> In addition to an unspecified amount of aid, Wen offered an economic cooperation package worth more than \$200 million during his visit including assistance in technology and education, tourism and a new bridge on the Yalu (Amnok) River, estimated to cost over \$150 million.<sup>157</sup> The Yalu River bridge agreement in particular was a major achievement, having been on the table already for two years but rejected several times by North Korea because of its

fear that enhanced economic and trade ties would “corrupt” its people and society.<sup>158</sup>

China’s long-term blueprint for North Korea is based on the belief that economic reform and opening will eventually bring gradual change to its society and boost the government’s legitimacy. China offers its own model as a successful example of how to keep a one-party system in place while still promoting significant economic growth. Beijing thus encouraged Kim Jong-il’s visit to China’s first special economic zone, Shenzhen, in January 2006. More recently, North Korean Premier Kim Young Il (Kim Yŏng-il) in March 2009 toured Shandong Province, where he was shown its economic achievements.

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<sup>154</sup>“Agreement and agreed documents signed between DPRK, Chinese governments”, KCNA, 4 October 2009.

<sup>155</sup> China supplies vital petroleum and food to the DPRK, Pyongyang is leery of this economic dependence and seeks to diversify its international economic relations.

<sup>156</sup>“中国通化钢铁集团70亿拿下朝鲜茂山铁矿”开发权” [“China spent 700 million RMB for the Maoshan (Musan) iron mine of DPRK”], *East Asia Trade and Economics News*, 21 October 2007; “中国企业获得朝鲜惠山青年铜矿”管理控制权” [“Chinese companies win control over the Hyesan Youth Copper Mine”], *Shanghai Metal Net*, 24 January 2007; “五矿迈出跨国第一步 中国企业赴朝抢矿业” [“China Minmetal Corporation’s first step, Chinese companies rush to DPRK to grab minerals”], *China Industrial Economy News*, 21 November 2005. Goldman Sachs estimates the value of North Korean mineral resources to be 140 times its 2008 GDP (\$24.7 billion according to the Bank of Korea). “A United Korea? Reassessing North Korea Risks”, Goohoon Kwon, 21 September 2009, *Global Economic Paper*, Goldman Sachs Global Economics, Commodities and Strategy Research.

<sup>157</sup>“温家宝大礼包都包括什么?” [“What did the Wen gift package include?”], *The Chosun Ilbo*, 7 October 2009. One analyst says that China’s economic assistance to North Korea will not be unconditional, but “linked, indirectly at least, to progress on the nuclear issue”. “North Korea’s Kim woos visiting China premier”, op. cit.; “North Korea may be open to talks”, *The New York Times*, 5 October 2009. The two sides signed a series of agreements including two protocols on “the adjustment of treaties between the governments of the DPRK and China” and common import/export inspection, agreements on economic and technological cooperation, educational exchange, software industry cooperation, tourism, and wildlife protection. “Agreement and agreed documents signed between DPRK, Chinese governments”, op. cit.

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<sup>158</sup> Crisis Group interview, Beijing, 14 October 2009. For example, Pyongyang has bitter memories of its plan to establish a special economic zone in Sinŭiju in 2002. The DPRK passed legislation establishing the zone in 2002 and named Yang Bin, a Chinese-Dutch businessman, to manage the project. Yang aspired to build a capitalist city resembling Hong Kong. North Korea reportedly did not consult with China regarding his appointment, and Yang’s high profile and questionable activities brought a lot of negative publicity. He was soon arrested in China and charged with fraud and bribery.

## V. CHINA'S CONCERNS

### A. STABILITY IN NORTH KOREA

#### 1. Prevent regime collapse and chaos on China's periphery

Beijing's overriding priority on the Korean peninsula is to prevent political change or economic collapse in North Korea given the potential consequences for China's social and economic stability.<sup>159</sup> Instability within North Korea could also push the regime to resort to further provocations. Escalating tensions could then lead to actual military confrontation on the Korean peninsula or increased international pressure on Pyongyang, which would threaten China's crucial goal to ensure stability for its "20-year period of strategic opportunity for domestic development" (二十年战略机遇期).<sup>160</sup> Such fears are the principal reason behind China's continued support to Pyongyang through energy and food aid and its staunch opposition to any sanctions that jeopardise it.

Chinese analysts also believe the collapse of the regime would result in strategic uncertainty, South Korean or U.S. intervention, and that Korean reunification could lead to China sharing a border directly with a U.S. ally. The presence of American troops in such a sensitive region would fundamentally alter China's regional security environment. The prospect worries Chinese conservatives in particular.<sup>161</sup> One Chinese analyst spells out how China uses North Korea as strategic leverage against American support of Taiwan: "The sheer existence of the [North Korean] regime serves to check and balance U.S. military assets in South Korea. Until Beijing and Taipei can achieve a peace accord to officially terminate their civil war status, China will be unable to discount the strategic significance of North Korea".<sup>162</sup>

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<sup>159</sup> For prior Crisis Group reporting on this, see Crisis Group Report, *China and North Korea: Comrades Forever?*, op. cit., pp. 10-11.

<sup>160</sup> The "twenty-year window of strategic opportunity" was advanced by former President Jiang Zemin in his 31 May speech in 2002. He argued that the first twenty years of the 21st century were an important, strategic window of opportunity that must be fully exploited. The implications for foreign policy are that every action must serve domestic economic development by creating a conducive international environment. The impetus for the concept was partly demographic: China became an "aged society" in 2003. By 2020, more than 15 per cent of the Chinese population will be above the age of 60, diminishing its abundant labour force.

<sup>161</sup> Crisis Group interviews, July and August 2009.

<sup>162</sup> In Chinese policymakers' minds, in the worst case scenario of Taiwan "independence" and resulting use of force by the mainland, the North Korea security threat might prevent U.S.

#### 2. Prevent mass migration<sup>163</sup>

Given the porous nature of the 1,416-km border, instability in North Korea could result in the flood of hundreds of thousands of refugees into China, far more than the many thousands who crossed the border at the height of North Korea's famine in the 1990s. The recent flight of 37,000 refugees into China from Myanmar was also just a small taste of the numbers that could be expected in the event of a crisis in North Korea.<sup>164</sup> Chinese policy advisers are concerned about the possible trafficking of small arms or other illicit items across the border from North Korea, indicating the refugees might bring social, political and criminal complications with them.<sup>165</sup> There is also concern that insurgents loyal to the regime might retreat into the mountains with their weapons in a manner reminiscent of Kim Il-sung's guerrilla insurgency against the Japanese.<sup>166</sup>

#### 3. Regime succession

Chinese speculation over the drivers of Pyongyang's provocations – widely believed to be internal succession politics<sup>167</sup> – are not considered taboo any more, al-

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from waging a full-scale military intervention. The corollary of this is that North Korea will diminish in its strategic utility to Beijing as it moves further toward reconciliation with Taipei. Shen Dingli claims that as a result, "Pyongyang is racing in its nuclear weapons development against the trend of reconciliation across the Taiwan Strait, especially since the May 2008 change in the Taiwan government which now seeks better terms with mainland China". "Cooperative Denuclearization toward North Korea", *The Washington Quarterly*, vol. 32, no. 4 (October 2009), p. 180.

<sup>163</sup> See Crisis Group Report, *Perilous Journeys: The Plight of North Koreans in China and Beyond*, op. cit.

<sup>164</sup> For more on this crisis, see Crisis Group Report, *China's Myanmar Dilemma*, op. cit., p. 13.

<sup>165</sup> Crisis Group interviews, Beijing, July 2009.

<sup>166</sup> The largest concentration of ethnic Koreans in China is in the Yanbian Korean Autonomous Prefecture in eastern Jilin Province. Their ancestors migrated from the Korean peninsula as peasants fleeing from their oppressive feudal landlords or famine from the late seventeenth century through to the nineteenth century. Another wave of migration took place in the early twentieth century when Japan annexed Korea. Yanbian's population is 2,185,000, of which 859,000 are ethnic Koreans, accounting for 39 per cent of the population. Given that South Korean nationalists love to stress that the Yanbian was once a part of the ancient Korean kingdom of Koguryo (57 BC to AD 668), Chinese authorities remain vigilant about Korean nationalism within China's borders. Crisis Group interview, Beijing, July 2009; "Amazing Yanbian Korean Autonomous Prefecture", *China Economic Review*, 6 May 2009; Andrei Lankov, "The gentle decline of the 'Third Korea'", *Asia Times*, 16 August 2007.

<sup>167</sup> See note 87. Crisis Group interviews, Beijing, July 2009.

though such discussions faded after reports of Kim Jong-il's continued firm control over the country surfaced.<sup>168</sup> In June, North Korea reportedly had disseminated information to party and state institutions that Kim Jong-il's third son, Kim Jong-un, had been chosen as his successor.<sup>169</sup> Pyongyang also launched propaganda campaigns about the revolutionary bloodline of the third generation of leaders.<sup>170</sup> While many scholars in Beijing expressed doubts about Kim Jong-un's ability to maintain control of both domestic politics and the external situation given his lack of experience, there was confidence that Kim Jong-il had paved the way for him by reinforcing the positions of close political confidants, and that more experienced and loyal allies would ensure that his bloodline continues.<sup>171</sup> In the near term, Chinese policymakers do not believe that a new regime would adopt a significantly different position on the nuclear issue.<sup>172</sup> Not only was Kim Jong-un raised within the system and is supposedly well-trained, but a rapid change of policy would challenge the old conservatives and jeopardise his hold on power.<sup>173</sup> Some analysts believe however that regime succession might ease the current tensions without significantly changing policy.<sup>174</sup>

The Chinese government has not publicly spoken about its contingency plans in the event of instability or collapse in North Korea, yet it is engaged in an increasing number of track two initiatives looking at future arrangements on the Korean peninsula.<sup>175</sup> Chinese analysts be-

lieve that Beijing is likely to deploy armed forces or public safety forces to secure the border and prevent and address refugee flows.<sup>176</sup> Seoul is particularly fearful that North Korean instability could result in Chinese direct military intervention, and South Korean officials claim that the Chinese military has conducted preparatory river crossing exercises near the DPRK border.<sup>177</sup> Chinese analysts have expressed concern that Chinese troops have never been faced with such a scenario and could face unexpected obstacles.<sup>178</sup>

## B. DENUCLEARISATION AND NON-PROLIFERATION

Beijing wishes to keep the nuclear club as small as possible. The reasons are twofold: additional nuclear weapons-capable countries alter the balance of power and change the status quo, thus introducing uncertainty; and smaller powers may not be "as responsible as big powers both technically and politically in nuclear development and application".<sup>179</sup> Beijing is also concerned that proliferation could trigger destabilising arms races in China's periphery.

### 1. Preventing illicit trafficking<sup>180</sup>

While not seen as a direct and immediate threat to China, North Korea is a threat to the non-proliferation regime.<sup>181</sup> The country has a long record of missile proliferation.<sup>182</sup> U.S. intelligence sources believe that past purchasers of

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<sup>168</sup> For example, "分析称朝核试验旨在为金正云接班铺路", ["Analysts say the nuclear test was aimed to pave the way for Kim Jong Un"], *Global Times*, 3 June 2009, <http://world.huanqiu.com/roll/2009-06/478259.html>. Kurt Campbell said that the Chinese made clear to him that "Kim Jong-il was very actively involved in every aspect of the diplomacy. He sent a personal picture of vigorous engagement". U.S. Department of State, Press Availability in Beijing, China, Kurt M. Campbell, Assistant Secretary, Bureau of East Asian and Pacific Affairs, 14 October 2009.

<sup>169</sup> Crisis Group Report, *North Korea: Getting Back to Talks*, op. cit., p. 6.

<sup>170</sup> Crisis Group interview, Beijing, July 2009.

<sup>171</sup> Crisis Group interviews, Beijing, April and July 2009. For a discussion of North Korean elite constituency, also see Jonathan Pollack, "Watchful Waiting: Speculations on Potential Instability in North Korea", 2nd Berlin Conference on Asian Security, 4-5 October 2007.

<sup>172</sup> Crisis Group interview, Beijing, August 2009.

<sup>173</sup> Crisis Group interviews, Beijing, July-August 2009.

<sup>174</sup> Ibid.

<sup>175</sup> This issue, once sensitive in China, is now being pursued. It earns China's enmity with the DPRK, however, which accuses Chinese foreign policy of being driven by "realism" as opposed to the traditional, ideological ties. Crisis Group interview, Beijing, October 2009. For example, the Northeast Asia Cooperation Dialogue (NEACD), a University of California track two initiative, has been held since 1993 with par-

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ticipants from China, Japan, North Korea, Russia, South Korea and the U.S. The latest round was held in La Jolla, California, on 26-27 October 2009. For information see the Institute on Global Conflict and Cooperation website, [http://igcc.ucsd.edu/regions/asia\\_pacific/neacddefault.php](http://igcc.ucsd.edu/regions/asia_pacific/neacddefault.php).

<sup>176</sup> Crisis Group interview, Beijing, July 2009. "专家认为中国应针对朝鲜半岛危机准备第二预案" ["Expert believes China should have Plan B for Korean peninsula crisis"], *Global Times*, 31 May 2009, <http://world.huanqiu.com/roll/2009-05/474537.html>.

<sup>177</sup> Crisis Group interview, Seoul, June 2009.

<sup>178</sup> Crisis Group interview, Beijing, July 2009.

<sup>179</sup> Crisis Group interview, Beijing, July 2009.

<sup>180</sup> See Crisis Group Report, *China and North Korea: Comrades Forever?*, op. cit., pp. 21-24.

<sup>181</sup> According to one policy analyst, "Chinese scholars don't regard a North Korean nuclear weapon as a threat to the region, except for the non-proliferation regime". A diplomat formerly involved in the Six-Party Talks said, "A North Korea armed with nuclear weapons poses a challenge to the international community and the non-proliferation regime. North Korea will resume dialogue based on a new status quo which creates a new situation for global disarmament". Crisis Group interviews, 7-8 July 2009.

<sup>182</sup> Crisis Group Report, *North Korea: Getting Back to Talks*, op. cit., p. 5-6.

North Korean ballistic missile technology and weapons components include Pakistan, Iran, Syria, Libya, Egypt and the militant Lebanese group Hizbollah, with Chinese territory serving as a conduit for illicit trafficking.<sup>183</sup> While selling nuclear weapons is probably the least likely driver of Pyongyang's recent activity, proliferation remains a serious concern given the North's technical abilities.<sup>184</sup> The recent controversy surrounding the *Kang Nam I* incident<sup>185</sup> and related reports of possible DPRK-Myanmar nuclear cooperation indicate the seriousness that the international community attaches to the issue.<sup>186</sup> The more alarming case of the *ANL-Australia* vessel carrying weapons to Iran further raised suspicions. The DPRK and Iran have been called to answer a request for explanation by the UN sanctions committee.<sup>187</sup>

While China would like to see fewer nuclear weapon states in the world, Beijing is not as alarmed by the DPRK's proliferation potential as most other countries. Beijing sees non-proliferation as more of an issue in U.S.-China bilateral relations than as a concern in its own right.<sup>188</sup> That fact that it is such a high priority on the U.S. foreign policy agenda (and one of the reasons Presi-

dent Obama won the 2009 Nobel Peace Prize), means that China's cooperation on the issue might draw a higher price.<sup>189</sup>

Even despite the recent nuclear tests, some nuclear experts in China continue to believe that North Korean technology is both rudimentary and unreliable, and therefore unattractive to potential buyers.<sup>190</sup> Furthermore, most of the states in the market for such technology are friendly to China, including for example, Pakistan and Iran.<sup>191</sup> In some cases, North Korea has consulted China about its arms deals.<sup>192</sup> Finally, Chinese policymakers generally discount the possibility of proliferation to non-state actors.<sup>193</sup>

Nevertheless, Beijing is committed to preventing illicit WMD trafficking. It has joined most arms control and export control regimes including the Nuclear Suppliers Group (NSG), and has promised to abide by Missile Technology Control Regime (MTCR) guidelines. While China nominally enforces export controls, its economy has grown tremendously and government control of it has become decentralised. Also, enforcement has become harder because traffickers have become more sophisti-

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<sup>183</sup> "Gates draws the line on North Korea's nuclear program: don't proliferate", *The Los Angeles Times*, 30 May 2009.

<sup>184</sup> Crisis Group Report, *North Korea: Getting Back to Talks*, op. cit., pp. 5-6.

<sup>185</sup> In the summer of 2009, the North Korean cargo ship the *Kang Nam I* left the North Korean port of Nampo and entered international waters on 17 June 2009. It was believed that the ship was carrying military equipment bound for Myanmar, but it turned back in late June. "Suspected N. Korean ship sailing in high seas off Yellow Sea", Yonhap News Agency, 5 July 2009.

<sup>186</sup> According to David Albright, director of the Institute for Science and International Security in Washington DC, intelligence agencies have tracked the suspicious procurement of high-precision equipment from Europe, as well as visits to Myanmar by North Korean officials associated with a company that provided assistance to Syria's construction of a nuclear reactor. Glenn Kessler, "US concerns growing about N. Korean military ties with Burma", *The Washington Post*, 22 July 2009; Andrew Selth, "Myanmar's North Korean Gambit: Challenge to Regional Security?", Strategic and Defence Studies Centre, Canberra Papers on Strategy and Defence no. 154, 2004; "Clinton warns N. Korea and Myanmar may be sharing nuclear technology", *The New York Times*, 22 July 2009; "With its ship *Kang Nam*, North Korea tests UN's resolve", *The Christian Science Monitor*, 19 June 2009.

<sup>187</sup> "UAE seized N. Korea arms shipment bound for Iran", Reuters, 28 August 2009.

<sup>188</sup> According to one Chinese policy analyst, "Non-proliferation is a priority of China because it is a bottom line of the U.S. If the DPRK shifts bombs to the outside world, the U.S. will never talk to it". He also stated, "while traditionally, China did not worry about proliferation, now we worry about how proliferation will affect our relations with the U.S." Crisis Group interview, Beijing, October 2009.

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<sup>189</sup> Crisis Group interview, Beijing, October 2009. In fact, U.S. diplomacy has been cited as a key factor behind China's own shift in 1992 from being a proliferator to signing the NPT and then Comprehensive Nuclear Test Ban Treaty in 1996. According to political scientist Evan Medeiros, persistent, and often coercive, U.S. diplomacy over the course of a quarter-century counterbalanced China's financial and political incentives for proliferation, changed China's view of its own strategic interest, and (with nongovernmental involvement) helped China build the specialist community needed to implement its commitments. Evan Medeiros, *Reluctant Restraint: The Evolution of China's Nonproliferation Policies and Practices, 1980-2004* (Stanford, 2007). Joel Wit proposes a U.S. strategy to address the DPRK's proliferation behaviour through engagement and dialogue that builds on the experience with China in this area. "U.S. Strategy Towards North Korea: Rebuilding Dialogue and Engagement", US-Korea institute at SAIS and the Weatherhead East Asian Institute at Columbia University, 9 October 2009.

<sup>190</sup> Crisis Group interview, Beijing, July 2009. It should be noted that rudimentary nuclear technology is still attractive to some potential buyers.

<sup>191</sup> Crisis Group interview, Beijing, July 2009.

<sup>192</sup> Crisis Group interview, Beijing, June 2009.

<sup>193</sup> This will likely evolve as Chinese citizens are increasingly targeted by non-state actors. Dan Martin, "China issues security alert after Al-Qaeda threat", Agence France-Presse, 14 July 2009. It was however argued to Crisis Group that China still enjoys very good relations with Islamic countries, including Saudi Arabia for example. Crisis Group interview, Beijing, October 2009.

cated and it is increasingly difficult to identify new dual-use items and materials.<sup>194</sup>

## 2. Regional arms race

Japan and South Korea are the countries that feel most threatened by North Korea's nuclear tests. While there have been calls within both to pursue nuclear capabilities as a response to North Korean actions,<sup>195</sup> the PLA generally views the likelihood of either developing, let alone using, nuclear weapons as low.<sup>196</sup> Rather, it is widely believed that Tokyo and Seoul will rely on their alliances with the U.S. and bolster their conventional capabilities.<sup>197</sup> After the DPRK's second nuclear test, South Korea decided to participate in the Proliferation Security Initiative (PSI),<sup>198</sup> and Japan began making the case for acquiring the F-22 fighter from the U.S.<sup>199</sup> There is also the possibility of further deployment of ballistic missile defence systems and increasing Japan's full coverage of them. China has consistently opposed the deployment of missile defence systems as it decreases the deterrent value of China's limited strategic forces.<sup>200</sup>

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<sup>194</sup> Evan S. Medeiros, "Chasing the Dragon: Assessing China's System of Export Controls for WMD-Related Goods and Technologies", RAND, 2005.

<sup>195</sup> Sachiko Sakamaki, "North Korean atomic tests lift lid on Japan's nuclear 'taboo'", Bloomberg, 29 May 2009; "Time for Japan, South Korea to go nuclear", The Bulletin, 2 June 2009, <http://thebulletin.us/articles/2009/06/02/commentary/op-eds/doc4a23bc3f02a87309049091.txt>.

<sup>196</sup> Crisis Group interview, Beijing, July 2009. In a Japanese public opinion survey conducted in November 2006, 80 per cent of interviewees believed the country should preserve its current policy of three nuclear principles of not making, possessing or allowing in nuclear weapons. *Yomiuri Shimbun* November 2006 Opinion Polls, November 11 and 12, 2006, Mansfield Foundation Asian Opinion Poll Database, [www.mansfieldfdn.org/polls/2006/poll-06-18.htm](http://www.mansfieldfdn.org/polls/2006/poll-06-18.htm). See also Alan Romberg, "China and North Korea", op. cit.

<sup>197</sup> Crisis Group Report, *North Korea's Chemical and Biological Weapons Programs*, op. cit., p. 15.

<sup>198</sup> Pyongyang announced that it would regard any infringement of its sovereignty by PSI as a declaration of war. "CPRK regards S. Korea's full participation in PSI as declaration of war against DPRK", KCNA, 27 May 2009.

<sup>199</sup> John Gizzi, "Japan's Envoy to US Discusses F-22s, Missile Defense, North Korea", *Humanevents.com*, 21 July 2009.

<sup>200</sup> China opposes missile defence systems that could be deployed to protect Taiwan because Beijing views its ballistic missiles as a deterrent to prevent Taiwan from declaring independence. Furthermore, Beijing believes U.S. missile defence could nullify its small but expanding strategic nuclear forces.

## VI. CONCLUSION

China's internal debate following North Korea's most recent provocations was interpreted in Western capitals as a sign that Beijing might finally be getting tough with the DPRK. While Chinese policymakers have adjusted their assessments and prepared the landscape for possible future policy changes, the fundamental calculations underpinning Chinese policy toward the DPRK remain the same. China's overriding interest on the Korean peninsula remains peace and stability, with non-proliferation a secondary priority. Given its fear of regime implosion, or hundreds of thousands of North Korean refugees streaming across the border, or the strategic consequences of a precipitous reunification with South Korea, Beijing continues to act in ways that shield the DPRK from more punitive measures, including stronger economic sanctions.

Those who read China's endorsement of Resolution 1874 and its sanctions regime as a signal of a policy shift underestimated Beijing's aversion to being diplomatically isolated. President Obama's ability to rein in his allies and forge a solid common position with Japan and South Korea helped corner China into accepting sanctions. This deprived China of the ability to exploit differences between the participants of the Six-Party Talks.

China does not want North Korea to have nuclear weapons. But it is willing to go only so far in applying pressure, as it wants instability on its periphery even less. Beijing's reaction to the 2006 nuclear test taught it that a tough stance on denuclearisation only weakens bilateral relations and jeopardises China's higher priority of stability. Having learnt its lesson, Beijing now handles the bilateral relationship and the nuclear issue separately. While strengthening its relationship with the DPRK, Beijing leaves the thornier nuclear issue to the U.S. Beijing's foremost condition for U.S.-DPRK bilateral contacts is that the U.S. consults closely and continues to share information with it. Cooperation between the U.S. and China on the DPRK continues apace, while Beijing simultaneously strengthens its relationship with the DPRK. China is likely to continue navigating successfully between the U.S. and DPRK while trying to ensure overall stability on the Korean peninsula.

**Seoul/Beijing/Brussels, 2 November 2009**

## APPENDIX A

### MAP OF CHINA







## APPENDIX C

### ABOUT THE INTERNATIONAL CRISIS GROUP

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The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 130 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, [www.crisisgroup.org](http://www.crisisgroup.org). Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is co-chaired by the former European Commissioner for External Relations Christopher Patten and former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since July 2009 has been Louise Arbour, former UN High Commissioner for Human Rights and Chief Prosecutor for the International Criminal Tribunals for the former Yugoslavia and for Rwanda.

Crisis Group's international headquarters are in Brussels, with major advocacy offices in Washington DC (where it is based as a legal entity) and New York, a smaller one in London and liaison presences in Moscow and Beijing. The organisation currently operates nine regional offices (in Bishkek, Bogotá, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina and Tbilisi) and has local field representation in eighteen additional locations (Abuja, Baku, Bangkok, Beirut, Cairo, Colombo, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Ouagadougou, Port-au-Prince, Pretoria, Sarajevo, Seoul and Tehran). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic

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November 2009

## APPENDIX D

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