

**CHINA AND INTER-KOREAN CLASHES
IN THE YELLOW SEA**

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CHINA AND INTER-KOREAN CLASHES IN THE YELLOW SEA

EXECUTIVE SUMMARY

The deadly provocations by North Korea in the Yellow Sea in 2010 – the *Ch'ōnan* sinking and the Yōnp'yōng Island shelling – drew condemnation and limited military responses by South Korea, the U.S. and Japan, but Beijing has been reluctant to go beyond counselling restraint to all parties. While declining to call Pyongyang to account, it criticised Washington for stepped-up military exercises with allies in North East Asia. Beijing's unwillingness to condemn North Korea prevented a unified international response and undermines China's own security interests, as it invites further North Korean military and nuclear initiatives, risks increased militarisation of North East Asia and encourages an expanded U.S. military and political role in the region. Because it is seen as having failed to take greater responsibility to safeguard stability, China has also damaged its relationships in the region and in the West. The joint statement Presidents Hu and Obama issued on 19 January has helped, but China has ground to make up if it is to recover credibility as an impartial broker in the Six-Party Talks on North Korea's nuclear program.

Despite the threat to stability posed by inter-Korean clashes in the Yellow Sea along the Northern Limit Line, China has historically downplayed them as a natural consequence of the unsettled maritime boundary. Likewise, it does not consider Pyongyang's conventional provocations and the demands for action they raise – particularly in the UN Security Council – as serious as those regarding its nuclear tests. But the approach to the North is also powerfully shaped by rising concern about a perceived U.S. strategic return to Asia and opposition to further entrenchment of American regional military and political presence.

Beijing initially downplayed the Yōnp'yōng shelling and criticised U.S. military deployment and exercises with allies in North East Asia. However, the subsequent spike in inter-Korean tensions altered its threat perception and led it ultimately to tone down criticism of Washington and send an envoy to Pyongyang. During President Hu Jintao's visit to the U.S. from 17 to 21 January 2011, he agreed to a joint statement that emphasised the importance of North-South dialogue and expressed concern for

the first time regarding the Democratic People's Republic of Korea's (DPRK) uranium enrichment program.

But China continues to strengthen its political and economic ties with the DPRK. Since 2009, the frequency of high-level visits has increased dramatically, including an unprecedented two trips by Kim Jong-il in 2010. Policy toward the DPRK continues to be fundamentally shaped by historical and security considerations: Korean War comradeship, together with the desire to preserve the North as a buffer against the U.S. and avoid a regime collapse that would trigger a flood of refugees into China. The disastrous currency reform in November 2009 and developments in the DPRK succession process in 2010 deepened Chinese concerns about stability. The leadership transition in particular is a top factor in calculations; Beijing hopes that support for stability during the ongoing process will result in closer political ties and make the next generation of leaders more amenable to economic reform. While support to North Korea is subject to internal debate, traditionalist and conservative forces dominate policymaking and are supported by nationalist public opinion.

China's growing power and foreign policy confidence are important factors underlying its ambivalence about the *Ch'ōnan* and Yōnp'yōng Island incidents. After the sinking and what it viewed as a biased and flawed international investigation, it drew on its increased leverage to dilute the Security Council statement. And despite North Korea's undeniable responsibility for the Yōnp'yōng Island shelling, it blocked Security Council action. In the past, Beijing's willingness to at least calibrate its responses to North Korean provocations was seen by the West as essential for moderating Pyongyang's behaviour. Over the past year, however, Beijing has not only escalated its claims to disputed territories in the South China Sea and Diaoyu/Senkaku Islands, but also increasingly resisted external pressure over Iran as well as North Korea. It feels under less pressure to yield to external demands and increasingly expects quid pro quos from the West in return for cooperation on sensitive third-country issues.

However, Beijing's increased solidarity with Pyongyang and reluctance to censure it for the deadly Yellow Sea clashes has significantly strained relations with South Korea, Japan and the U.S. Seoul was offended by tardy condolences for the *Ch'ōnan* sinking and the warm welcome Kim Jong-il received immediately following South Korean President Lee Myung-bak's visit to China. The South, the U.S. and Japan have intensified trilateral coordination on North Korea. Their rejection of China's call for emergency consultations in the Six-Party format following the Yōnp'yōng Island shelling showed widening differences on threat perception and management.

China's influence in Pyongyang makes it crucial for international efforts to address North Korean provocations, and how it deals with clashes in the Yellow Sea is an important test of its willingness, capacity and credibility in handling regional conflict risks more generally. However, Beijing is undermining both its own and regional security by downplaying Pyongyang's deadly behaviour in the Yellow Sea. Diplomatic shielding of the North, particularly at the UN, has damaged its international image and weakened its standing as an honest broker in the Six-Party Talks, while encouraging risky conventional and nuclear initiatives by North Korea. China's behaviour has caused South Korea and Japan to strengthen bilateral coordination and their military alliances with the U.S. and consider expansion of their own missile defence systems, intensifying the risk of a regional arms race. China's policy of supporting Pyongyang instead of holding it to account – ostensibly for the sake of stability – is heightening the risk of conflict on the Korean Peninsula.

Beijing/Seoul/Brussels, 27 January 2011

CHINA AND INTER-KOREAN CLASHES IN THE YELLOW SEA

I. BEIJING'S POSITION ON INTER-KOREAN CLASHES NEAR THE NLL¹

A. THREAT PERCEPTION

The Northern Limit Line (NLL) has been a flashpoint for conflict due to its disputed nature, the economic importance of the area, the sometimes ambiguous and changing rules of engagement there for South Korea's navy, and a long history of violent confrontations.² Beijing regards clashes in the Yellow Sea as a natural consequence of the unsettled inter-Korean maritime boundary. It has generally downplayed them because they have been small and relatively far from its border,³ and because it sees them as the product of actions for which both North and South carry responsibility.⁴ Beijing considers international criticism and pressure on the North relating to clashes in the

Yellow Sea (and on China to take action) as less justified than with regard to nuclear development.

China initially believed inter-Korean tensions after the *Ch'ōnan* sinking and the Yōnp'yōng Island shelling would not result in conflict involving itself or the U.S. Despite close U.S.-South Korea (Republic of Korea, ROK) security cooperation and full U.S. backing for Seoul's military drills and decision-making,⁵ many Chinese analysts considered conflict was unlikely because the U.S. lacked the resources and will to fight an additional war, and because they felt ongoing multilateral and bilateral talks reduced risks.⁶ Analysts thought that as long as China and the U.S. were backing North and South Korea respectively, the Koreans would be restrained from war.⁷ China is also aware of conflict's potential economic impact on South Korea: even talk of force by Seoul rattles markets.⁸

Pyongyang, isolated from global markets and democratic politics, does not face such constraints. It can exploit them as a Seoul weakness and use asymmetric capabilities to provoke the South despite its weaker military forces.⁹ As Beijing's assessment of the likelihood of war increased in the lead-up to the South's 20 December live-fire artillery exercises at Yōnp'yōng Island – which the U.S. backed¹⁰

¹ For previous Crisis Group reporting on China and North Korea, see in particular Asia Reports N°198, *North Korea: The Risks of War in the Yellow Sea*, 23 December 2010; N°179, *Shades of Red: China's Debate over North Korea*, 2 November 2009; and N°112, *China and North Korea: Comrades Forever?*, 1 February 2006. For fuller lists of relevant Crisis Group reporting on China and North Korea, see Appendix D below and the Crisis Group website, www.crisisgroup.org.

² The UN commander, U.S. General Mark Clark, unilaterally established the NLL in August 1953, after the Korean War Armistice was signed the previous month. It is not considered an international maritime boundary, but a military demarcation line to separate forces under armistice conditions. South Korea regards it as a de facto boundary. It crosses crab fishing grounds vital to the North's economy and is close to busy Southern ports. For more, see Crisis Group Report, *North Korea: The Risk of War in the Yellow Sea*, op. cit., pp. i, 2.

³ Conversely, China views U.S. military exercises in the Yellow Sea, particularly those involving an aircraft carrier, as a threat at its "front door". 《美韩在黄海联合演习 核航母首次逼近京津门户》 [U.S.-ROK combined exercises in the Yellow Sea, nuclear aircraft carrier nears Beijing and Tianjin inhabitants for the first time], 《北京晚报》 [*Beijing Evening News*], 21 June 2010. 罗援 [Luo Yan], 《中国黄海地区曾有惨痛历史不许别国触犯》 [China's Yellow Sea area has painful history, do not allow other countries to violate it], 《中国青年报》 [*China Youth Daily*], 16 July 2011.

⁴ Crisis Group interviews, Beijing, May, September and November 2010.

⁵ U.S.-South Korean consultation was careful and took place at every level (including presidential). Both sides were aware that the South's live-fire artillery exercise on Yōnp'yōng Island on 20 December was raising the risk of war but were willing to do whatever necessary to protect the South's sovereignty. Crisis Group email correspondence, Washington DC, January 2011.

⁶ Crisis Group interviews, Beijing, November and December 2010. Also see 罗洁 [Luo Jie], 《"天安"号事件:把朝韩推向战争的边缘?》 [*Ch'ōnan* incident: has it pushed North and South Korea to the brink of war?], 《世界知识》 [*World Affairs*], 1 July 2010.

⁷ Crisis Group email correspondence, Beijing, January 2011. Also see 韩咏红 [Han Yonghong], 《朝鲜炮击韩国延坪岛事件 中国吁各方保持克制》 [DPRK shelling of ROK Yōnp'yōng Island, China calls on all parties to maintain restraint], 《联合早报》 [*Lianhe Zaobao*], 26 November 2010.

⁸ Crisis Group Report, *North Korea: The Risk of War in the Yellow Sea*, op. cit., p. i.

⁹ Ibid, pp. ii, 9.

¹⁰ Two days before the exercise, U.S. Ambassador to Seoul Kathleen Stephens and General Walter Sharp, head of the UN

– it tried to exercise some limited pressure on North Korea (see Section II.D below).

In China's view, however, the NLL issue is an inter-Korean matter for which it carries no responsibility. Unless conflict appears imminent, Beijing is loath to involve itself beyond calling for restraint by all parties. But the trend of increasing violence in the Yellow Sea is worrying, because it demonstrates Pyongyang's desire to test Seoul and the international community's limits through not only nuclear but also conventional provocations.

B. THE *CH'ÖNAN* SINKING

The *Ch'önan*, a South Korean Navy corvette, sank on 26 March 2010 in the Yellow Sea after being torn in half by an underwater explosion that killed 46 of its 104 sailors. In the following months, Beijing resisted pressure to acknowledge Pyongyang's culpability, seeking instead to downplay the incident and calling for the international community to "turn the page".¹¹ The foreign ministry's first official comments, nearly a month after the incident, called the sinking a "tragedy" and stated merely that Beijing had taken "note that the ROK [South Korea] plans to carry out a scientific and objective investigation and believes the issue will be properly handled".¹² Many South Koreans found it deeply offensive that official condolences were issued five weeks after the sinking.¹³

Command and U.S. Forces Korea (USFK), visited President Lee to discuss the exercise and declared the U.S. "would stand by the ROK no matter what happened". Twenty USFK personnel participated, and there were several observers from the Neutral Nations Supervisory Commission (NNSC) and Canada. The U.S. reportedly deployed F-22 fighters and a KC-135 tanker to patrol above the island. A source said there was increased "U.S. bomber activity" at Anderson Air Base in Guam and at least one U.S. nuclear-powered submarine armed with cruise missiles in the area. A military source told Crisis Group that if North Korea had used force against the South on 20 December, "it was on". Crisis Group interviews, Seoul, December 2010, January 2011. Lee Chi-dong, "President Lee orders gov't to stay on full alert", Yonhap News Agency, 20 December 2010. Christine Kim, "Guns on Yönp'yöng blast for 90 minutes", *Korea Joongang Daily*, 21 December 2010. 《연평도 사격훈련 때 최강전투기 F-22 한국 왔다》 [The most powerful fighter, the F-22 came to Korea during the Yönp'yöng Island firing exercise], *The Chosun Ilbo*, 22 December 2010.

¹¹ Crisis Group interviews, Beijing, September 2010.

¹² Chinese foreign ministry press conference, 20 April 2010, www.mfa.gov.cn.

¹³ China's first official condolences for the loss of life came on 22 April 2010, when Ambassador Zhang Xinsen met with South Korean journalists and expressed them to the victims' families, calling the sinking "an unfortunate incident". Other countries, including the U.S. and Japan, paid condolences soon after the

As the international investigation got underway, Beijing called for all parties to "stay calm" and "exercise restraint", while reiterating its opposition to further economic sanctions.¹⁴ South Korean officials stressed the need to "have China play its role in the issue".¹⁵ But many in South Korea saw President Hu Jintao's welcoming of Kim Jong-il to Beijing in May 2010 as disrespectful and insensitive, coming just days after their own president, Lee Myung-bak, had lobbied him in Shanghai to take a stronger stance toward the North.¹⁶

On 20 May, the international investigation concluded that "evidence points overwhelmingly to the conclusion that the torpedo was fired by a North Korean submarine. There is no other plausible explanation".¹⁷ A key reason cited by Chinese analysts for Beijing's rejection of the findings was that Seoul did not invite China to participate.¹⁸ It would have been harder for Beijing to claim bias if it had been invited, but the South considered this would have compromised sensitive naval intelligence capabilities and was not appropriate given China's implicit military alliance with the North in their Treaty of Friendship and Cooperation.¹⁹ Russia was not a participant and declined to endorse the report.²⁰

On the day the investigation results were announced, the Chinese foreign ministry refused to ascribe any blame to

incident. According to a 20 April 2010 statement by the Chinese foreign ministry, later by the South Koreans, China did send condolences privately immediately after the incident "through bilateral channels", because it "wasn't an ordinary event, and it involved a warship". President Hu Jintao offered formal condolences on 30 April 2010. "After delay, China calls *Ch'önan* a 'tragedy'", *Korea Joongang Daily*, 23 April; "Korea-China summit touches on Cheonan ship, FTA", Korea Net, 1 May 2010. ¹⁴ 《中方回应韩国对沉舰事故关切：形势复杂 望保持冷静》

[China responds to South Korea's concern about ship sinking accident: situation is complicated, hopes that calm can be maintained], 《新华》 [Xinhua], 15 May 2010.

¹⁵ Comments by Park Hyung-jun, senior political affairs secretary to President Lee. "All Eyes on China in Wake of Cheonan Sinking", The Jamestown Foundation, 27 May 2010.

¹⁶ Crisis Group interviews, Seoul, June, July 2010. Chinese media referred to Kim Jong-il's visit as "unofficial" and said Pyongyang chose the timing. "Top leaders of China, DPRK hold talks in Beijing", Xinhua, 7 May 2010.

¹⁷ Investigation Result on the Sinking of ROKS "*Cheonan*", The Joint Civilian-Military Investigation Group, 20 May 2010.

¹⁸ Crisis Group interview, Beijing, August 2010.

¹⁹ Crisis Group Report, *North Korea: The Risks of War in the Yellow Sea*, op. cit., p. 24.

²⁰ For more details on the Russian investigation, see *ibid*, p. 23. A source close to the investigation said the damage could have been caused by either a mine or a torpedo. Crisis Group interview, Seoul, August 2010.

Pyongyang.²¹ Six days later, Vice Foreign Minister Zhang Zhijun said, “China is carefully and prudently studying and examining the information from all sides”.²² Media commentaries remained vague, avoiding the issue of culpability and continuing to call the incident “a mysterious naval tragedy near a disputed maritime border”.²³ To cast further doubt on the findings, some Chinese analysts suggested that South Korea’s domestic politics had shaped the investigation and its handling of the incident.²⁴ They speculated that President Lee may have hurried release of the results, played up the incident and blamed the North in order to consolidate conservative votes ahead of local elections on 2 June 2010.²⁵

Beijing adjusted its rhetoric slightly after U.S. Secretary of State Hillary Clinton warned that China would put itself in a “dangerous position” if it refused to acknowledge North Korea’s role in the *Cheonan* sinking.²⁶ During his 28-31 May 2010 visit to Seoul, Premier Wen Jiabao pledged that Beijing “will not protect anyone” after it had made an “impartial judgment” about who was responsible.²⁷ However, it became increasingly clear that the investigation results and international pressure were not going to sway Beijing’s determination to shield its neighbour. Some analysts suggested it had already decided that no investigation would be sufficiently incontestable to require censure of the North.²⁸

With the investigation results in hand, South Korea mounted an international campaign for tough action against the North.²⁹ Calling for “resolute countermeasures” and strengthened economic sanctions, President Lee urged “strong international cooperation” to deal with Pyongyang when referring the incident to the Security Council on 4 June 2010.³⁰

Beijing made clear its limits on the form and content of Security Council action, stating its desire to avoid a strongly critical statement that it believed might destabilise or provoke Pyongyang. It would not support a resolution (leaving only the possibility of a weaker president’s statement) and refused any direct condemnation of the North.³¹ The U.S. and South Korea were amenable to a president’s statement but sought to include the G8 statement’s language on the attack.³² Despite intense pressure,³³ China stuck firmly to its position that a critical statement would “add fuel to the flames” and at one point threatened to walk out of negotiations.³⁴ When the talks

²¹ “China has always viewed and treated international and regional issues on their own merits in a fair and objective manner”. Foreign ministry press conference, 20 May 2010, www.mfa.gov.cn. The implied message was that China rejected the findings because the investigation lacked fairness and objectivity.

²² “China again urges calm over Korean Peninsula”, Reuters, 25 May 2010. “US demands world response over Korea warship sinking”, BBC News, 26 May 2010.

²³ “Naval disaster casts more shadow over Korean Peninsula”, Xinhua News, 27 April 2010.

²⁴ “South Korea is just as nuts as North Korea. Structurally South Korea has a one-term presidency, so they can do whatever they want”. Crisis Group interview, Beijing, July 2010. See also Sunny Lee, “China has a different view on Cheonan”, *Korea Times*, 18 July 2010.

²⁵ Crisis Group interview, Beijing, December 2010.

²⁶ Jung Ha-won, “China, Russia still on fence on UN resolution”, *Korea JoongAng Daily*, 10 June 2010.

²⁷ “China ‘will not protect’ Korea ship attackers”, BBC, 28 May 2010.

²⁸ Crisis Group email correspondence, Washington DC, January 2011. According to Bonnie Glaser, senior fellow with the Center for Strategic and International Studies (CSIS), “... the Chinese made a decision shortly after the sinking of the ship that their interests dictated that they remain neutral; they would not under any circumstances finger North Korea as the perpetrator of the attack”. Sunny Lee, “China’s position dictated by interests, not evidence”, *Korea Times*, 20 July 2011.

²⁹ The foreign minister convened the Chinese and Japanese ministers on 15-16 May. On 18 May, President Lee spoke to U.S. President Obama and the next day to Japanese Prime Minister Hatoyama. U.S. Secretary of State Clinton visited on 26 May, returning with Defense Secretary Gates on 21 July and agreeing to a Lee-Obama bilateral at the G-20 meeting in Canada. Seoul used the G-20 to seek broader support for UN action, and the U.S. supported the South’s tactical approach. “Seoul’s diplomacy over Cheonan in full swing”, *The Korea Times*, 19 May 2010. “Lee to seek broader support over Cheonan at G-20”, *The Korea Times*, 22 June 2010. “G8 condemns North Korea over Cheonan sinking at summit”, BBC, 26 June 2010.

³⁰ Lee Chi-dong, “Lee vows resolute measures against N.Korea”, Yonhap News Agency, 20 May 2010.

³¹ Crisis Group interviews, New York, July 2010, January 2011.

³² The June 2010 G8 summit statement (the U.S., Canada, Germany, UK, France, Italy, Russia, Japan) said, “we deplore the attack on March 26 that caused the sinking of the Republic of Korea’s naval vessel, the Cheonan, resulting in tragic loss of 46 lives”. Noting that an international investigation had found Pyongyang responsible, it added, “we condemn, in this context, the attack which led to the sinking of the Cheonan We demand that the Democratic People’s Republic of Korea refrain from committing any attacks or threatening hostilities against the Republic of Korea”, 26 June 2010.

³³ Speaking after the G-20 summit, President Obama said he had had a “blunt” conversation with President Hu Jintao and called for the Security Council to issue a “crystal clear” message. Joe Lauria, “China stalls U.N. efforts against North Korea”, *Wall Street Journal*, 7 July 2010.

³⁴ Chinese foreign ministry spokesman Qin Geng said Beijing did not want to “pour fuel on the flames ... China is a neighbour of the Korean Peninsula, and on this issue our feelings differ from a country that lies 8,000km distant”, referring to the U.S., press conference, 29 June 2010, www.mfa.gov.cn. Crisis Group interviews, New York, July 2010, January 2011.

reached a stalemate, they were moved out of the UN and into a bilateral U.S.-China forum, returning to the group of 6+ (the Security Council's five permanent members and Japan, plus South Korea and other Security Council members) only after language was agreed.

The U.S. and South Korea were able to maintain the word "attack" and a reference to the investigation report, "which concluded that the DPRK [Democratic People's Republic of Korea] was responsible for sinking the *Ch'önan*", but the statement never directly linked the attack to North Korea.³⁵ Condemning the act but not an aggressor, it noted the North's claim that "it had nothing to do with the incident", while asserting that "the Security Council condemns the attack which led to the sinking of the *Ch'önan*".

Both sides claimed a win. China saw the statement as acceptable because it did not cross any limits it had set, and it used it to urge all parties to "turn over the page of the *Ch'önan* incident as soon as possible".³⁶ The U.S. felt that it had bridged the gap between Seoul's desire for redress and China's to shield the North. Ambassador to the UN Susan Rice said the statement "demonstrates a strong international consensus condemning this attack ... and sends a message to the North Korean leadership that the Security Council condemns and deplores this attack; it warns against any further attacks; and insists on full adherence to the Korean Armistice Agreement".³⁷

While Seoul had not necessarily expected the Security Council to agree on a critical statement, it was deeply disappointed by the final "weak and useless" statement and said it would open the door for further provocations.³⁸ It had hoped that waiting for the investigation results would help to negotiate a stronger text,³⁹ but the delay gave Russia as well as China additional time to nurture doubts about the investigation's objectivity and approach. The

unsatisfactory experience subsequently contributed to Seoul's decision not to refer the Yönp'yöng Island shelling to the Security Council.⁴⁰

C. THE YÖNP'YÖNG ISLAND SHELLING

On 23 November 2010, the DPRK shelled Yönp'yöng Island, killing two civilians and two marines, following a regular live-fire exercise by South Korea that had been preceded by Seoul's notification of the exercise and Pyongyang's threat to retaliate.⁴¹ China's initial response downplayed the seriousness of what was the first artillery attack against South Korean territory since the end of the Korean War. On the day of the attack, the foreign ministry announced that Beijing was "concerned about the issue", although "the specific circumstances have yet to be verified".⁴² Chinese media described the incident as "the Koreans firing at each other",⁴³ and state television featured North Korean claims that the South fired first.⁴⁴ Some Chinese analysts emphasised that South Korea's exercises had provoked the North, so were primarily to blame.⁴⁵ Subsequently, however, officials adopted a tone of increasing concern.⁴⁶

⁴⁰ Crisis Group interviews, New York, December 2010 and January 2011.

⁴¹ See Crisis Group Report, *North Korea: The Risks of War in the Yellow Sea*, op. cit., pp. 26-28.

⁴² Foreign ministry press conference, 23 November 2010, www.mfa.gov.cn.

⁴³ 《专题：朝鲜韩国互相炮击》 [Special topic: North Korea and South Korea shoot at each other], Xinhua News; 《朝鲜半岛需要减压，而非增压》 [The Korean Peninsula needs decreased pressure, not increased pressure], 《中国网》 [China Net], 10 December 2010.

⁴⁴ CCTV "World Express" started its news on 23 November 2010 with DPRK footage (in original audio with Chinese subtitles) in which a DPRK anchor blamed South Korea for starting the incident.

⁴⁵ 吴志浩 [Wu Zhijie], 《延平岛炮击事件难终结 朝韩局势更危险》 [Yönp'yöng artillery incident difficult to resolve, situation between the Koreans is more dangerous], 《新闻晨报》 [Shanghai Morning Post], 22 December 2010. Sunny Lee, "Fall guys in Beijing need better PR", *Asia Times*, online, 30 November 2010.

⁴⁶ The day after the incident, Premier Wen Jiabao called the situation "serious and complex", and on 26 November Foreign Minister Yang Jiechi said China was "highly concerned" about it and "deeply worried" about subsequent developments. 《中方就朝鲜半岛局势表态 呼吁对话谈判解决问题》 [China expresses its position on Korean Peninsula situation, calls for dialogue and negotiations to solve the issue], 《中国新闻网》 [China News Network], 7 December 2010. 《杨洁篪阐述中方在当前朝鲜半岛局势问题上的立场》 [Yang Jiechi explicates China's position on the current Korean Penin-

³⁵ "Security Council Condemns Attack On Republic Of Korea Naval Ship 'Cheonan', Stresses Need To Prevent Further Attacks, Other Hostilities In Region", SC/9975, 9 July 2010.

³⁶ Crisis Group interviews, Beijing, September 2010. 王湘江、顾震球 [Wang Xiangjiang, Gu Zhenqiu], 《安理会通过关于"天安"号事件的主席声明》 [Security Council passes presidential statement about the *Ch'önan* incident], 《新华网》 [Xinhua Net], 9 July 2010.

³⁷ "Remarks by Ambassador Susan E. Rice, U.S. Permanent Representative to the United Nations, at a Security Council stakeout, on the Presidential Statement Condemning the Attack on the *Ch'önan*", U.S. Mission to the United Nations, New York, 9 July 2010.

³⁸ Crisis Group interviews, Seoul, June and July 2010. The Chinese UN ambassador reportedly invited the North Korean ambassador to lunch to celebrate the statement. Crisis Group email correspondence, Washington DC, January 2011.

³⁹ Crisis Group interviews, New York, June 2010.

Confronted with a surge in inter-Korean tensions and international pressure, China promoted its panacea for tensions on the Korean Peninsula: the Six-Party Talks.⁴⁷ Understanding that the conditions for their resumption had not been met, Beijing nevertheless called on 28 November 2010 for an “emergency meeting of delegates to the Six-Party Talks”.⁴⁸ This proposal was rooted in Beijing’s motivation for backing the Talks in the first place: to ease the tension on the Peninsula through diplomatic means, mitigate international pressure for additional action by China and continue to play a central role in the response toward the DPRK.⁴⁹ Following the *Cheonan* sinking, China had made sustained efforts to restart the Talks, having always focused on the process more than the outcome.⁵⁰

Beijing’s sudden call for emergency talks after the Yönp’yöng Island shelling were not preceded by its usual efforts to prepare for and increase the prospects of such a

sula situation], 《新华网》 [Xinhua News], 26 November 2010.

⁴⁷ China’s sustained efforts to restart the Six-Party Talks stemmed from its belief that the framework – even without concrete progress on denuclearisation – is the best for lessening the likelihood that tensions would escalate into conflict. Resumption would also diminish international criticism of Beijing, allowing it to be seen as a “responsible great power”, and enabling it to influence the international response towards the DPRK. The Six-Party Talks were suspended after North Korea said it was permanently withdrawing in April 2009, following passage of UN Security Council Resolution 1718. Crisis Group Report, *Shades of Red*, op. cit., 2009, pp. 2-4.

⁴⁸ The foreign ministry spokesperson said, “it is in the common interest of all parties to promote the Six-Party Talks and materialise all the goals set in the 19 September Joint Statement in a comprehensive manner”. Hong Lei’s regular press conference, 23 November 2010. The need to resume the talks was repeated on 25 and 30 November. “China proposes emergency consultations among heads of Six-Party Talks in early December”, Xinhua, 28 November 2010.

⁴⁹ Crisis Group interviews, Beijing, December 2010. See also Crisis Group Report, *Shades of Red*, op. cit., p. 2.

⁵⁰ Throughout the summer and fall of 2010, Chinese Special Representative on Korean Peninsular Affairs Wu Dawei pressed for resumption through extensive lobbying, including in the capitals of the other five parties. 《武大伟访美促重启六方会谈 美称要看朝鲜表现》 [Wu Dawei visits the U.S. to push for resumption of Six-Party Talks. U.S. claims it wants to see DPRK’s performance], 《新闻晚报》 [Evening News], 3 November 2010. China believes that even if not able to produce concrete progress on denuclearisation, the Talks lessen the likelihood that inter-Korean tensions will escalate. They also permit Beijing to share responsibility for lack of progress with other parties, while minimising its own, and to be able to say, “we have tried”. Crisis Group interview, Beijing, December 2010.

diplomatic initiative.⁵¹ Although Russia supported emergency consultations, South Korea, the U.S. and Japan quickly turned them down as “no substitute for action by North Korea”.⁵² In contrast to Beijing’s view that discussions related to the Talks could serve as a “crisis management mechanism”, many in Washington and Seoul felt the venue was specifically for addressing denuclearisation and should not be resumed unless North Korea demonstrated its seriousness to denuclearise.⁵³ They also regard North Korea as having made itself the object of crisis management and therefore ineligible to join such discussions, at least initially.⁵⁴ They consider that China should recognise that North Korea is the instigator of crisis and that in the absence of admission of responsibility for its actions must be managed rather than treated as a legitimate dialogue partner.

D. EVOLUTION OF THREAT PERCEPTION AFTER YÖNP’YÖNG

Moving quickly beyond its initial cautious ambivalence about the Yönp’yöng Island shelling, Beijing focused its concern on Washington’s growing military involvement in the region, obliquely criticising U.S.-South Korea and U.S.-Japan combined exercises as “stirring up tensions”.⁵⁵ It saw these manoeuvres as aimed at enhancing a military presence on China’s “doorstep”⁵⁶ and intended to contain its rise.⁵⁷ As the pair of exercises approached, Premier Wen Jiabao stated on 24 November that Beijing opposed “any provocative military acts” on the Korean Peninsula. Two days later, the foreign ministry warned against “any

⁵¹ Crisis Group interview, Beijing, December 2010. Just hours before the call, Dai Bingguo was told in Seoul by President Lee that South Korea would decline Beijing’s offer to host an emergency session. See Section IV.A.

⁵² “U.S., Japan, S.Korea to meet over N.Korea tensions”, The Huffington Post, 1 December 2010.

⁵³ Crisis Group interviews, Seoul, December 2010.

⁵⁴ Crisis Group email correspondence, Washington DC, January 2011.

⁵⁵ 《專家解讀：美霸權釀半島局勢惡化》 [Expert interpretation: U.S. hegemony worsens the situation in the Peninsula], 《香港文汇报》 [Hong Kong Wen Wei Po Online], 25 November 2010.

⁵⁶ 罗援 [Luo Yan], 《中国黄海地区曾有惨痛历史不许别国触犯》 [China’s Yellow Sea area has painful history, do not allow other countries to violate it], 《中国青年报》 [China Youth Daily], 16 July 2011. 罗援 [Luo Yuan], 《美航母若进黄海将激怒中国民意》 [U.S. aircraft carrier entering the Yellow Sea will enrage Chinese people’s opinions], 《环球时报》 [Global Times], 10 August 2010.

⁵⁷ Chinese analysts uniformly said that the U.S.’s strategic aim is to take advantage of inter-Korean tension to reinforce its presence on China’s periphery. Crisis Group interviews, Beijing, November and December 2010.

military activities ... without permission” in China’s “exclusive economic zone”.⁵⁸ On 2 December, it hardened its rhetoric, likening the exercises to the “brandishing [of] swords and spears” that “amplify and escalate tensions”.⁵⁹

Nevertheless, in comparison with its response to the post-*Ch’ōnan* U.S.-South Korea combined exercise in the Yellow Sea, this reaction was much more muted.⁶⁰ U.S. pressure, combined with Beijing’s consideration for Hu Jintao’s 17-21 January 2011 visit to Washington, was a factor in this.⁶¹ Some Western analysts further suggested the strong U.S. pushback to China’s harsh condemnation of the July 2010 combined exercise also played an important part.⁶²

⁵⁸ This comment also drew significant criticism of China in South Korea. Without mentioning the U.S., the Chinese foreign ministry also called for “relevant parties” to “exercise calm and restraint” and to “do more things that are conducive to easing tension”. Crisis Group email correspondence, Beijing, January 2011. Chinese foreign ministry press conference, 25 November 2010, www.mfa.gov.cn. The dates of the two sets of combined exercises were 28 November-1 December 2010 for U.S.-South Korea and 3-10 December 2010 for U.S.-Japan.

⁵⁹ Jiang Yu, Foreign ministry spokeswoman, press conference, 2 December 2010. www.mfa.gov.cn.

⁶⁰ China’s anger at the presence of the *USS George Washington* and its battle group in those waters in summer 2010 and its reaction to the planned U.S.-South Korea exercise was more intense than anything it said or did in November-December. On 8 July, the foreign ministry expressed “grave concern” and said China “firmly opposes foreign military vessels and planes” conducting activities in the Yellow Sea and China’s coastal waters that undermine China’s security interests. This was accompanied by the PLA (People’s Liberation Army) East Sea Fleet’s 30 June-5 July live-fire exercises in the South China Sea. Foreign ministry press conference, 8 July 2010, www.mfa.gov.cn. 《解放军副总长：非常反对美韩在黄海举行军演》 [PLA deputy chief of staff: Very opposed to U.S.-ROK military exercises in the Yellow Sea], 《凤凰卫视》 [Phoenix TV], 1 July 2010.

⁶¹ It was seen in China as crucial for Hu’s legacy to have conducted a smooth visit to the U.S., without the embarrassing mishaps of the past. China wanted the U.S. to deliver “respect and dignity” and “remove obstacles” to the visit. Hu’s 17-21 January 2011 state visit was the first since Jiang Zemin’s in 1997, so had great symbolic importance. (The Chinese considered Hu’s April 2006 visit a “state visit”, while the White House considered it an “official visit”.) If the visit did not go smoothly, the worry was that Hu could be perceived as weak domestically. Crisis Group interviews, Beijing, December 2010.

⁶² When the U.S. decided to move the July 2010 combined exercises out of the Yellow Sea to off the eastern coast of South Korea, the Pentagon made clear that U.S. warships had been in the Yellow Sea and the Bohai Sea and would return. The U.S. felt that the intensity of China’s reaction to the presence of the *George Washington* made it “necessary” that the carrier participate in a high-profile way in future exercises. Washington communicated to Beijing that it had stepped over the line in

Following the major U.S. combined exercises with its two allies and in particular Seoul’s 20 December 2010 live-fire artillery exercises on Yōnp’yōng Island, China’s concern shifted from the U.S. threat to the possibility of an unpredictable escalation of tension or miscalculation leading to military conflict on the Korean Peninsula. As its conflict threat assessment rose, Beijing began to concentrate on preventing deadly confrontation between North and South Korea. The prime worry was how the North would respond to the South’s live-fire artillery exercise. Although China still considered a heightened U.S. military presence in the region a threat to its own security, it was willing to accept this for a period if the alternative was war on the Korean Peninsula.⁶³ Indeed, some Chinese analysts even suggested that U.S. involvement could be a restraining factor on what they characterised as an “excessive” and “paranoid” South Korean reaction.⁶⁴ The historically unprecedented increased security coordination between South Korea and Japan, especially after the Yōnp’yōng Island shelling, also fed into Beijing’s fears about regional volatility and attempts to contain China.⁶⁵

Sustained U.S. and international pressure was an important factor in China’s calculations, particularly in the lead-up to President Hu’s visit. On 6 December 2010, President Obama called his counterpart to discuss the Korean Peninsula situation. He condemned the North’s shelling

expressing opposition to the combined exercises and the U.S. military presence, and it perceived Beijing as recognising its response had “backfired”. Crisis Group email correspondence, Washington DC, January 2011. China has not publicly criticised North Korean military exercises. Media coverage and official comments generally use a neutral tone and avoid criticism.

⁶³ Crisis Group interviews, Beijing, December 2010.

⁶⁴ Some Chinese security experts believe that “extended nuclear deterrence” in the form of the large 28 November-1 December 2010 U.S.-South Korea combined exercises helped restrain North Korea from retaliating against the South’s 20 December 2010 live-fire drills on Yōnp’yōng Island. Deputy Director and Professor of American Studies (Fudan University) Shen Dingli cited the aim of deterrence promoted by the *George Washington*’s participation as something which “coincided with China’s own interests”. Replying to a question about the carrier’s deployment, Zhang Liangui, professor at the Party School of the Central Committee, reportedly replied: “We have to admit, there are many problems that can’t be solved unless the United States is involved”. Crisis Group interview, Beijing, December 2010 and email correspondence, January 2011. Shen Dingli, “Building Regional Stability on the Korean Peninsula: A Chinese Perspective”, Asia Foundation Center for U.S.-Korea Policy newsletter, vol. 3, no. 1, January 2011. Barbara Demick, “N. Korea intensifies warnings as a U.S. carrier draws near”, *Los Angeles Times*, 27 November 2010.

⁶⁵ 周晶璐 [Zhou Jinglu], 《迈向同盟?日韩拟签军事协议》 [Towards alliance? Japan and Korea preparing draft military agreement], 《东方早报》 [*Dongfang Zaobao*], 5 January 2011.

of Yōnp'yōng Island and uranium enrichment developments, said Pyongyang must meet its international obligations under the 2005 Six-Party Statement of Principles and urged China to “send a clear message to North Korea that its provocations are unacceptable”. Hu described the security situation as “very fragile” and suggested that the U.S. and China “work together”.⁶⁶ Chinese analysts interpreted this conciliatory tone as acceptance of a U.S. role in managing the crisis.⁶⁷ Beijing dispatched State Councillor Dai Bingguo to Pyongyang on 8-9 December (following his visit to Seoul on 27-28 November).⁶⁸ Official Chinese media reported that Dai had “frank and in-depth talks” with Kim Jong-il, language suggesting that China expressed dissatisfaction and exerted pressure.⁶⁹

The U.S. kept up its own pressure. When Deputy Secretary of State, James Steinberg, visited Beijing in December, talks on North Korea did not go smoothly. While there was agreement on need for inter-Korean dialogue as a precursor to resuming the U.S.-DPRK dialogue and Six-Party Talks, he made clear that addressing Seoul's concerns and request for an apology by the North must come first.⁷⁰ The North was also a top issue during Foreign Minister Yang Jiechi's 3-7 January Washington visit,⁷¹ and U.S. and Chinese officials discussed the Korean Peninsula situation in Beijing on 6 January.⁷² But Defense

Secretary Robert Gates's 9-12 January visit to Beijing, viewed as a key step in bilateral confidence-building, was undercut by the first public test of China's J-20 stealth fighter on 10 January. While Chinese officials denied deliberate timing, it shadowed the lead-up to Hu's trip.⁷³ The U.S. credited Beijing with helping to keep Pyongyang from retaliating against the ROK live-fire drill on 20 December but made clear it expected more.⁷⁴

North Korea was a key issue during Hu Jintao's visit to the U.S. from 17 to 21 January 2011. After protracted negotiations, President Hu agreed to language in a joint statement with the U.S. on 19 January emphasising the importance of North-South dialogue and expressing concern for the first time regarding the DPRK's uranium enrichment program (see Section II.D).⁷⁵ President Obama had reportedly warned him the previous day that Washington would redeploy forces in Asia to protect itself from a potential North Korean attack on U.S. territory, repeating an assertion reports said he had first made in the 6 December call.⁷⁶ On 20 January, Seoul and Pyongyang agreed to hold high-level military talks, the first since the Yōnp'yōng Island shelling. On 26 January, the U.S. Deputy Secretary of State James Steinberg travelled to the region to reinforce the message of the joint statement, underline U.S. support to South Korea and Japan and maintain pressure on China. As one Chinese analyst noted about the implications of Hu's visit for Beijing's overall DPRK policy: “one trip doesn't change anything”.⁷⁷

⁶⁶ The phone call took days to arrange, although the White House stated this was due to scheduling issues, not because President Hu sought to avoid the call. Mark Landler, “Obama urges China to check North Koreans”, *The New York Times*, 6 December 2010. “Highlights of Hu-Obama telephone conversation”, Reuters, 6 December 2010. “President Hu Jintao discusses Korean situation over phone with President Obama”, Xinhua, 6 December 2010.

⁶⁷ Crisis Group interview, Beijing, December 2010.

⁶⁸ For details on Dai Bingguo's Seoul visit, see Section IV.A.

⁶⁹ DPRK coverage was naturally much more positive, stating the sides held discussions in a “warm and friendly atmosphere” to “further consolidate and develop” their relationship. “Dai Bingguo Holds ‘Frank and In-depth’ Talks With Kim Jong-il”, Xinhua, 9 December 2010. “Kim Jong-il meets China's Dai Bingguo”, English translation of radio report by Pyongyang Korean Central Broadcasting Station, 9 December 2010.

⁷⁰ Crisis Group email correspondence, Washington DC, January 2011. Mark Landler, “China's North Korea shift helps U.S. relations”, *The New York Times*, 23 December 2010.

⁷¹ Philip J. Crowley, U.S. Department of State daily press briefing, Washington DC, 7 January 2011.

⁷² Chico Harlan, “U.S., China in ‘useful’ talks on N. Korea”, *The Washington Post*, 7 January 2011. 《国际观察：半岛局势有所缓和 重启会谈呼声渐强》 [International observer: Korean Peninsula situation warms slightly, calls for restarting Six-Party Talks gradually stronger], 《新华》 [Xinhua News], 7 January 2011. The U.S. visitors were Special Representative for North Korea policy Stephen Bosworth and U.S. Ambassador to the Six-Party Talks Sung Kim.

⁷³ Guan Youfei, deputy director, defence ministry foreign affairs office, described the test as “routine working arrangements”, not timed to coincide with Gates's visit. The foreign ministry reiterated that China's weapons development was “normal”. “Defence official says China's military development not aimed at any country”, Xinhua, 11 January 2011. Foreign ministry press conference, 11 January 2011, www.mfa.gov.cn. International media reports citing a Pentagon official suggested that President Hu was unaware of the test when Gates raised it in their 11 January meeting. Gates later said he had “concerns” about the PLA acting independently. “Beijing faces PLA ‘disconnect’, claims Gates”, *The Financial Times*, 14 January 2011.

⁷⁴ Crisis Group email correspondence, Washington DC, January 2011; and interviews, Beijing, January 2011.

⁷⁵ U.S.-China Joint Statement, The White House, 19 January 2011. “Full Text of China-U.S. Joint Statement”, Xinhua, 19 January 2011.

⁷⁶ Mark Landler and Martin Fackler, “U.S. warning to China sends ripples to the Koreans”, *The New York Times*, 20 January 2011. Jeremy Laurence and Jeff Mason, “Breakthrough after U.S. warns China on North”, Reuters, 21 January 2011.

⁷⁷ Crisis Group interview, Beijing, January 2011.

II. CONCERNS WITH REGARD TO NORTH KOREA

A. STABILITY

China's policy priority with regard to the DPRK is stability – preventing war on the Korean Peninsula or regime collapse. Domestic instability in the North could result in hundreds of thousands of refugees fleeing into China across the shared 1,416km border that is already a concern as a source of illicit trade and trafficking.⁷⁸ Beijing also worries that regime collapse – particularly in the context of military confrontation – could harm the regional stability it seeks to ensure for continued economic development. It considers that economic considerations are a factor behind Pyongyang's provocations, and economic cooperation with the North (see Section III.B) is central to stability.

Beijing is also concerned about the heavy economic and security burdens a refugee influx would place on its north-eastern provinces.⁷⁹ The August 2009 Kokang incident, in which more than 37,000 fled across the border from Myanmar, renewed concerns about its ability to handle large flows in the event of conflict on the Korean Peninsula. Refugees (some of whom might be armed) would likely avoid travelling south into the land-mined demilitarised zone and instead flee to north-eastern China, home to a sizeable ethnic Korean minority population.⁸⁰

B. LEADERSHIP TRANSITION

As reports of Kim Jong-il's health problems circulated in 2008, succession became one of Beijing's primary concerns. The relatively smooth promotion of Kim Jōng-ūn

as successor in 2010 came as a relief and increased China's confidence about the North Korean regime's capacity to carry out the political transition.⁸¹ While adhering to the official position of non-interference in the internal affairs of sovereign states, China's leaders have conveyed their acceptance of succession arrangements on multiple high-level occasions.⁸² Some suggest that Beijing has decided to invest in the emerging new leadership in Pyongyang in the hope of gaining greater influence over it once the North's political transition is complete. The acceptance of this dynastic succession is similar to China's endorsement of succession arrangements for Kim Jong-il in the early 1980s.⁸³

But concerns remain about potential instability linked to the succession process. Some Chinese analysts express doubts about Kim Jōng-ūn's ability to govern, given his relative youth and lack of governing experience,⁸⁴ but they also note that the father's moves to bolster the son's position by surrounding him with family members and loyalists have been effective.⁸⁵ Recent reports assert that purges have begun to eliminate any opposition to the dynastic succession.⁸⁶ China also worries that "outside forces" might use the succession to change the status quo in North Korea. It therefore feels it has little option but to support the regime during a critical period. "The North is using us. They know they will need some support for the succession, and the support could only come from China

⁸¹ Crisis Group interviews, Beijing.

⁸² These occasions include: Politburo Standing Committee Member Zhou Yongkang's 9-11 October 2010 visit to Pyongyang for the 65th anniversary of the Korean Workers Party; Vice Chairman of the Central Military Commission Guo Boxiong's trip to the North 23-26 October 2010 to commemorate the 60th anniversary of China's Volunteer Army joining the Korean War; Xi Jinping's 8 October 2010 attendance at the North Korean embassy in Beijing's anniversary meeting of the Workers Party; and a series of high-level Chinese visits to Pyongyang.

⁸³ Crisis Group email correspondence, Washington DC, January 2011. Also see Samuel S. Kim, *The Two Koreas and the Great Powers* (Cambridge, 2006), p. 57.

⁸⁴ Kim Jōng-ūn is 27 or 28 years old, was unknown in North Korea until recently and has little political or military experience. In September 2010, he was given the rank of four-star general and appointed a vice chairman of the KWP Central Military Commission. Crisis Group Report, *North Korea: The Risk of War in the Yellow Sea*, op. cit., p. 23.

⁸⁵ Crisis Group interviews, Beijing, December 2010. These moves include appointment of Kim Jong-il's brother-in-law Chang Sōng-t'aek as a vice chairman of the National Defence Commission and promotion of Kim Kyōng-hūi, Kim's younger sister, to four-star general. Ibid, p. 31.

⁸⁶ "N. Korean regime intensifies 'reign of terror'", *The Chosun Ilbo*, 13 January 2011.

⁷⁸ See Crisis Group Asia Report N°122, *Perilous Journeys: The Plight of North Koreans in China and Beyond*, 26 October 2006; and Crisis Group Reports, *Shades of Red*, op. cit., p. 17; and *China and North Korea*, op. cit., pp. 10-11. Also see Yong-an Zhang, "Drug Trafficking from North Korea: Implications for China's Policy", Brookings Institution, 3 December 2010. For reporting on the Kokang incident, see Crisis Group Asia Report N°177, *China's Myanmar Dilemma*, 14 September 2009; and Crisis Group Asia Briefing N°112, *China's Myanmar Strategy: Elections, Ethnic Politics and Economics*, 21 September 2010.

⁷⁹ 《专家称开战对中韩都不利 难民涌入加重东北负担》 [Experts claim that war will be unfavourable to both China and South Korea, refugee flow would increase the north east's burden], 《环球时报》 [*Global Times*], 29 June 2010.

⁸⁰ Crisis Group Report, *Shades of Red*, op. cit., pp. 17-18. Authorities are vigilant about Korean nationalism within China's borders. The largest concentration of ethnic Koreans is in Yanbian Korean Autonomous Prefecture in eastern Jilin Province.

.... China understands what they are doing. But China cannot say no".⁸⁷

C. U.S. REGIONAL MILITARY PRESENCE AND ROLE

An increased U.S. military presence remains one of Beijing's primary concerns on the Peninsula. This is due to a desire to maintain the North as a strategic buffer zone against U.S. and South Korean forces and prevent military domination of the region by the U.S. and its allies. Although the July and November 2010 combined military exercises with South Korea were aimed at the DPRK, Beijing viewed them as a more serious threat to both its own and regional security than the North Korean provocations, as well as an unwelcome source of domestic pressure.⁸⁸

That PLA officers and publications came out most bluntly to condemn the July combined exercises suggests the civilian government faced pressure from the military to oppose them and to allow Chinese forces to stage their own exercises on their side of the sea.⁸⁹ Several aspects of the exercises were criticised: that they involved the aircraft carrier *USS George Washington* and were on China's "home doorstep";⁹⁰ were held at sensitive times following the *Ch'ōnan* sinking and Yōnp'yōng attack; and that their scope was "excessive".⁹¹ They were viewed as part of deliberate U.S. moves to keep tensions high so as to justify maintaining and even increasing its regional military presence.⁹² Subsequent U.S. moves to deepen alliance re-

lationships with South Korea and Japan were viewed as attempts not only to contain China but also to embolden regional players against it.⁹³

Yet, China's decision to shield North Korea created the conditions for Washington to increase its military presence and pushed South Korea to seek greater U.S. support to enhance its security and military deterrence against the North. Moreover, as noted, some Chinese analysts suggest that Beijing's criticism softened when it seemed that U.S. involvement might serve as a useful restraint following the increase in tension before Seoul's 20 December 2010 live-fire artillery exercises on Yōnp'yōng Island.

China's opposition to the U.S. military presence is tied to its broader perception of a U.S. strategic "return to Asia".⁹⁴ It strongly rejected Secretary Clinton's July 2010 comments in support of multilateral efforts to address disputes in the South China Sea and the concurrent claim that resolving the issue was a U.S. "national interest".⁹⁵ Her sub-

⁸⁷ Crisis Group interview, Beijing, December 2010.

⁸⁸ Nationalists and some netizens have resolutely condemned China's "weak" response to the military drills. Netizen comments included: "China should show the determination we had in the anti-Japanese war and fight the Americans"; "Let's sink the *USS George Washington*. All Chinese people support you"; "The U.S. is at our doorstep, where are our advanced weapons?"; 《铁血网》 [Tiexue Wang], Army Forum and Global Affairs Forum, accessed 5 December 2010.

⁸⁹ Crisis Group email communication, Beijing, January 2011.

⁹⁰ 罗援 [Luo Yan], 《中国黄海地区曾有惨痛历史不许别国触犯》 [China's Yellow Sea area has painful history, do not allow other countries to violate it], 《中国青年报》 [China Youth Daily], 16 July 2011. 罗援 [Luo Yan], 《美航母若进黄海将激怒中国民意》 [U.S. aircraft carrier entering the Yellow Sea will enrage Chinese people's opinions], 《环球时报》 [Global Times], 10 August 2010. 《华盛顿号10月来黄海? 美航母成我"心病"》 [U.S. *Washington* coming to the Yellow Sea in October? U.S. aircraft carrier becomes China's "heart disease"], 《北京晚报》 [Beijing Evening News], 19 September 2010.

⁹¹ Crisis Group interview, Beijing, December 2010.

⁹² 朱克川 [Zhu Kechuan], 《延坪岛炮声与美国人的阴影》 [The Yōnp'yōng Island bombardment and the Americans' shadow], 《瞭望》 [Liaowang], 4 December 2010.

⁹³ Jingdong Yuan, "A rocky road for U.S. and China", *Asia Times*, 23 December 2010. "U.S. security assistance to Japan will make it more aggressive and cause it to think that it can do whatever it wants in the Diaoyu/Senkaku Islands and in the region". Crisis Group interview, Beijing, December 2010.

⁹⁴ The term "美国重返亚洲" (U.S. return to Asia) was first used by Chinese analysts to describe Obama's policy towards South East Asia, then in 2010 was gradually extended more broadly to Asia, particularly East Asia. It refers to a perception that while the primary focus of the Bush administration was terrorism and the Middle East, its successor is refocusing on Asia. Specifically, China sees a U.S. aim to advance its interests in the region through deepening cooperation with allies and supporting multilateralism through ASEAN, motivated by awareness that its regional power has been decreasing for a decade, while Chinese influence has risen. This is regarded as a "damaging" and "destructive" effort at "sowing discord" between China and its neighbours, and a "zero-sum game" that "leads to strategic errors". 陈向阳 [Chen Xiangyang], 《直面亚太战略博弈复杂化》 [Facing the increasing complexity of the strategic game in the Asia Pacific], 《瞭望》 [Liaowang], 8 November 2010. 张红 [Zhang Hong], 《如何看待美"重返亚洲"战略》 [How to view U.S. "return to Asia" strategy], 《人民日报海外版》 [People's Daily Overseas Edition], 3 December 2010, Issue 10. 《中国国际战略环境再审视(上)》 [Another look at China's international strategic environment], 《学习时报》 [Study Times], 10 January 2011. "US destructive role in Northeast Asia", *Global Times*, 20 December 2010. "Zero-sum game leads to strategic errors", *Global Times*, 23 December 2010.

⁹⁵ "The United States, like every nation, has a national interest in freedom of navigation, open access to Asia's maritime commons and respect for international law in the South China Sea". Speech at the National Convention Centre in Hanoi, U.S. Department of State, www.state.gov/secretary/rm/2010/07/145095.htm.

sequent remark that the Diaoyu/Senkaku Islands⁹⁶ are subject to Article 5 of the U.S.-Japan security treaty, which authorises Washington to protect “territories under the administration of Japan” in the event of an armed attack⁹⁷ further angered China. Forceful escalation of territorial claims in the South China Sea and a hard line on the October 2010 fishing vessel incident in the Diaoyu/Senkaku Islands were widely seen as examples of an increasingly assertive Chinese foreign policy.⁹⁸ But from Beijing’s perspective, these U.S. comments were a serious challenge to its core national interest of territorial integrity.⁹⁹

Some analysts have likened Beijing’s seeming desire to banish the U.S. from its neighbourhood to a Chinese version of the U.S. Monroe Doctrine with respect to Latin America, a comparison that State Councillor Dai Bingguo explicitly rejected in a rare public essay.¹⁰⁰ Deterioration of trust in bilateral relations, however, remains a central stumbling block to cooperation on international efforts to

rein in North Korea’s behaviour, including over its nuclear program.¹⁰¹

Increased U.S. military presence in the region also feeds nationalist sentiment, which grew to a new high in the wake of a perceived conspiracy by Washington to use instability on the Korean Peninsula to weaken China. In contrast to the lively internal debate prompted by North Korea’s 2009 nuclear test, when “strategists” and “traditionalists” debated policy toward Pyongyang (before the “traditionalists” won), the 2010 provocations have instead prompted greater debate on the U.S. role in Asia. Rather than chastise North Korea for the *Ch’ōnan* and Yōnp’yōng incidents, scholars, internet bloggers and state-owned media vigorously portrayed the U.S., South Korean and Japanese responses as destabilising and arrogant, even aimed at DPRK regime change.¹⁰² While some critical online commentary has been directed at North Korea, the tone has been more muted and farther removed from government circles than in 2009.¹⁰³

⁹⁶There is a sovereignty dispute between Japan, the People’s Republic of China and Taiwan over the Diaoyu/Senkaku Islands, a group of eight uninhabited islands in the East Asia Sea. Japan calls them Senkaku; China terms them Diaoyu Tai (Taiwan renders the same Chinese characters in a different romanisation system as Tiao Yu Tai). Japan gained control of the islands in 1895. The U.S. maintained jurisdiction for a time after World War II, but reverted it in 1972 to Japan. See Crisis Group Asia Report N°108, *North East Asia’s Undercurrents of Conflict*, 15 December 2005.

⁹⁷“Clinton says disputed islands part of Japan-US pact: Mae-hara”, Agence France-Presse, 24 September 2010. The U.S. had also previously stated that the islands were covered by the security treaty. State Department noon briefing, 24 March 2004.

⁹⁸The Obama administration has asked for Chinese cooperation on many issues, from continued investment in Treasury bonds to climate change, Iran, Afghanistan, Sudan and Pakistan, as well as North Korea. Beijing now consistently links its ultimate response to receiving quid pro quos on its particular interests. Crisis Group interviews, Beijing, December 2010. See also Andrew Small, “Dealing with a More Assertive China”, Transatlantic Take, German Marshall Fund of the United States, 8 February 2010; Stephanie T. Kleine-Ahlbrandt, “Beijing, Global Free Rider”, *Foreign Policy*, 12 November 2009; Chris Buckley and Paul Eckert, “Obama and Hu seek common ground amid disputes”, Reuters, 12 January 2011.

⁹⁹China expressed its opinion on the issue on many occasions. “Hu’s visit to map out blueprint for China-U.S. ties in new era”, Xinhua, 16 January 2010. The November 2009 U.S.-China Joint Statement declared that “respecting each other’s core interests is extremely important to ensure steady progress in U.S.-China relations” and that conducting Sino-American consultations on security matters should be based on “respecting each other’s jurisdiction and interests”. The White House, office of the press secretary, 17 November 2009.

¹⁰⁰戴秉国 [Dai Bingguo], 《坚持走和平发展道路》 [Sticking to the path of peaceful development], www.mfa.gov.cn, 7 December 2010.

D. DENUCLEARISATION

China distinguishes Pyongyang’s nuclear program and 2006 and 2009 nuclear tests¹⁰⁴ from the deadly Yellow Sea events in 2010, viewing the former as presenting a much more serious security concern.¹⁰⁵ Moreover, while it agreed to punitive measures after nuclear tests that were contrary to DPRK commitments to denuclearisation and condemned by many governments as illegal, it felt that responsibility for the Yellow Sea incidents was less clear-cut (particularly the *Ch’ōnan* sinking). It was confident that it would be in a better position to deflect international pressure and limit Security Council action.

¹⁰¹China has restricted discussion with U.S. diplomats and academics on North Korean scenarios. Crisis Group interviews, Washington DC, November 2010.

¹⁰²In a survey conducted by the Chinese language *Global Times* [《环球时报》], over 55 per cent believed that the U.S. was primarily responsible for instability on the Korean Peninsula. Over 10 per cent believed the same for South Korea, with only 9 per cent for North Korea and a fraction for China. 《环球舆情调查：七成受访者为认为中国应平衡对待朝韩摩擦》 “Global Times public opinion survey: 70 per cent of respondents believe that China should deal with inter-Korean tensions in a balanced fashion”, *The Global Times*, 26 November 2010, <http://world.huanqiu.com/roll/2010-11/1298650.html>.

¹⁰³Crisis Group interviews, Beijing, December 2010, January 2011.

¹⁰⁴Beijing viewed the 2006 nuclear test more seriously than the 2009 test, because it worried about a tough U.S. response. Crisis Group Asia Report N°179, *Shades of Red*, op. cit., pp. 11-15.

¹⁰⁵Crisis Group interviews, Beijing, December 2010.

In the past Beijing has been willing to take some action against North Korean nuclear development. It is believed to have cut off oil supplies for several days in the winter of 2003, when Pyongyang pulled out of the Non-Proliferation Treaty (NPT) and restarted the reactors in Yŏngbyŏn.¹⁰⁶ In 2006, it denounced the first nuclear test as “brazen”, agreed to a strongly critical Security Council resolution and cooperated in the freezing of some DPRK banking assets.¹⁰⁷ In 2009, after the second test, it accepted a relatively robust sanctions regime in Resolution 1874, though it blocked the use of force and any sanctions against non-military trade, and its implementation record has been uneven and diminishing over time.¹⁰⁸ Since then, however, Beijing’s willingness to take a harder stance toward Pyongyang has decreased. Determined not to let the nuclear issue damage bilateral relations as it had in 2006, China made a decision in 2009 to separate that issue from the rest of its bilateral relationship with the North.¹⁰⁹ When Premier Wen Jiabao visited in October of that year, he delivered a large aid package in return for only a vaguely worded promise of possible return to the Six-Party Talks.¹¹⁰

A visit by U.S. nuclear scientist Siegfried Hecker to the Yŏngbyŏn Nuclear Complex on 12 October 2010 revealed a new uranium enrichment facility with about 2,000 centrifuges that North Korean engineers claimed was already producing low enriched uranium (LEU) to be fabricated into fuel for the country’s first light-water reactor, still under construction.¹¹¹ Beijing’s response has been to down-

play the issue, despite the fact that the program is in violation of UN Security Council resolutions and the 2005 Joint Statement on North Korea’s nuclear program.¹¹² Vice Foreign Minister Cui Tiankai said the state of “the so-called uranium enrichment activities by North Korea” was “still not very clear”.¹¹³ Confronted by an angry South Korean foreign minister, Beijing sidestepped discussion about whether the nuclear developments were “legal”, instead calling for resumption of Six-Party Talks and stating that “China is checking on the relevant situation” and “remains firm in pushing for denuclearisation on the Korean Peninsula”.¹¹⁴ However, in the joint statement signed with the U.S. during Hu Jintao’s January visit, China expressed “concern regarding the DPRK’s claimed uranium enrichment program”.¹¹⁵ This phrase – the subject of protracted negotiations – was the first time that Beijing acknowledged the existence of Pyongyang’s enrichment program.¹¹⁶

¹⁰⁶ Gady Epstein, “From Beijing, stern words for an uneasy ally”, *Baltimore Sun*, 28 March 2003. See also, Gady Epstein, “China won’t help U.S. on North Korea, and here is why”, *Forbes*, 24 November 2010.

¹⁰⁷ “China bank freezes Pyongyang accounts”, Reuters, 26 July 2006.

¹⁰⁸ “China constitutes a large gap in the circle of countries that have approved UNSC Resolutions 1718 (2006) and 1874 (2009) and are expected to implement them”. “Report regarding North Korea Sanction Implementation-II”, Congressional Research Service, 8 October 2010. See Section II.E for information on China’s repeated failure to adequately inspect DPRK land and sea shipments through its territory. China voted for 1718 and 1874 but has not joined the multi-national Proliferation Security Initiative (PSI), which was initiated by the U.S. in 2003 and encourages member states to interdict any “cargoes of WMD, their delivery systems or related materials to the extent their legal authorities permit and consistent under international law and frameworks ...”.

¹⁰⁹ Crisis Group Report, *Shades of Red*, op. cit., pp. 12-15.

¹¹⁰ *Ibid*, pp. 12-15.

¹¹¹ The 25-30 megawatt-electric (MWe) experimental light-water reactor (LWR) was in the early stages of construction, and the delegation was told by North Korean scientists it was to be operational by 2012. Siegfried S. Hecker, “A Return Trip To North Korea’s Yŏngbyŏn Nuclear Complex”, Center for Inter-

national Security and Cooperation (Stanford University), 20 November 2010. The U.S. delegation reported that the DPRK could not only resume plutonium operations within six months, but also alter the technologies easily to advance a nuclear weapons agenda. The plant, if operational, could produce low-enriched uranium, typically 3-5 per cent, for power reactor fuel, or highly-enriched uranium, typically 90-95 per cent, for bombs. Theoretically, the LWR could produce weapons-grade plutonium depending on how operated. Both facilities were built without IAEA inspection and in defiance of Security Council Resolutions prohibiting DPRK nuclear activities. *Ibid*, p. 1.

¹¹² Crisis Group Asia Briefing N°52, *After North Korea’s Missile Launch: Are the Nuclear Talks Dead?*, 9 August 2006, pp. 2-3.

¹¹³ On 14 January 2011, Chinese Vice Foreign Minister Cui Tiankai stated: “About the so-called uranium enrichment activities by North Korea that you’ve raised, it’s my understanding that Chinese people have not seen the site”. He added: “It’s some American experts who have seen the site, but even they did not see clearly So this matter is still not very clear”. Phil Stewart, “U.S. again urges North Korea to meet its obligations”, Reuters, 14 January 2011.

¹¹⁴ “S.Korea tells China of ‘concern’ at North’s nukes”, Agence France-Presse, 22 November 2010. “Beijing refused to discuss whether the North’s nuclear development was ‘legal’, instead calling for the resumption of Six-Party Talks and stating that ‘China is checking on the relevant situation’ and ‘remains firm in pushing for denuclearisation on the Korean Peninsula’”. Foreign ministry press conference, 1 December 2010, www.mfa.gov.cn.

¹¹⁵ U.S.-China Joint Statement, op. cit.

¹¹⁶ Beijing insisted on including the qualifier “claimed” before “uranium enrichment program”.

E. NON-PROLIFERATION

China also distinguishes between non-proliferation (preventing the spread of nuclear technology and weapons of mass destruction, WMD) and denuclearisation (the removal and/or destruction of existing nuclear weapons). A North Korea that commits to non-proliferation, as supplier and recipient, is an increasingly distant goal for Beijing, one that several Chinese analysts have said is “not a priority for China” but rather something to be “balanced against other interests”.¹¹⁷ Beijing frames it as an issue falling within its bilateral relations with the U.S. That non-proliferation is such a high priority on the U.S. foreign policy agenda means to China that its bargaining position with the administration is strengthened.¹¹⁸ Beijing expects concessions in return for cooperation on non-proliferation, lamenting that its past cooperation on North Korea has not resulted, for example, in any change to U.S. policy on Taiwan.¹¹⁹

The overall low priority for non-proliferation is reflected by a repeated failure to adequately inspect DPRK land and sea shipments through its territory, some of which the U.S. claims have carried banned goods and materials.¹²⁰ Those claims have been substantiated by the UN Panel of Experts, established in accordance with Resolution 1874, which concluded that Beijing had failed to prevent two illicit nuclear-related shipments originating in the DPRK that had transited through Dalian port.¹²¹ While Beijing’s membership in international arms control and export control regimes reflects its official commitment to preventing illicit WMD trafficking, its rapid economic growth and opaque and decentralised government oversight of export controls, combined with increased trafficker sophistication, make enforcement difficult.¹²² A Chinese scholar even rhetorically questioned whether Security Council sanctions resolutions on nuclear non-proliferation were intended to be implemented, calling them just “political statements”, as demonstrated by U.S. nuclear double standards in the Middle East.¹²³

¹¹⁷ Crisis Group interviews, Beijing, December 2010.

¹¹⁸ See Crisis Group Asia Briefing N°100, *The Iran Nuclear Issue: The View from Beijing*, 17 February 2010, p. 4.

¹¹⁹ Crisis Group interview, Beijing December 2010.

¹²⁰ “North Korea continues to use air and land routes through China with little risk of inspection”. “Report regarding North Korea Sanction Implementation-II”, op. cit. See also Crisis Group Report, *Shades of Red*, op. cit., p. 12.

¹²¹ Report to the UN Security Council, (S/2010/517), 12 May 2010 at 72, 73.

¹²² Crisis Group Report, *Shades of Red*, op. cit., pp.19-20.

¹²³ Crisis Group interview, Beijing, December 2010.

III. STRENGTHENED TIES WITH THE NORTH IN 2010

A. POLITICAL TIES

China’s responses to the sinking of the *Ch’ōnan*, the Yōnp’yōng Island shelling and evidence of the North’s ongoing nuclear development have taken place in the context of reinvigorated political and economic engagement with the DPRK. The strengthening of ties in 2010 was driven by two major security concerns. First, Beijing worried the North could become unstable due to its economic woes, particularly following a disastrous November 2009 currency reform, and the gathering pace of the succession process. It also worried that invigorated U.S. regional involvement since the beginning of 2010 would continue and increase. While Beijing has accepted Kim Jōng-ūn as Kim Jong-il’s successor, concerns persist about instability, particularly given reports that the North is at risk of another food crisis.¹²⁴ Beijing feels that while drawing the North close with economic support and diplomatic protection is no guarantee against either its internal instability or external aggression, it is still an important means by which to try to stabilise and influence its neighbour.

Since Premier Wen Jiabao’s October 2009 trip, during which significant cooperation agreements were signed,¹²⁵ the level and frequency of visits between Beijing and Pyongyang have increased dramatically. In 2010, Kim Jong-il made an unprecedented two trips in four months to China.¹²⁶ During his 3-7 May visit, Kim was granted the rare privilege of meetings with the full Politburo Standing Committee.¹²⁷ On his 26-30 August trip, he met in Changchun with Hu Jintao, who unusually for a Chinese leader

¹²⁴ “New focus on North Korea’s food shortage”, *The New York Times*, 24 November 2010.

¹²⁵ In addition to an unspecified amount of aid, Premier Wen offered an economic cooperation package worth more than \$200 million, including help in technology, education, tourism, software industry cooperation and a new bridge on the Yalu (Amnok) River estimated to cost over \$150 million (although construction reportedly remains stalled). “What did the Wen gift package include?”, *The Chosun Ilbo*, 7 October 2009. “Agreement and agreed documents signed between DPRK, Chinese governments”, Korean Central News Agency (KCNA), 4 October 2009.

¹²⁶ Four months was the shortest span of time ever between Kim’s trips to any foreign country.

¹²⁷ Crisis Group interview, Beijing, October 2010. See also 《朝鲜劳动党总书记金正日对我国进行非正式访问》 [Secretary of the Korean Workers Party Kim Jong-il conducts unofficial visit to China], 《新华网》 [Xinhua Net], 7 May 2010.

travelled outside the capital for the meeting.¹²⁸ In October alone, both Politburo Standing Committee member Zhou Yongkang and Vice Chairman of the Central Military Commission Guo Boxiong went to Pyongyang.¹²⁹ Zhou was the most senior Chinese official in two decades to attend the Workers Party anniversary,¹³⁰ while Guo led a delegation to commemorate the 60th anniversary of China's entry into the Korean War.¹³¹

The PLA delegation visit and comments on the anniversary by Vice President and Vice Chairman of the Central Military Commission Xi Jinping describing the Korean War as "great" and "just"¹³² were particularly significant as high-level displays of military solidarity. Highlighting the history of combined military operations against the West sent a message that China is willing to stand by its ally militarily as well as politically. In marked departure from practice, Pyongyang reciprocated by publicising its friendship with China on billboards after Kim Jong-il's

visit in August 2010 and in mass performances at the annual Arirang festival.¹³³

Beijing's emphasis on Korean War comradeship and enhanced political, military and economic relations reflect that its DPRK policy continues to be largely determined by the "traditionalists" – conservative institutions including the military and cadres as well as diplomats and analysts who remain deeply distrustful of the West and have a zero-sum view of stakes on the Korean Peninsula.¹³⁴ The International Liaison Department of the Chinese Communist Party (ILD) plays a central role in North Korea policy, and the visits to Pyongyang by its head, Wang Jiarui, are seen as important policy indicators.¹³⁵ The PLA, an increasingly powerful foreign policy actor, also has strong influence because of the security implications of DPRK policy.¹³⁶ These actors have been particularly critical of the foreign ministry's characterisation of ties as a "normal bilateral relationship" and of China's actions pertaining to the North in the Security Council.¹³⁷

Nevertheless, various policy analysts, scholars and netizens have been critical of China's North Korea policy.¹³⁸

¹²⁸ Kim also visited the cities of Jilin and Harbin. According to Chinese analysts, the Changchun-Jilin-Tumen economic development area and North Korea's cooperation were a big part of the economic aspects of the visit. (North Korea's Rajin port provides a way to export products made in the industrial development zone). Crisis Group interviews, September 2010.

¹²⁹ 2010 marks the 60th anniversary of Chinese participation in the Korean War and the 65th anniversary of the founding of the Korean Workers Party, giving these visits and demonstration of friendship a strong military significance.

¹³⁰ In 1990, then Standing Committee member Song Ping represented China. For the 60th anniversary in 2005, China sent Wu Yi, a member of the Politburo but not the Standing Committee. Zhou was given exceptional treatment in Pyongyang. He reportedly met Kim Jong-il four times in three days, and during the military parade for the 65th anniversary of the Korean Workers Party, he stood directly to his left, closer even than Kim Yong-Nam, head of the North Korean legislature, and Premier Choe Yong Rim. No foreign official has ever been given such privileged proximity. In another unusual move, Zhou was asked to greet the parade. 《周永康访朝鲜三天内4次会见金正日》 [Zhou Yongkang met with Kim Jong-il four times in three days], Xinhua News, 12 October 2010.

¹³¹ 《习近平：抗美援朝是保卫和平、反抗侵略的正义之战》 [Xi Jinping: opposing the U.S. and assisting North Korea was safeguarding peace, a just war against invasion], 中国新闻网 [China News Network], 25 October 2010. Philip J. Crowley, U.S. Department of State daily press briefing, Washington DC, 27 October 2010.

¹³² In Beijing, Hu Jintao and Xi Jinping met with representatives of China's Volunteer Army. Xi Jinping termed the Korean War "a just war to defend peace against aggression from the United States" and "a great victory in the pursuit of world peace and human progress", drawing criticism from South Korea, the U.S. and others and contributing to anti-China sentiment in South Korea. Philip J. Crowley, U.S. Department of State daily press briefing, Washington DC, 27 October 2010.

¹³³ As the two-hour performance drew to a close, placards proclaimed "North Korea-China friendship" in Chinese characters. Another part of the performance told of the bond between North Korea founder Kim Il-sung and the founding Communist rulers of China. Michael Forsythe, "North Korea courts China with dancing pandas in Pyongyang gala", Bloomberg News, 10 Oct 2010.

¹³⁴ After the DPRK's second nuclear test in 2009, a strong debate took place between two schools of thought: the "traditionalists" and the "strategists". The former were strongly supportive of the DPRK alliance and perceived the DPRK as a strategic asset, a comrade and a buffer zone. The latter considered the alliance a one-way friendship that threatened Chinese interests. The "traditionalists" have since dominated policy. See Crisis Group Report, *Shades of Red*, op. cit., pp. 5-11.

¹³⁵ The International Liaison Department of the Communist Party has formal responsibility for managing party ties with North Korea and is an extremely influential actor in Chinese policy-making towards the North. Ibid, pp. 5-11.

¹³⁶ For further discussion on the PLA's growing foreign policy role, see Linda Jakobson and Dean Knox, *New Foreign Policy Actors in China*, SIPRI Policy Paper no. 26, September 2010.

¹³⁷ The foreign ministry stated on 2 June 2009: "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". Press conference, 2 June 2009, www.mfa.gov.cn. Crisis Group Report, *Shades of Red*, op. cit., p. 7.

¹³⁸ In May 2010, when Kim Jong-il visited Beijing, there was a large campaign on Twitter entitled, "Kim Jong-il get out of China". The netizen who started the campaign claimed: "Campaigns like this let people know that Chinese netizens really are disgusted with Kim Jong-il". Radio Free Asia, 5 May 2010. "China is kidnapped by North Korea" and "North Korea is to

Some have publicly acknowledged Pyongyang's culpability for the Yōnp'yōng Island shelling.¹³⁹ Others criticised support to a regime whose unpredictable behaviour and violent provocations have become a liability for China,¹⁴⁰ with some going so far as to call North Korea "ferocious and wicked".¹⁴¹ The policy impact of such criticism, however, remains very limited.¹⁴²

Netizens reserved some of their strongest criticism for the perceived U.S. role in increasing tensions on the Korean Peninsula.¹⁴³ While few express sympathy for the DPRK regime, many voice approval of support as a counterweight to U.S. regional hegemony and so in China's interests.¹⁴⁴ They regard the U.S. and Seoul as enemies and ex-

China what Israel is to the U.S." (a reference to perceived unquestioning U.S. support of Israel) were widely-expressed opinions online. Sunny Lee, "China's bloggers show different views", op. cit. 《朝鲜真是中国的包袱吗》 [Is North Korea really China's burden?], 人民强国论坛 [Strong Country Forum], 14 December 2010, <http://msn.people.com.cn/GB/170494/13478747.html>.

¹³⁹ Zhang Liangui, professor at the Party School of the Central Committee, described the island shelling as an attempt to mobilise the military in preparation for Kim Jōng-ūn's succession. John Garnaut, "North Korean dictator-in-waiting linked to deadly artillery attack", *The Sydney Morning Herald*, 24 November 2010. Zhu Feng, deputy director of the Peking University Centre of International and Strategic Studies, termed it "... a reckless provocation. They want to make a big bang and force the negotiations back in their favour. It's the oldest trick". Reuters, 23 November 2010.

¹⁴⁰ While some internet commentators have harshly criticised the North's provocations but maintain that support is ultimately in China's interests. See 王冲 [Wang Chong], 《朝鲜半岛的中国抉择》 [China's options on the Korean Peninsula], 财经博客 [Caijing blog], 27 May 2010. 杨恒均 [Yang Hengjun], 《中国为什么不放弃北朝鲜?》 [Why does China not abandon North Korea?], 10 July 2010.

¹⁴¹ A Peking University professor posted a message on Twitter, 24 November 2010, describing the DPRK as "extremely ferocious and wicked". He blamed Pyongyang for instigating the Korean War 60 years earlier and for again provoking the ROK now.

¹⁴² Crisis Group interviews, Beijing, November, December 2010. See also, Zhu Feng, "China's policy toward North Korea: A new twist?" CISI PacNet, 8 December 2010.

¹⁴³ Popular criticism of the U.S. on the internet included, "South Korea shouldn't bring its adoptive father, the U.S., to the Yellow Sea with the *USS Washington*. That amounts to playing with fire in China's backyard". Sunny Lee, "China's bloggers show different views", op. cit.

¹⁴⁴ Although some bloggers termed the succession plan "a renewed dictatorship" and a "feudal system", few regarded it as China's business to object: "The internal affairs of another country have nothing to do with us". "We are not American imperialists and we do not interfere". Indeed, many are favourable to the DPRK succession out of concern for U.S. security chal-

press satisfaction over the North's confrontational stance.¹⁴⁵ Such sentiments occasionally spill over into criticism of the Chinese government's perceived "weak" response to the combined military drills. Many wish China to take a similarly militant line; some called for the PLA to "study the violent reaction of North Korea and refuse to allow the *George Washington* to come into the Yellow Sea" and "issue mutually assured destruction warnings to the U.S.". ¹⁴⁶ These nationalists view Korean Peninsula troubles as an opportunity to increase China's international leverage and influence in the UN and other institutions.

B. ECONOMIC COOPERATION

Building on the tightened economic ties of the China-DPRK "Friendship Year" in 2009,¹⁴⁷ Chinese trade and investment in the North increased significantly in 2010. In the first eleven months of 2010, bilateral trade reportedly reached \$3.06 billion, a significant increase over \$1.71 billion in 2009.¹⁴⁸ While this trade is negligible for China overall,¹⁴⁹ it is crucial to Pyongyang's survival,

lenges. "We need to completely support Kim Jōng-ūn and not allow the American imperialists to come as close as the Yalu River". "We need to protect Kim Jōng-ūn and be the brain behind him". Postings on 《铁血网》 [Tiexue Wang], bbs.tiexue.net, accessed 4 December 2010.

¹⁴⁵ A thread on 《人民网》 [Renmin Wang] in support of North Korea's shelling of Yōnp'yōng Island attracted more than 70,000 hits as of 26 November 2010, including: "The ROK is a dog of the United States and deserves to be beaten up"; and "The U.S.-ROK counter revolutionaries showcase their military might and keep inciting conflicts to create instability". 《人民网》 [Renmin Wang], www.people.com.cn, accessed 26 November 2010.

¹⁴⁶ 《人民网》, 《军事论坛》 [Military Affairs Forum], 25 November 2010. Other netizen's comments included: "China should show the determination we had in the anti-Japanese war and fight the Americans". "Let's sink the *USS George Washington*. All Chinese support you". 《铁血网》 [Tiexue Wang], bbs.tiexue.net, accessed 5 December 2010.

¹⁴⁷ In 2009 China and the DPRK made a series of overtures demonstrating joint commitment to improving economic ties. Shortly after the January 2009 meeting in Pyongyang between Kim Jong-il and Wang Jiarui, chief of the Chinese Communist Party's International Liaison Department, DPRK state media praised China's donation of "free aid" to the North. North Korea also opened a consular branch office in the border city of Dandong to bolster bilateral trade. Scott Snyder, "China-Korea Relations: Year of China-DPRK Friendship; North's Rocket Fizzles", *Comparative Connections*, April 2009, pp. 1, 4.

¹⁴⁸ Data from the Korea International Trade Association (KITA).

¹⁴⁹ According to KITA, in 2009 China's imports from the DPRK constituted only 0.05 per cent of its total imports, and its exports to the DPRK constituted approximately 0.1 per cent of its total exports. Figures exclude South Korean investment in the Kaesōng Industrial Complex. See also, Dick K. Nanto, Mark

particularly in the context of recent sharp decreases in economic assistance and investment from South Korea.¹⁵⁰ The LG Economic Research Institute in Seoul estimates that China now accounts for about 52.6 per cent of North Korea's trade.¹⁵¹

During the first eleven months of 2010, the DPRK ran a \$974 million trade deficit with Beijing.¹⁵² Little foreign direct investment flows in, and Pyongyang does not have access to credit through international financial institutions such as the International Monetary Fund. Some analysts believe Beijing helps finance Pyongyang's balance of payments deficit.¹⁵³ Estimating precise trade and investment flows is complicated by the absence of standard accounting practices in the DPRK, the non-convertibility of the North Korean wŏn, small-scale trade and barter transactions along the Chinese border and illicit trade that now

includes all North Korean weapons exports and all weapons imports except for small arms.¹⁵⁴

While preventing instability in North Korea is foremost in Beijing's calculations,¹⁵⁵ China sees strengthening economic ties as essential to enhancing its influence in the country and providing a channel for its long-term efforts to promote economic reforms.¹⁵⁶ It has long encouraged North Korea to adopt limited Chinese-style economic reforms. It also sees continued engagement as beneficial to its plans for developing its north-eastern provinces¹⁵⁷ as North Korea offers a convenient source of raw materials¹⁵⁸ and access to international markets for its landlocked Jilin province through Rajin port.¹⁵⁹ China's am-

E. Manyin, Kerry Dumbaugh, "China-North Korea Relations", Congressional Research Service, 22 January 2010, p. 16.

¹⁵⁰ On 24 May 2010, the South Korean unification ministry banned all new investment in the DPRK, as well as the supply of raw and secondary materials, leading to a nearly 50 per cent reduction in trade with the North. The Kaesŏng Industrial Complex is the only significant remaining commercial tie between the Koreas, although since the *Ch'ŏnan* and Yŏnp'yŏng Island incidents, the number of ROK employees has been cut dramatically. "South Korea punishment of North for ship sinking", Reuters, 24 May 2010. 《南北交易中斷中國訂單增》 [Suspension of DPRK-ROK Trade Results in Increase in DPRK-China Trade], 《投資朝鮮》 [Invest in DPRK], 12 August 2010. "Korean ties fall foul of diplomatic froideur", *Financial Times*, 24 November 2010. "It's time to close Kaesŏng complex", *Korea JoongAng Daily*, 4 December 2010.

¹⁵¹ According to the institute's report, China's share in the North's genuine foreign trade (ie, excluding that with South Korea) is 78.5 per cent. In 1999, DPRK trade dependence on China was only 20.4 per cent (including inter-Korean trade). "North Korea's economic dependence on China increasing", LG Economic Research Institute, 19 September 2010 as quoted in Namgun Min, "LG Expects 80% China Reliance by 2011", *Daily NK*, 20 September 2010. The Samsung Economic Research Institute estimated that China accounted for 52.6 per cent of DPRK foreign trade in 2009 (including inter-Korean trade). This is the first time since the collapse of the Soviet Union that more than 50 per cent of the North's trade has been with a single country. 동용승 [Tong Yong-sung], 《북한과 중국의 경제관계와 시사점》 [North Korea-China Economic Relations and Implications], Economic Security Team, Samsung Economic Research Institute, 30 September 2010.

¹⁵² Data from the Korean International Trade Association (KITA).

¹⁵³ Jayshree Bajoria, "The China-North Korea Relationship", Council on Foreign Relations, 7 October 2010. Scott Snyder, "China-Korea Relations: Pyongyang Tests Beijing's Patience", *Comparative Connections*, July 2009, pp. 4-5.

¹⁵⁴ Some scholars and analysts have gone to great lengths to estimate DPRK trade and investment flows using mirror statistics, but there are numerous data and estimation problems with this approach. See Nicholas Eberstadt, *The North Korean Economy* (New Brunswick, 2009). There are no accurate estimates of the North Korean arms trade, but exports of arms, weapons technology and military services likely earn between approximately \$200 and \$500 million per year. The figure of \$1 billion per year often quoted in the press is almost certainly exaggerated. On recent DPRK arms smuggling, see Daniel A. Pinkston, "Up in arms – North Korea's illicit weapons deals", *Jane's Intelligence Review*, 22 April 2010.

¹⁵⁵ This includes diminishing the economic distress that is pushing North Korean refugees into China.

¹⁵⁶ Economic cooperation and trade was a focus during President Hu Jintao's meeting with Kim Jong-il in Changchun on 27 August. In addition to taking North Korean leaders to tour examples of Chinese economic success, Beijing uses its cross-border trade and investment initiatives to establish channels through which to influence the environment for economic reform. Lim Eul-chul, column in *Korea JoongAng Daily*, 31 August 2010. "President Hu holds talks with DPRK top leader Kim Jong-il", Xinhua, 30 August 2010.

¹⁵⁷ Beijing's interest in developing trade links for the country's north east was demonstrated when the central government designated Changchun, Jilin and the Tumen River Area as a border development region in November 2009, Ko Soo-suk, "China backs North's Rason project", *Korea JoongAng Daily*, 7 January 2010. "China approves border development zone to boost cooperation in NE Asia", *People's Daily*, online, 16 November 2010; 동용승 [Tong Yong-sung], 《북한과 중국의 경제관계와 시사점》 [North Korea-China Economic Relations and Implications], Economic Security Team, Samsung Economic Research Institute, 30 September 2010, p. 10.

¹⁵⁸ Drew Thompson, "Chinese Investors and North Korea's Future", paper presented at the Centre for International and Strategic Studies, Peking University, 2 August 2010, p. 2.

¹⁵⁹ Rajin is part of Rasŏn, a twin port city of Rajin and Sŏnbong created after they were merged into a single special municipality in 2004. It borders China's Jilin province and Russia's Primorsky Krai and has strategic value as a potential transit point for the shipment of goods to landlocked parts of north-eastern China and the Russian Far East.

bassador to Pyongyang, Liu Hongcai, said in October 2010 that the importance North Korea attaches “to developing its economy and improving the livelihood of its people” is providing “business opportunities for many Chinese enterprises”.¹⁶⁰

Nearly every month of 2010 brought announcements of Chinese investments or significant measures to improve bilateral trade. While not all of these projects are likely to be realised due to the challenging business environment,¹⁶¹ they signal clear Chinese intent to support the North’s economy – for political as well as economic reasons – as well as to better position itself in the DPRK market in the event of economic reforms.¹⁶² China’s stepped-up investment also appears to coincide with Pyongyang’s new emphasis on foreign investment for economic development,¹⁶³ while it continues to keep such projects under tight control.¹⁶⁴

¹⁶⁰ “Chinese ambassador lauds extraordinary year of China-DPRK ties”, *People’s Daily*, online, 12 October 2010.

¹⁶¹ The value of executed investment is much lower than the value of concluded investment contracts. For instance, out of 25 current North Korean mineral resource development projects implemented with foreign capital, twenty have been developed with the help of Chinese capital. The contract value for the twelve with committed funding amounts to \$460 million, but researchers from the Samsung Economic Research Institute estimate that only \$40 million has been provided. Main obstacles to Chinese investors include: Pyongyang’s reluctance to transfer substantial mine ownership rights to Chinese investors; North Koreans’ preference for deferred payment as the primary way of settling accounts; underdeveloped financial institutions in North Korea; and the necessity of resorting to government assistance to conduct business operations effectively. 동용승 [Tong Yong-sung], op. cit., pp. 6-8.

¹⁶² Crisis Group email correspondence, Washington DC, January 2011. 《中朝贸易，不只是商业》 [China-DPRK trade, it’s not just about business], 《南方周末》 [*Southern Weekly*], 4 November 2009.

¹⁶³ On 15 January 2011, the DPRK government adopted the “Ten-Year Strategy Plan for Development of the State Economy”, asserting that economic policy’s major objective should be to improve the country’s infrastructure, agriculture and basic industries by using foreign capital investment. A new government body was created to implement the process; the State General Bureau for Economic Development. North Korean media stressed the leading role of the Taepung International Investment Group (a North Korean company reportedly established in September 2006 in Hong Kong to attract foreign investment) in its implementation. These moves stressing the role of foreign capital are unprecedented in DPRK economic history. “DPRK adopts decision on strategic development plan”, *Xinhua*, 15 January 2011; “State general bureau for economic development to be established”, KCNA, 15 January 2011.

¹⁶⁴ In January 2010, the Presidium of the Supreme People’s Assembly designated Rasŏn as a “special city”, Rajin’s govern-

In February 2010, China pledged a \$10 billion investment in North Korea’s State Development Bank for infrastructure development.¹⁶⁵ In March, Chinese officials announced a ten-year extension to the lease of Pier 1 at the DPRK’s Rajin port, aimed at boosting exports from north-east China and ensuring China’s opening into the Sea of Japan.¹⁶⁶

The North also opened Weihua Island and Huangjinping Island on the Yalu/Amnok River near Dandong and Sinŭiju as free trade zones and, in the hope they will become its “Hong Kong”, later leased them to China to attract investment and stimulate its exports to China.¹⁶⁷ Beijing agreed to accept North Korean workers in the border province of Jilin province and launched a pilot program in the city of Dandong to facilitate cross-border trade by denominating export deals to the DPRK in renminbi.¹⁶⁸ In December, a Chinese state-owned company pledged to invest \$2 billion in the free trade zone of the north-eastern North Korean city of Rasŏn.¹⁶⁹

Pyongyang increasingly turned to Beijing in 2010 for vital aid and food.¹⁷⁰ Decreases in South Korean aid under the Lee administration,¹⁷¹ as well as the disastrous Novem-

ment was changed, and the key positions were taken by former Minister for Foreign Trade Rim Kyung-man and his associates. Those moves suggest the importance Pyongyang attaches to the Rasŏn project. “Rajin-Sonbong: A Strategic Choice for China in Its Relations with Pyongyang”, *China Brief*, vol. 10, no. 7. ¹⁶⁵ 《韩媒称朝鲜将从中国获得100亿美元投资》 [South Korean media report that DPRK will receive \$10 billion investment from China], 《环球时报》 [*Global Times*], 15 February 2010. ¹⁶⁶ “China gains Sea of Japan trade access”, *Global Times*, 10 March 2010.

¹⁶⁷ 《传朝鲜把两岛“租给中国100年”欲打造成朝版香港(图)》

[North Korea leasing two islands in Yalu River to two Chinese companies for 50 years], Phoenix TV, 24 February 2010.

¹⁶⁸ Daisuke Nishimura, “China gives nod to North Korean workers at border cities”, *The Asahi Shimbun*, 19 October 2010. 《丹东启动对朝鲜贸易人民币结算试点》 [Dandong initiates trial locations for renminbi-denominated trade], 《朝鲜日报》 [*North Korea Daily*], 13 September 2010.

¹⁶⁹ Rajin-Sonbong was first named a free economic trade zone in 1991 as a UN-sponsored regional development project (Tumen River Area Development Project) encompassing China, South Korea, North Korea, Russia and Mongolia. Due to lack of capital, the project never launched; Pyongyang tried without success to resuscitate it in 2005 during Hu Jintao’s visit, and interest finally revived in December 2009. Scott Snyder, “Rajin-Sonbong: A Strategic Choice for China in Its Relations with Pyongyang”, *China Brief*, vol. 10, no. 7. “China backs North’s Rason project”, *Korea JoongAng Daily*, 7 January 2011.

¹⁷⁰ Chinese aid to North Korea is treated as a state secret. Crisis Group Report, *Shades of Red*, op. cit., p. 16.

¹⁷¹ Since President Lee Myung-bak’s inauguration, South Korea has suspended annual shipments of up to 500,000 tons of rice

ber 2009 currency reform and other internal challenges, together struck a blow to the DPRK's economic livelihood.¹⁷² Grain imports from China jumped nearly three-fold in January 2010 over the equivalent period of 2009, from 3,869 tons to 13,834 tons, likely part of Beijing's efforts to prevent economic deterioration from triggering further internal instability that could impact China.¹⁷³ A Chinese expert commented: "China feeds the North to keep itself safe".¹⁷⁴ While Kim Jong-il reportedly requested an additional one million tons of food aid during his August 2010 visit, Beijing was reportedly only willing to provide approximately 300,000 tons.¹⁷⁵ Subsequently, on 25 August, the [North] Korean Central News Agency reported that China had decided to send an unspecified amount of "emergency relief materials" to flood-stricken North Korea and noted President Hu's message of sympathy to Kim Jong-il.¹⁷⁶

C. DPRK MISTRUST

Despite shared history and strengthened ties, problems and mistrust abound in China-DPRK relations.¹⁷⁷ Pyongyang is concerned about over-reliance on a China that it knows uses the North as a security buffer and bargaining

and 400,000 tons of fertiliser; curtailed inter-Korean NGO activity; and limited inter-Korean people-to-people exchanges. The unification ministry reportedly spent less than 5 per cent of its 2009 budget for inter-Korean cooperation. The South has also rejected the North's frequent calls to resume and expand the Kaesŏng and Mt. Kŭmgang joint tourism projects in the North, which were halted following the shooting death of a South Korean tourist at Mt. Kŭmgang in July 2008. Karin J. Lee, "Humanitarian Programming in the DPRK, 1996 to 2009: The U.S. Administration and Congress", *Asian Perspective*, vol. 34, no. 2, 2010, pp. 166-168. Aidan Foster-Carter, "North Korea-South Korea Relations: Mixed Signals", *Comparative Connections*, January 2010, p. 2.

¹⁷² Crisis Group Asia Briefing N°101, *North Korea under Tightening Sanctions*, 15 March 2010.

¹⁷³ Kwon Tae Jin, head of the Centre for Global Cooperation and Research of the Korea Rural Economic Institute, quoted in Park Sung Kook "North Korean imports: Grain up, fertilizer down", *Daily NK*, 15 March 2010.

¹⁷⁴ Crisis Group interview, Beijing, December 2010.

¹⁷⁵ This figure is disputed, with some sources claiming China pledged 500,000 tons. It was also reported that North Korea asked for rice, but China only offered corn. SERI paper, 30 September 2010. Yoshihiro Makino, "Beijing snubs Pyongyang's requests for rice, offers corn instead", *The Asahi Shimbun*, 14 December 2010.

¹⁷⁶ "Chinese govt decides to provide relief materials to DPRK", KCNA, 25 August 2010.

¹⁷⁷ For background, see Crisis Group Report, *China and North Korea*, op. cit., pp. 14-18.

chip in relations with Washington.¹⁷⁸ It fears Beijing could betray it at any time for "a better deal with the U.S.". ¹⁷⁹ Officials typically refrain from publicly displaying appreciation for support, since "Beijing is doing everything for its own self-interest".¹⁸⁰ This belief also underlies the DPRK's desire to improve relations with the U.S. and diversify its sources of diplomatic, political and economic support.¹⁸¹

That the two long-time allies are now on very different ideological paths reinforces DPRK insecurity. It has adopted *sŏn'gun* (先軍), "military first", as the official state ideology built upon the foundation of Kim Il-sung's *chuch'e* (主體), roughly translated as "self-reliance". The North's state ideologies are described by a scholar as a form of extreme racism whereby a "maternalistic Great leader" must protect the "pure Korean race" from the evils of the external world.¹⁸² *Sŏn'gun* perceives the world through a modified Leninist lens as controlled by an exploitive capitalist power (the U.S.) seeking to enslave the rest of humanity. The only way to avoid this is to maintain a strong military. "Opening and reform" of the type proposed by China is viewed as treacherous; media propaganda emphasises DPRK commitment to "our style socialism" and that "military first" will result in a "strong and prosperous country" (強盛大國).¹⁸³

Mistrust and hostility further stem from disagreement over economic reform. China has long lobbied North Korean leaders to adopt Chinese-style reform to strengthen internal stability and regime legitimacy.¹⁸⁴ Many Chinese officials' expectations of such moves increased after the 28 September 2010 Korean Workers Party conference.¹⁸⁵ But Pyongyang remains reluctant, because reforms could undermine a system that has been insulated for decades. It also resents China's efforts due to what it sees as a "lack of understanding of our national priorities" and regards

¹⁷⁸ Crisis Group interviews, Beijing, December 2010.

¹⁷⁹ Crisis Group interview, Chinese scholars, Beijing, December 2010.

¹⁸⁰ Crisis Group interview, DPRK officials, December 2010.

¹⁸¹ Crisis Group interviews, Chinese analysts, Beijing, November and December 2010.

¹⁸² B.R. Myers, *The Cleanest Race: How North Koreans See Themselves and Why It Matters* (New York, 2010).

¹⁸³ Former Assistant Secretary of State Christopher Hill described an example of DPRK mistrust at the opening of the Six-Party Talks' "peace and security mechanism" working group. All delegates made positive remarks, except the North Koreans, who criticised all the other participating states. Remarks at the Asian Institute for Policy Studies, Seoul, 14 January 2011.

¹⁸⁴ Crisis Group interviews, Beijing, August 2010. Also see Crisis Group Report, *Shades of Red*, op. cit.

¹⁸⁵ Crisis Group email correspondence, Beijing, January 2011.

Chinese-style reform as “not feasible”.¹⁸⁶ This explains the repeated delays in the Yalu/Amnok River bridge construction and development of the free trade zones along the shared border. Pyongyang believes Beijing does not understand its security environment and considers the repeated proposals for economic reform as “irresponsible” and “interference in our internal affairs”.¹⁸⁷ China has yet to be invited to view North Korean nuclear facilities.

Aside from the diplomatic cost and embarrassment of being the only country shielding North Korea, China bears major security and financial burdens for Pyongyang. Its banks are asked to make loans that are unsound by normal business standards.¹⁸⁸ It has to maintain a large military presence in its north-eastern provinces to handle potential conflicts or refugee flows and reportedly has even considered stationing troops in the North to protect its own investments and citizens.¹⁸⁹ But Beijing does not see its costly political and economic investments as having achieved much influence over Pyongyang’s decision-making. Indeed, it often feels “kidnapped” and “blackmailed”.¹⁹⁰ Beijing’s claims to lack influence are loudest when urged by the U.S. and other countries to exert pressure on the North.

IV. CONSEQUENCES FOR REGIONAL RELATIONS AND SECURITY

A. SOUTH KOREA RELATIONS

Beijing’s intensified solidarity with Pyongyang has further strained ties with Seoul that were already damaged by the ambivalent response to the *Ch’ōnan* and Yōnp’yōng Island incidents.¹⁹¹ Bilateral relations dropped to their lowest since normalisation in 1992.¹⁹² At a May 2010 press conference prior to release of the *Ch’ōnan* investigation findings, the South Korean presidential spokesman denied any friction and said there were close consultations over the incident.¹⁹³ However, a rift was clearly emerging when Premier Wen Jiabao travelled to South Korea for a trilateral meeting with President Lee and then-Prime Minister Yukio Hatoyama on 30 May.¹⁹⁴ Although Wen offered condolences and declared China “will not protect anyone” responsible for the sinking, South Koreans were frustrated by what they perceived to be Chinese indifference at best, if not condescension and arrogance.¹⁹⁵

In late August 2010, Seoul for the first time did not mark the anniversary of diplomatic relations. A senior Grand National Party (GNP, *Hannadang*) policy adviser described this as unfortunate but not surprising, viewing the Chinese as “cold or at least not warm”. He did not expect this to impact business but said “that doesn’t mean we have to be friends”. Other officials said Chinese policy has become more aggressive, and they worry about being dragged into a conflict between Beijing and Washington. A policy adviser noted that this had always been a distant possibility, for example over Taiwan, but the possibility had not been expected to arise so soon, in the wake of ris-

¹⁸⁶ Crisis Group interviews, North Korean officials, December 2010.

¹⁸⁷ Crisis Group interviews, Beijing, December 2010.

¹⁸⁸ Crisis Group interviews, Beijing, October 2010.

¹⁸⁹ Crisis Group interviews, Beijing, November and December 2010. Reports stated that China may station troops in North Korea for the first time since 1994. According to a South Korean official, Beijing and Pyongyang recently discussed the possibility of stationing troops in Rasōn. *The Choson Ilbo*, 17 January 2011, http://english.chosun.com/site/data/html_dir/2011/01/17/2011011700465.html.

¹⁹⁰ Crisis Group interviews, Beijing, December 2010.

¹⁹¹ In early 2010, Vice Foreign Minister Cui Tiankai elevated Chinese claims in the South China Sea by stating to his U.S. counterparts that the South China Sea was a national core interest, thus implicitly at the level of Taiwan and Tibet. After U.S.-South Korea combined exercises post-*Ch’ōnan*, Beijing held live-fire drills in the South China Sea and an air exercise in the Yellow Sea.

¹⁹² Crisis Group interviews, Beijing, November and December 2010. Scott Snyder, See-won Byun, “China-ROK trade disputes and implications for managing security relations”, KEI Academic Paper series, September 2010. “Korea-China discord deepens after trawler capsizes”, *The Korea Times*, 22 December 2010.

¹⁹³ 《靑 ‘한중 관계 갈등. 균열 없다’》 [Blue House says ‘no friction or rupture in ROK-China relations’], Yonhap News Agency, 6 May 2010.

¹⁹⁴ Ser Myo-ja, “Wen bemoans tensions, warns against conflicts”, *Korea JoongAng Daily*, 31 May 2010.

¹⁹⁵ Crisis Group interviews, Seoul, July and August 2010. “China ‘will not protect’ Korea ship attackers”, BBC, 28 May 2010.

ing regional tensions over DPRK provocations, maritime disputes and other China-U.S. differences.¹⁹⁶

The South Korean government was outraged by Beijing's management of State Councillor Dai Bingguo's visit to Seoul on 27-28 November. As reported in South Korea, on 27 November, Seoul received an urgent request for a meeting. No agenda was proposed, but Beijing asked permission for Dai's plane to land at Söngnam Air Base, on the outskirts of the capital and normally reserved for heads of state. An exception was made to accommodate China's expressed urgency. When Dai arrived around 6:00 that evening without a visa, the justice ministry and immigration authorities had to dispatch officials to the airfield to process his otherwise technically illegal entry.¹⁹⁷

Dai requested to see President Lee immediately but was met by the foreign minister that evening and the president the next morning. Though Dai asked for the presidential meeting to be secret, contrary to Blue House protocol, he arrived with five Chinese reporters and television cameras. As Lee seethed, he reportedly began with a one-hour lecture on the history and development of bilateral relations. When the Six-Party Talks were raised, Lee said the South did not believe it was time to resume them and would decline Beijing's offer to host emergency consultations by representatives in that format. Nevertheless, some five hours later, China made its call for such consultations in the following week.¹⁹⁸ A popular South Korean weekly news magazine described China's diplomatic approach as an effort to "tame South Korea" and weaken its ties with the U.S. in order to reduce the likelihood that the alliance could be an instrument to encircle and contain China.¹⁹⁹

The South Korean public's impression of China has deteriorated.²⁰⁰ In late 2010, the Northeast Asia History Foundation in Seoul released a survey that found perceptions

of the relationship down 8.1 per cent in a year, though still slightly positive (50.8 per cent to 45.8 per cent), at the same time as favourable views of Japan have risen.²⁰¹ South Korean media coverage has contributed to the growing public perception of Chinese hostility.²⁰²

In Beijing, some feel the Lee administration has adopted a harsher policy toward Chinese fishing in the disputed waters in retaliation for ambivalence over the Yellow Sea incidents.²⁰³ "Slamming the door of diplomacy in China's face" when it proposed emergency consultations by Six-Party representatives was most demonstrative,²⁰⁴ but Beijing is also frustrated by the South's deepening security ties with the U.S., as well as continued military exercises in disputed waters near the NLL, which are seen as provoking the North.²⁰⁵ Describing the South's response as "misguided by radical emotions", some Chinese analysts consider the Lee administration's harsher policies towards Pyongyang a central factor in current tensions.²⁰⁶

²⁰¹ 김형원 [Kim Hyöng-wön], 《한국인 '한중 관계 악화...한일관계는 개선'》 [Koreans say ROK-China relations worsen ... ROK-Japan relations improve], *The Chosun Ilbo*, 9 November 2010.

²⁰² For example, a South Korean weekly published a story with several translations of blog posts describing Koreans as arrogant and disrespectful towards China and Koreans only using to China to make money, while China gets no return. 중국 네티즌 95% '한·중관계 개선 불가능' [95 per cent of Chinese bloggers say impossible to improve ROK-China relations], *Chugan Chosun*, 10 January 2011.

²⁰³ Crisis Group interviews, Beijing, December 2010. South Koreans say their government has videotapes showing that the seizure of Chinese fishing boats was triggered by Chinese violations. The South Korean media called for Seoul to release the footage, but the government has refused in order to avoid escalating tensions. The media was also critical when the Chinese fishermen were released without trial. Lee Haye-ah, "Foreign ministry refutes criticism of 'submissive diplomacy' with China", Yonhap News Agency, 27 December 2010. "Trawler dispute", The Korea Times, 23 December 2010. "S. Korea denies responsibility in sinking of Chinese boat", Yonhap News Agency, 22 December 2010.

²⁰⁴ Crisis Group interview, South Korean officials, December 2010.

²⁰⁵ 《朝韩危机：谁是和平守护者，谁是战争挑衅者？》 [Korea crisis: who is the peace defender and who is the war-monger?], 《南方报业网》 [Southern Newspaper Web], 21 December 2010. 《美三大航母群会师挑衅朝鲜 韩今再将海上演习》 [Joint forces of three U.S. aircraft carriers are to provoke North Korea. South Korea will conduct another round of maritime military exercises], 《重庆晚报》 [*Chongqing Evening Paper*] republished by *People's Daily*, online, 27 December 2010.

²⁰⁶ 《胡奥3对3私人晚宴成果将影响朝鲜无核化进程》 [The results of the 3-on-3 private banquet between Hu and Obama will influence the progress of Korean Peninsula denuclearisation],

¹⁹⁶ Crisis Group interviews, Seoul, July and August 2010. This was also a fear during President Roh My-hyön's administration. See Hee-ok Lee, "Korea-China Relations: Present Condition and Future Prospects", in Su-hoon Lee (ed.), *Security and Foreign Policy of the ROK Government* (Seoul, 2007).

¹⁹⁷ 김상연 [Kim Sang-yön], 《다이빙귀 비자 없이 서울 활보했다》 [Dai Bingguo swaggered around Seoul with no visa], *The Seoul Sinmun*, 3 December 2010.

¹⁹⁸ 《한국을 XX로 봤나?... 다이빙귀의 무례한 '1박 2일'》 [Did he see Korea as XX? Dai Bingguo's rude two days and one night], *Herald Kyöngje*, 30 November 2010; 《예결위, 다이빙귀 '무례 외교' 논란》 [Budget Committee Member denounces Dai Bingguo's 'rude diplomacy'], *The Joongang Ilbo*, 30 November 2010.

¹⁹⁹ 지해범 [Chi Hae-böm], 《중국의 '거친 외교'는 '한국 길들이기' 전략》 [China's 'rude diplomacy' is a strategy to 'tame South Korea'], *Chugan Chosun*, 27 December 2010.

²⁰⁰ Crisis Group interview, Seoul, December 2010.

B. RUSSIA

Significant differences have emerged between Chinese and Russian positions on North Korea. Owing to a shared interest in non-intervention and prevention of U.S. unilateralism, China and Russia have historically taken complementary positions on peace and security issues, particularly in the Security Council.²⁰⁷ Seeking to avoid international isolation, Beijing has regularly taken Russia's positions on peace and security issues into consideration.²⁰⁸ Of its six vetoes since joining the Security Council in 1971, three have been in tandem with Moscow.²⁰⁹ They worked together to weaken Resolution 1874 over two weeks of negotiations in 2009, as well as Presidential Statement 1718 which preceded it.²¹⁰ Following the *Ch'ōnan* sinking, Russia declined to release the findings of its investigation and took a neutral stance toward the international investigation results.²¹¹ After the Yōnp'yōng

Island shelling, it supported China's proposal for emergency consultations.²¹²

Russia and China initially shared some common views about the Korean Peninsula situation after the Yōnp'yōng Island shelling. However, Moscow ultimately publicly censured North Korea for the shelling and its ongoing nuclear development.²¹³ It also called for emergency Security Council discussions on 19 December 2010 and during the negotiations was amenable to a statement condemning North Korea, before Chinese opposition killed the initiative.²¹⁴ Moscow expressed "deep concern" following news of North Korea's new uranium enrichment capabilities,

《凤凰网》 [*Fenghuang wang*], 18 January 2011. "Pressuring N. Korea rhetoric is self-deceiving", *Global Times*, 30 November 2010.

²⁰⁷ Russian policy towards the Koreas is influenced by different schools. Traditionalists see the DPRK as an ally in the struggle against worldwide U.S. domination. Pro-Western policy makers lean towards South Korea. However, the leadership still wields decisive influence over policy. Crisis Group email correspondence, January 2011.

²⁰⁸ See Crisis Group Asia Briefing N°100, *The Iran Nuclear Issue: The View from Beijing*, 17 February 2010, pp. 15-16.

²⁰⁹ China and Russia have cast double vetoes three times: on a U.S.-UK-sponsored Security Council draft Myanmar resolution (2007); on a draft Zimbabwe sanctions resolution (2008); and over a Middle East ceasefire violation (1972).

²¹⁰ Before its 25 May 2009 nuclear test, the DPRK launched a three-stage long-range missile, the Ŭnha-2, configured as a space launch vehicle, on 5 April 2009. When the Council debated whether this violated Resolution 1718, Russia aligned with China, calling for restraint and a cautious response so the Six-Party Talks "would not be endangered". It said "the 5 April launch was legal under the right to peacefully use space, unless it is found that the rocket did not carry a satellite". The Council found it "a contravention" of Resolution 1718, but because of China's and Russia's opposition only issued a non-binding presidential statement. Crisis Group Report, *Shades of Red*, op. cit., pp. 2-3, 12.

²¹¹ On 18 September 2010, Russia said the *Ch'ōnan* case should be shelved. The South Korean defence ministry criticised this as "political and not based on facts and science". Oleg Kirianov, "South Korean Defence Minister harshly criticised Russia's position on *Ch'ōnan*", *Rossiyskaya Gazeta*, 14 September 2010 (in Russian). "Russia opts for shelving the case of *Ch'ōnan*", BBC Russian Service, 14 September 2010.

²¹² The foreign minister said ideally all parties should meet with no preconditions and find a way to implement the obligations unanimously accepted in the 19 September 2005 Joint Statement of Principles. "Russia is ready to take part in the session of the six parties on the Korean issue. Russian Foreign Ministry", RIA Novosti, 2 December 2010; "Moscow thinks it is right to call extraordinary session of the Six-Party Talks on the DRPK issue", RIA Novosti, 30 December 2010; "Russia's MOFA: the situation on the Korean Peninsula requires disengagement", 30 December 2010, *Vesti* (all in Russian).

²¹³ In a phone call on 27 November 2010, Foreign Minister Sergei Lavrov and his Chinese counterpart reportedly stressed the necessity of preventing further escalation on the Korean Peninsula, working to lower Korean tensions and resuming the Six-Party Talks. "Russia and China discussed the situation on the Korean Peninsula", Rosbalt Information Agency, 27 November 2010 (in Russian). Following the incident, Lavrov stated: "Those who started this bear a huge responsibility". However, the ministry statement was significantly toned down, urging both Koreas to exercise restraint and avoid further escalation. After a visit by the DPRK foreign minister on 12-13 December, the ministry condemned the shelling of South Korean territory and called on all parties to show restraint and avoid escalation. "Russia sees 'colossal danger' of Korea escalation", Reuters, 23 November 2010. "Information for the mass media. On the working visit of the DPRK Foreign Minister Pak Ui Chun in Russia", foreign ministry, 13 December 2010 (in Russian).

²¹⁴ "World edgy on Korea, Russia sees 'colossal danger'", Reuters, 23 November 2010. Initially Russia proposed a draft in which the Security Council would urge both Koreas to "exercise maximum restraint" and the Secretary-General would appoint a special envoy. It twice introduced amendments to accommodate elements of the UK draft that condemned the DRPK. The U.S. praised this flexibility, but lack of U.S.-China compromise blocked a coordinated Council statement. "UN Security Council meets on Korea tensions as North warns of 'catastrophe' if South drills", Associated Press, 20 December 2010. "The U.S. doubts if the UNSC would be able to overcome the disagreements over Korea", RIA Novosti, 20 December 2010 (in Russian). "China hails UN Security Council talks on Korea", RIA Novosti, 20 December 2010.

though its criticism and calls were also directed at Seoul and Washington.²¹⁵

Several factors arguably contributed to the change in Russian attitudes toward the DPRK.²¹⁶ First, economic and scientific cooperation with South Korea has been steadily deepening, making it more likely to consider Seoul's priorities. Secondly, it wants to strengthen ties with Europe and the U.S. The growing relevance of the Russian Far East as a trading centre for its natural resources has also altered its traditionally low threat perception of North Korea.²¹⁷ Moscow should be encouraged in the posture it appears to have adopted of a somewhat impartial broker. But Russian foreign policy is subject to a wide array of pressures – including proponents of differing views on both the DPRK and the West – so is susceptible to sudden change. The most important factor remains Vladimir Putin's position.²¹⁸

C. SOUTH KOREA-JAPAN-U.S. SECURITY MEASURES

Seoul and Tokyo view Pyongyang's WMD and missile programs as grave threats, and both have security alliances with the U.S.. However, the DPRK threat is slightly different for each and must be met within distinct political, economic, technical and legal constraints. Japan is constrained by a constitution that renounces war as a means to settle disputes. Other statutes, regulations, Diet resolutions and policy guidelines restrict nuclear and space technologies for peaceful use and prohibit export of arms

or weapons technology.²¹⁹ It has the right to self-defence under the constitution and UN Charter but cannot engage in collective defence and, without significant constitutional and legislative revisions, is limited to "purely defensive" measures when addressing security threats.²²⁰

As both countries consider China unwilling or incapable to exert greater pressure to rein in the DPRK, they have taken steps to improve their military capabilities and increased bilateral cooperation. In 2005, Seoul adopted the "Defence Reform Plan 2020" with the aim of reducing manpower requirements and modernising most weapon systems.²²¹ The Lee Myung-bak government implemented a defence policy review, but this was greatly affected by the *Ch'önan* and Yönp'yöng Island incidents.²²²

After the *Ch'önan* sinking, a presidential committee recommended switching to an "active deterrence" posture that would permit pre-emptive strikes on North Korean military facilities if an attack were imminent.²²³ Seoul seeks to improve early warning and surveillance capabilities, including an increase in unmanned aerial vehicles and other assets. For example, it reportedly plans to deploy underwater sensors to detect submarines near the NLL.²²⁴

²¹⁵ "Russia concerned over North Korean nukes", Agence France-Presse, 13 December 2010. On 17 December, Igor Morgulov, the foreign ministry's First Asia Department head, told the DPRK ambassador the North should not worsen the situation, stressing inter-Korean disputes should be resolved by diplomacy. The same day Vice Foreign Minister Alexei Borodavkin urged the South Korean and U.S. ambassadors to have the planned combined military drills called off to prevent further escalation. "Russia's MOFA called on North Korea to restrain its militant fervour"; and "MOFA called South Korea to give up the firing practice", both BFM.ru, 17 December 2010 (in Russian). "Russian MOFA expressed to the DPRK ambassador its concern about the DPRK statements of its readiness to use force", *Komsomolskaya Pravda*, 17 December 2010 (in Russian).

²¹⁶ For details, see Crisis Group Asia Briefing N°71, *North Korea-Russia Relations: A Strained Friendship*, 4 December 2007.

²¹⁷ "The Foreign Policy Concept of the Russian Federation", 12 July 2008, President of Russia Official Web Portal, <http://archive.kremlin.ru/eng/text/docs/2008/07/204750.shtml>. Fyodor Lukyanov, "Uncertain world: Russia's Asia challenge", RIA Novosti, 28 October 2010.

²¹⁸ Crisis Group interviews, Russian analyst, November 2010.

²¹⁹ These restrictions have been eroding, and there have been calls for their abolition, as they make cooperation with the U.S. on missile defence difficult.

²²⁰ On Japan's defensive posture and debate over developing a pre-emptive-strike capability against DPRK missiles, see Daniel A. Pinkston and Kazutaka Sakurai, "Japan Debates Preparing for Future Pre-emptive Strikes against North Korea", *The Korean Journal of Defense Analysis*, vol. 18, no. 4, Winter 2006, pp. 95-121.

²²¹ The number of twenty-year old South Koreans available for military service will begin to decline in 2013. Almost all males are required to serve, and any reduction in this obligation generally is popular with young voters. The government was motivated to become more self-reliant in national defence, but some critics have described the extensive acquisition plans as an effort by the Roh My-hyön government to obtain the approval of the military services, with which it generally had a negative relationship. Crisis Group interviews, Seoul. Bruce Bennett, "A Brief Analysis of the Republic of Korea's Defense Reform Plan", Rand Corporation, 2006. Han Yong-sup, "Analyzing South Korea's Defense Reform 2020", *The Korean Journal of Defense Analysis*, vol. 18, no. 1, spring 2006.

²²² Initially, the Lee government looked to re-emphasise ground forces, but this was exposed as inadequate by the *Ch'önan* and Yönp'yöng incidents. Jung Sung-ki, "S. Korea to Overhaul Modernization Plan", *Defense News*, 15 December 2008.

²²³ "President Lee urged to switch to 'active deterrence'", *The Korea Times*, 15 August 2010; "Panel to urge 'active deterrence' on N.K.", *The Korea Herald*, 15 August 2010.

²²⁴ 임태우 [Im T'ae-u], 《백령도 바다 밑에 감지기...北 잠수함 바로 잡아낸다》 [Sensors under the water at Paengnyöng Island ... will detect North's submarines immediately], *Maeil Kyöngje*

The deterrence failures of 2010 have shaken the defence establishment, resulting in efforts to improve joint operations and counter-strike capabilities for dealing with the North's asymmetric threats.²²⁵ After Yönp'yöng, the South adjusted its rules of engagement to gain flexibility in choosing weapons systems to respond to provocations.²²⁶ It has sought closer cooperation with the U.S. and signalled desire for more frequent and expanded combined military exercises.²²⁷

On 29 December 2010, the defence ministry released its plan to make the military a more combat-ready force in the coming year by addressing weaknesses exposed in the *Ch'önan* and Yönp'yöng Island incidents.²²⁸ Preparations for possible DPRK provocations will focus on the five islands off the North Korean coast in the Yellow Sea and the Seoul capital area, while acknowledging that any site is a potential battle space. The islands and area off the west coast will be fortified, and surveillance, analysis, counter-strike and night-fighting capabilities are to be enhanced.²²⁹ Seoul and Washington moved to deepen cooperation at their 42nd Security Consultative Meeting in Washington on 8 October 2010, agreeing to increase combined naval operations around the Korean Peninsula and institutionalise an Extended Deterrence Policy Committee,²³⁰ while signing guidelines for bilateral security cooperation in North East Asia and beyond.²³¹ Joint Chiefs of Staff Chairman Admiral Michael Mullen also reiterated the U.S. commitment in Seoul just prior to the South's December live-fire artillery exercise on Yönp'yöng Island.²³²

While alliance ties have been strained by domestic politics and the effort to renegotiate an agreement to relocate

an air station on Okinawa, DPRK provocations have pushed Tokyo and Washington to downplay disagreements and seek greater security cooperation.²³³ They held their largest combined exercise from 3 to 10 December 2010 in waters near Japan.²³⁴ Though they discussed extended deterrence in July 2009, shortly after North Korea's second nuclear test, coordinating such a policy is controversial given Japan's legal constraints and "nuclear allergy".²³⁵ Nevertheless, Tokyo has partnered with the U.S. in developing anti-missile systems, and its new defence policy calls for increasing missile interceptor batteries.²³⁶

In December 2010, the defence ministry released a summary of revised National Defence Program Guidelines²³⁷ emphasising the North's threat, calling for an increase in submarines from sixteen to 22 and Aegis destroyers (primarily for missile defence) from four to six. Existing destroyer units will be reduced from five to four but given more operational flexibility and autonomy. Japan also aims to improve force capabilities, expand combined operations with the U.S. and continue to upgrade Aegis as well as ground-based Patriot missile defence systems.²³⁸

As U.S. security ties deepen, Tokyo and Seoul are engaging in unprecedented bilateral cooperation. The legacy of the colonial period (1910-1945) still deeply resonates in

Sinmun, 9 January 2011. "S. Korea to install sensors near N. Korea sea border", Agence France-Presse, 10 January 2011.

²²⁵ Crisis group interviews, Seoul.

²²⁶ Previously, the ROK military was restricted to responding only with similar weapons systems. For background on the rules of engagement, see Crisis Group Report, *North Korea: The Risks of War in the Yellow Sea*, op. cit.

²²⁷ *Ibid*, p. 34.

²²⁸ The plan was to achieve three broad objectives: thorough preparation for a DPRK provocation; a model military; and accelerated, strengthened defence reforms.

²²⁹ 《「전투형 군대」를 위한 2011년 업무계획》 [2011 operation plan for a combat model military], defence ministry news release, 29 December 2010.

²³⁰ The committee was inaugurated on 13 December 2010 with signature of an agreement at the 27th Security Policy Initiative forum in Seoul. It is expected to become active in early 2011. "S. Korea, U.S. launch joint committee to deter N. Korea's nuclear threats", Yonhap News Agency, 13 December 2010.

²³¹ "Joint Communiqué", The 42nd U.S.-ROK Security Consultative Meeting, Washington DC, 8 October 2010.

²³² Song Sang-ho, "U.S. to join counterattack on N.K.", *The Korea Herald*, 8 December 2010.

²³³ Domestic factors also drive Tokyo's embrace of Washington over the DPRK threat. The government has sought to bolster its foreign policy credentials after the public strongly criticised its perceived weakness in handling the October 2010 Chinese fishing vessel incident and the relatively quick release of the Chinese sailors. Crisis Group interview, Beijing, December 2010. John Pomfret and Chico Harlan, "Japanese military seeks greater cooperation with U.S.", *The Washington Post*, 13 January 2011.

²³⁴ "Keen Sword" involved 60 ships, 500 aircraft and about 44,000 Japanese and U.S. troops, as well as South Korean observers. Justin McCurry, "US and Japan begin joint military exercise", *The Guardian*, 3 December 2010. "Trilateral alliance", *The Korea Herald*, 10 December 2010.

²³⁵ Keiko Iizuka, "Japan, U.S. agree to hold official talks on nuclear umbrella", *The Yomiuri Shimbun*, 8 July 2009. For Japan's policy on extended nuclear deterrence, see Michael J. Green and Katsuhisa Furukawa, "Japan: New Nuclear Realism", Chapter 12 in Muthiah Alagappa (ed.), *The Long Shadow: Nuclear Weapons and Security in 21st Century Asia* (Stanford, 2008).

²³⁶ Roland Buerk, "Japan moves on from the Cold War", BBC News, 17 December 2010.

²³⁷ The guidelines were first introduced in 1976 and were revised in 1995, 2004 and 2010.

²³⁸ "Summary of National Defence Program Guidelines, FY 2011" and "Summary of Mid-Term Defence Program (FY2011-FY2015)", defence ministry, Tokyo, 17 December 2010. Young-June Park, "Japan's National Defense Program Guidelines 2010 and Its Implication to South Korean Security Policies", East Asia Institute, Commentary no. 16, 12 January 2011.

South Korea, where many fear resurgent Japanese militarism. But views changed significantly in 2010, and on 10 January 2011, defence ministers discussed enhancing cooperation with each other and trilaterally with the U.S and decided to draft agreements on acquisition, cross-servicing and intelligence sharing on North Korean WMD.²³⁹ Military agreements with Japan remain controversial for some South Koreans, but security cooperation is likely to increase given common threat perceptions of the DPRK.²⁴⁰

D. TRILATERAL DIPLOMACY

Recognition that China is unwilling to pressure the DPRK has led the U.S., South Korea and Japan to deepen their trilateral cooperation. A foreign ministers meeting in Washington on 6 December 2010 reaffirmed the partnerships, “strongly condemned” the Yŏnp’yŏng incident and the North’s construction of a uranium enrichment facility and appealed for Beijing’s cooperation. It also set five conditions the DPRK must meet before the resumption of Six-Party Talks. Drafted without China, they clearly conveyed doubts about the Six-Party host’s credibility on the crisis.²⁴¹

At the same time, Japan and South Korea fear that the U.S. may decrease its commitment to regional security. The phasing-out of the nuclear-armed Tomahawk cruise missile, considered the key to credible extended deterrence in the region, is one factor fuelling nationalist tendencies and possible military build-ups by Seoul and Tokyo.²⁴²

²³⁹ Crisis Group interview, Seoul, 19 January 2011. Song Sang-ho, “S. Korea, Japan agree to expand military ties after N.K. attacks”, *The Korea Herald*, 10 January 2011. The Seoul visit was the first by a Japanese defence minister since the Defence Agency was made a ministry in 2007. South Korea’s minister visited Tokyo in 2009. Lee Tae-hoon, “Seoul, Tokyo agree to seek military pact”, *The Korea Times*, 10 January 2011.

²⁴⁰ Crisis Group interview, Seoul, 19 January 2011. Moon Gwang-lip, “Korea, Japan talk of military pact”, *Korea JoongAng Daily*, 11 January 2011. “Pact and resistance”, *The Hankyoreh*, 11 January 2011. “[Editorial] Problems with a South Korea-Japan military pact”, *The Hankyoreh*, 11 January 2011.

²⁴¹ “The Ministers welcomed China’s support for United Nations Security Council Resolutions 1718 and 1874 and looked forward to China’s efforts to urge North Korea to adhere to its commitments as articulated in the September 2005 Joint Statement of the Six-Party Talks”. “Trilateral Statement”, U.S. State Department, spokesman’s office. The conditions for resuming the Six-Party Talks include abandoning the nuclear program; stopping the uranium enrichment program; and accepting inspectors from the International Atomic Energy Agency; two other conditions were not released. Takashi Oshima, “Trio set terms for 6-party talks”, *The Asahi Shimbun*, 16 December 2010.

²⁴² “Rethinking extended deterrence in Northeast Asia”, Nautilus Institute Policy Forum, 3 November 2010, www.nautilus.org/publications/essays/napsnet/forum/2009-2010/rethinking-extended-deterrence.

Because both countries are seeking to ensure Washington’s support, the U.S. seeks to provide assurances by increasing combined military exercises and expanding theatre missile defence systems.

[org/publications/essays/napsnet/forum/2009-2010/rethinking-extended-deterrence](http://www.nautilus.org/publications/essays/napsnet/forum/2009-2010/rethinking-extended-deterrence).

V. CONCLUSION

North Korea's shelling of Yōnp'yōng Island in November 2010 and the sinking of the South Korean naval ship *Ch'ōnan* eight months earlier was condemned by the U.S., South Korea, Russia and Japan. In contrast, China dismissed calls for it to do the same, instead criticising U.S.-South Korean exercises held in response. While Beijing modified its position and sent an envoy to Pyongyang following intense international pressure and a reassessment of conflict risks in the lead-up to the South's live-fire artillery exercises, it also sought to strengthen political and economic ties with the DPRK. The failure to produce a unified international response may encourage further provocations and has driven Seoul to augment its military deterrence, with significant risks for miscalculation.

Despite continued internal criticism of North Korea, Beijing has significantly strengthened bilateral ties since 2009. Its core concern about DPRK instability deepened following the North's disastrous currency reform, reports of Kim Jong-il's failing health and the uncertainties of the leadership transition. It hoped that support during the succession process would result in greater political influence and make the next generation of DPRK leaders more willing to implement economic reforms that China believes would strengthen internal stability and regime legitimacy as well as decrease violent behaviour externally. But Pyongyang has strongly resisted, fearing for regime survival and wary of over-reliance on China for food, energy and political backing.

China's DPRK policy has also been powerfully shaped by rising concern about a perceived U.S. strategic return to Asia and opposition to greater American military and political presence in the region. It focused at first on criticising U.S. military deployment and exercises with allies instead of holding its own ally to account for provocations. However, the spike in inter-Korean tensions following the Yōnp'yōng incident, combined with heavy American pressure in the lead-up to Hu Jintao's state visit to Washington, spurred a tactical shift, involving limited efforts to push all sides to resume dialogue and a slight toning down of criticism of the U.S.

Growing power and confidence are other factors underlying China's ambivalence to North Korea's provocations. After the *Ch'ōnan* sinking and what it viewed as a biased international investigation, it felt under less pressure at the Security Council than after the DPRK's nuclear tests. It diluted the final Council statement so that it condemned the attack but not an attacker. Over the past year, a China that has escalated claims to disputed territories in the South China Sea and the Diaoyu/Senkaku Islands, turned the detention of a fishing vessel into a major confrontation with Tokyo and displayed new stealth fighter aircraft

has gained confidence to resist external demands and increasingly insist on quid pro quos from the West in return for cooperation on sensitive third country issues such as the DPRK and Iran.

However, Beijing is undermining its own and regional security by downplaying Pyongyang's deadly provocations in the Yellow Sea. Diplomatic shielding of the North, particularly at the UN, significantly damaged its international image and weakened its standing, while encouraging further conventional and nuclear initiatives by North Korea. China has also severely damaged relations with South Korea and Japan. Both are strengthening their military alliances with the U.S. and considering expansion of their own missile defence systems, intensifying the risk of a regional arms race. Beijing's policy of supporting the North Korean government instead of holding it to account – ostensibly for the sake of stability – is thus heightening risk of conflict on the Korean Peninsula.

Beijing/Seoul/Brussels, 27 January 2011

APPENDIX A

MAP OF NORTH KOREA



APPENDIX B

CHRONOLGY OF U.S.-ROK, U.S.-JAPAN AND CHINESE MILITARY DRILLS IN THE YELLOW AND EAST SEAS IN 2010

8-18 March

U.S.-South Korea exercise “Key Resolve/Foal Eagle” was conducted in the Yellow Sea.²⁴³

8-11 June

Large U.S.-South Korea naval exercises were conducted in the Yellow Sea.²⁴⁴

30 June-5 July

China’s East Sea Fleet conducted live-fire exercises in the East China Sea.²⁴⁵

17-18 July

China conducted a “small-scale” military supply drill in the Yellow Sea.²⁴⁶

25-28 July

U.S.-South Korea exercise codenamed “Invincible Spirit” was held in the East Sea.²⁴⁷

5-9 August

U.S.-South Korea anti-submarine exercise was held in the Yellow Sea near the maritime border.²⁴⁸

16-26 August

U.S.-South Korea annual Ulchi Freedom Guardian (UFG) exercise was held.²⁴⁹

1-4 September

China’s Beihai Fleet conducted a live-ammunition drill in the Yellow Sea.²⁵⁰

5-9 September

U.S.-South Korea anti-submarine drill was delayed by a typhoon and postponed to 27 September-1 October.²⁵¹

13-14 October

The Proliferation Security Initiative exercise, a multi-national maritime interdiction drill, was held in South Korean waters off Busan.²⁵²

25 October

U.S.-South Korea exercise scheduled for “late October” was cancelled.²⁵³

22 November

The nine-day combined U.S.-South Korea Haguk military exercise began in the Yellow Sea but was interrupted on the second day, following North Korea’s shelling of Yŏnp’yŏng Island.²⁵⁴

28 November-1 December

U.S.-South Korea four-day naval exercise was held in the Yellow Sea.²⁵⁵

3-10 December

The U.S. and Japan staged their biggest ever combined drill, codenamed “Keen Sword”. It ran for eight days, focusing on counter-measures to a potential ballistic missile attack. South Korea sent observers.²⁵⁶

²⁴³ The DPRK issued harsh warnings to the South in the build-up to the exercises: “The manoeuvres clearly indicate once again that the U.S. and the South Korean authorities are the harassers of peace and warmongers keen to bring a war to this land”. Stating that the exercises would in effect annul the armistice and non-aggression agreement between both countries, the DPRK proclaimed its right to “legitimately exercise force for self defence”. “North Korea News Letter No.97”, Yonhap News Agency, 11 March 2010.

²⁴⁴ “U.S., S.Korea to hold large-scale military drills in Yellow Sea”, RIA Novosti, 2 June 2010.

²⁴⁵ Russell Hsiao, “Aims and Motives of China’s East China Sea Live Fire Drills”, *China Brief*, vol. 10, no. 14, 9 July 2010.

²⁴⁶ “A daring departure from Deng”, *Asia Times*, 6 August 2010.

²⁴⁷ “Naval Exercise Wraps Up in South Korea”, U.S. Department of Defense, 1 December 2010. www.defense.gov/news/newsarticle.aspx?id=61909.

²⁴⁸ “North Korea vows to attack South Korea over naval drill”, RTT Global News, 8 March 2010.

²⁴⁹ “S Korea, U.S. start annual Ulchi Freedom Guardian exercise”, Xinhua, 16 August 2010.

²⁵⁰ “China Launches War Games in Yellow Sea”, Agence France-Presse, Hong Kong, 1 September 2010.

²⁵¹ “Typhoon delays US-S.Korea naval exercise”, *Bangkok Post*, 5 September 2010; “South Korea, U.S. launch anti-submarine drills in Yellow Sea”, Xinhua, 27 September 2010.

²⁵² Fourteen countries took part – including the U.S., South Korea, Japan, Australia, France and Canada. “PSI exercise begins in waters off Busan”, *The Korea Herald*, 13 October 2010. North Korea considered the South’s participation in the PSI exercise as an “open war notification”. “DPRK media accuses SKorea of joining PSI exercise”, NK News, 6 July 2010.

²⁵³ Yonhap News Agency quoted a South Korean government source saying the allies made the decision “in a bid not to antagonise neighbouring countries before the [G8] summit”, which took place 11-12 November in Seoul. Pentagon spokesman Colonel Dave Lapan responded, saying “our decision to postpone had nothing to do with China”. “U.S.-S.Korea aircraft carrier drill called off”, Reuters, 25 October 2010.

²⁵⁴ See Crisis Group Report, *North Korea: The Risks of War in the Yellow Sea*, op. cit., pp. 26-28.

²⁵⁵ “U.S. sends aircraft carrier to Yellow Sea following North Korean attacks”, IHS Janes, 25 November 2010.

²⁵⁶ “Japan, U.S. Launch largest-ever joint defence drills”, Xinhua, 3 December 2010. “S.Korea to join U.S.-Japan defence exercises as observer”, Xinhua, 12 December 2010; “U.S.-Japan naval drills start as N Korea tensions rise”, BBC, 3 December 2010.

APPENDIX C

ABOUT THE INTERNATIONAL CRISIS GROUP

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. 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 fourteen additional locations (Baku, Bangkok, Beirut, Bujumbura, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Port-au-Prince, Pretoria, Sarajevo and Seoul). 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 Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Somalia, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Bangladesh,

Burma/Myanmar, Indonesia, Kashmir, Kazakhstan, Kyrgyzstan, Nepal, North Korea, Pakistan, Philippines, Sri Lanka, Taiwan Strait, Tajikistan, Thailand, Timor-Leste, Turkmenistan and Uzbekistan; in Europe, Armenia, Azerbaijan, Bosnia and Herzegovina, Cyprus, Georgia, Kosovo, Macedonia, Russia (North Caucasus), Serbia and Turkey; in the Middle East and North Africa, Algeria, Egypt, Gulf States, Iran, Iraq, Israel-Palestine, Lebanon, Morocco, Saudi Arabia, Syria and Yemen; and in Latin America and the Caribbean, Bolivia, Colombia, Ecuador, Guatemala, Haiti and Venezuela.

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January 2011

APPENDIX D

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