

Chapter 9

China's North Korea Policy: The Dilemma between Security and Economic Engagement

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1. Introduction

North Korea has conducted five nuclear tests over the last 10 years, and has repeatedly launched ballistic missiles. Under the Kim Jong Un regime, North Korea has achieved a certain measure of success with its intermediate-range ballistic missile (IRBM) and submarine-launched ballistic missile (SLBM) tests, and also made progress in the weight reduction and miniaturization of nuclear warheads. North Korea claims to have achieved sufficient miniaturization of nuclear warheads to be able to mount them on intercontinental ballistic missiles (ICBMs), and some military experts in the United States and South Korea are of the view that it already has the ability to mount them on IRBMs that are capable of reaching Guam¹.

As North Korea proceeds aggressively to develop technology to mount nuclear weapons on long-range ballistic missiles that can reach the US mainland, tension is rising over the regional situation in relation to the nuclear weapon issue in East Asia. This is occurring at a time when power transition is taking place in East Asia with the rise of China. There is a deep distrust among neighboring countries towards China's military buildup, while China is very wary of the "containment strategy" of Japan and the United States. The Japan-US relationship is becoming stronger and the confrontation over security issues increasingly acute against the backdrop of the deep awareness of the gap between the political systems of Japan and the United States on the one hand and China's on the other. The give-and-take between the United States and China over North Korea's nuclear program is a showcase for cooperation between the two powers; it could also become an arena for mayhem as conflict rears its head.

How should North Korea's nuclear program be dealt with in the context of the shifting regional environment? China's orientation is a critical key to tackling this question. What is China's vision for its North Korea policy? What kind of North Korea policy is it seeking

¹ "Kim Says North Korean Missiles Can Reach US in Pacific", <http://www.bbc.com/news/world-asia-36603416>. Last viewed July 7, 2016.

to adopt? To answer these questions, this paper will review China's North Korea policy to date, and then consider how its North Korea policy is positioned within its foreign policy.

2. China's North Korea Policy

(1) Four Dimensions of China's North Korea Policy

The nuclear question on the Korean Peninsula since the end of the Cold War has continued to be one of the most important foreign policy issues for China. China's North Korea policy consists of the following four pillars:

- (i) Denuclearization of the Korean Peninsula
- (ii) Peace and stability on the Korean Peninsula
- (iii) Stabilizing the US-China relationship
- (iv) Promoting China-North Korea economic relations

In dealing with the North Korean nuclear issue, China has upheld two principles: "denuclearization of the Korean Peninsula"; and "finding a solution through dialogue." Based on these principles, China on the one hand sees North Korea's nuclear program as a security threat, while on the other hand is trying to avoid regime collapse in North Korea as its strategic buffer state.

China's North Korea policy has been shaped incrementally through the process of dealing with North Korea's nuclear issue. China attempted to manage the issue through multilateral talks aimed at the long-term goal of the "denuclearization of the Korean Peninsula." It also tried to secure the stability of the North Korean regime and give an economic boost to China's Northeast region by encouraging North Korea to "reform and open up" and strengthening bilateral economic relations.

China's North Korea policy has wavered between two policy options, "stabilizing the security environment surrounding China" and "strengthening China-North Korea relations," in response to shifts in the post-Cold War environment in Northeast Asia. An examination of China's North Korea policy shows that it has taken on its current form after undergoing the following three phases:

- (i) 1991-2001: From risk-averse behavior to engagement
- (ii) 2001-2006: Building of a new China-North Korea relationship
- (iii) 2006- : Declining influence and the dilemma for China's North Korea policy

(2) “Stabilizing the security environment + economic engagement”: China’s post-Cold War North Korea policy

The relationship between China and North Korea has always been described as one between “lips and teeth,” a self-laudatory “brotherhood sealed in blood” by the Korean War. However, post-Cold War China began to move away from this historical bilateral relationship, and put efforts into building what China called a new “win-win” relationship. It was in this context that the “economic engagement” policy, which is an important pillar of China’s current North Korea policy, emerged.

Emergence of the “economic engagement” policy

In the first half of the 1990s, China sought to free itself from the international isolation caused by the Tiananmen incident and jumpstart its economy under the banner of a “socialist market economy.” These strategic objectives led China to focus on its relationships with the United States, Japan, and other industrialized countries as well as the newly industrialized economies (NIES). One of the NIES, South Korea, was an important element in both its external strategy and economic development strategy, leading China to press forward with the establishment of diplomatic relationships with South Korea.

It goes without saying that the establishment of diplomatic relations between China and South Korea cast a shadow on China’s relations with North Korea. Top-level exchanges between the two countries ceased completely from 1992 to 1999, and bilateral trade also declined sharply.

The first nuclear crisis (1993-94) occurred when the relationship between China and North Korea was strained. China temporarily suspended food aid to North Korea in 1994 during the first crisis in the view of some observers². However, China was passive as far as the overall North Korean question was concerned, and exhibited risk-averse behavior while expressing the view that time was not ripe for multilateral consultations. It was supportive of direct talks between the United States and North Korea, but opposed UN sanctions on the latter.

However, from 1996, China gradually began to articulate a position that emphasizes multilateral diplomacy. This policy change led to signs that its attitude towards North Korea was also changing. When the United States and South Korea proposed four-party

² Gregory J. Moore, “How North Korea Threatens China’s Interests: Understanding Chinese ‘Duplicity’ on the North Korea Nuclear Issue”, *International Relations of the Asia-Pacific*, Vol.8, Issue 1, January 2008, p.7.

talks on April 18, 1996, it is said that China immediately responded positively *sub rosa*.³ In 1997, a United Nations Development Programme (UNDP) official seconded from the Chinese government publicly stated that North Korea should adopt the Chinese approach and “reform and open up.” At this point, the importance of constructing a framework for peace on the Korean Peninsula was recognized within China’s North Korea policy, generating a factor that led to encouraging North Korea to “reform and open up” its economy.

With this, China came to play an active role on the North Korea question in the bottom half of the 1990s, and to show a positive attitude towards problem-solving within multilateral frameworks. It deepened relations with ASEAN in Southeast Asia, and the Shanghai Five framework is moving forward in Central Asia. It also began to show flexibility towards multilateral cooperation in Northeast Asia.

This was a period in which significant changes were seen in its North Korea policy as well. At the 1997 semi-high level talks between the United States, South Korea, and North Korea, the latter, while referring to a “new peace assurance system,” laid out a “3-plus-1” formula, effectively agreeing to a “four-party meeting.” This change in North Korea’s policy brought about a significant improvement in China-North Korea relations in 1999, as Kim Yong Nam, the President of the Presidium of the Supreme People’s Assembly of Korea, visited China in June, and Tang Jiaxuan, the Chinese Minister of Foreign Affairs visited North Korea in October. This marked the end of the extraordinary suspension of mutual visits between the two states by senior officials that followed the establishment of diplomatic relations between China and South Korea. China-North Korea relations were beginning to show signs of recovery.

In 2000, General Secretary Kim Jong Il agreed to a North-South summit meeting (held in June), and visited China in May, just before the summit. General Secretary Kim made another unofficial visit to China from January 15 to 20 of the following year, visiting Shanghai, where “reform and open up” was in full bloom. President Jiang Zemin made an official visit to North Korea in September 2001. The bilateral trade between China and North Korea also flourished dramatically against this auspicious political background.

It is notable that China’s North Korea policy that was developed in the 2000s also changed the China-North Korea relationship. Around the mid-2000s, while seeking

³ Shunji Hiraiwa, “Chōsen Hantō Kakukiki wo meguru Kitachōsen Chūgoku Kankei” [The North Korea-China Relationship regarding the Nuclear Crisis on the Korean Peninsula], http://www2.jiia.or.jp/pdf/asia_centre/h16_anzenhosyou/hiraiwa.pdf. Last viewed July 7, 2016.

to strengthen relations with North Korea, China attempted to change the bilateral relationship from an “aid-versus-non-aid” relationship connected by ideology to a “win-win” relationship supported by business activities. It sought to stabilize the North Korean regime by strengthening economic and trade relations and encouraging North Korea's own “reform and open up” policy.

Stabilization of the security environment

The Korean Peninsula was beset with another nuclear crisis in the early years of the 21st century. In October 2002, when US Assistant Secretary of State James A. Kelly visited Pyongyang, North Korea revealed the existence of its program to produce highly enriched uranium and admitted that it had continued its development of nuclear weapons. In response, the Korean Peninsula Energy Development Organization (KEDO) decided on November 14 to freeze heavy oil shipments as of December, and the International Atomic Energy Agency (IAEA) passed a resolution censuring North Korea. In protest, North Korea announced the resumption of operations at its nuclear facilities in Yongbyon, expelled IAEA inspectors, and in January 2003 announced its withdrawal from the Nuclear Nonproliferation Treaty (NPT).

In this second nuclear crisis on the Korean Peninsula, China, unlike in the first nuclear crisis, dealt resolutely with North Korea's nuclear problem. It declared the principle that “China supports the denuclearization of the Korean Peninsula, strives to maintain peace and stability on the Korean Peninsula, and advocates the resolution of the problem through dialogue.”⁴ “Dialogue” and “denuclearization” became two important elements for China in resolving North Korea's nuclear problem.

The United States made a proposal to China for a multilateral framework to discuss North Korea's nuclear problem based on its understanding that multilateral talks were the best way to deal with the problem. In February 2003, China “listened carefully” to the US proposal.⁵ However, in public, China had not abandoned its position of “bilateral talks.”

There was very little support at the time among the leadership in China for the Six-Party Talks on North Korea's nuclear problem.⁶ However, the Chinese government

⁴ 外交部發言人就朝鮮核問題發表談話 [Ministry of Foreign Affairs Public Statement regarding the Korean Nuclear Issue], *People's Daily*, December 14, 2002.

⁵ “Powell Cites Asian Support for U.S. Proposal on North Korea”, <http://www.usembassy-israel.org.il/publish/press/2003/february/022704.html>. Last viewed February 26, 2003.

⁶ Interviews by the author.

made the decision to hold the Six-Party Talks that it would host, one of the reasons being the U.S. attack on Iraq on March 20, 2003. In the same month, President George W. Bush openly acknowledged the possibility of the use of force in response to the North Korean issue.⁷ Therefore, unlike in the first nuclear crisis, the issue began to be seen as the Far East version of the Iraq issue, and the concern that the logic of preemptive attack would be applied to North Korea spread not only to Japan and South Korea but to China as well.⁸

The Six-Party Talks, chaired by China, were held over three days from August 27 to 29, 2003. Beginning with these Six-Party Talks, China began to practice shuttle diplomacy for a wide range of international issues including the War in Darfur and the issues related to Myanmar.⁹ For the first time China became deeply involved in regional disputes in which it was not directly involved, signifying an important step for the country.

The Six-Party Talks have been held six times so far. The United States has taken the position of “complete, verifiable, and irreversible (non-resumable) denuclearization” concerning North Korea’s nuclear problem. In protest, North Korea divided the “freeze” and “renunciation” into several levels respectively and attempted to secure compensation from the United States for each step. Although there was a wide gap between the demands of the United States and North Korea, China engaged in active shuttle diplomacy beginning around the summer of 2005. As a result, at the fourth Six-Party Talks, two years after the first round, the joint statement in which North Korea promised to renounce nuclear weapons was adopted (September 19, 2005).

As evidenced above, China’s North Korea policy gradually took form in the first half of the 2000s as it dealt with North Korea’s nuclear problem. US-China relations were an important factor in determining the direction of China’s North Korea policy, and the North Korea policy was seen as an effective means to improve it. It was also during this

⁷ Michael O’Hanlon and Mike M. Mochizuki, *Crisis on the Korean Peninsula: How to Deal with a Nuclear North Korea*, New York: McGraw-Hill, 2003, p.36.

⁸ Gilbert Rozman, *Strategic Thinking about the Korea Nuclear Crisis: Four Parties Caught between North Korea and the United States*, New York: Macmillan Publishers, 2007, p.105. Yusuke Terabayashi, “Kitachōsen no Kaku Kaihatsu Mondai to Rokusha Kaigō (Jyō): Hokutō Ajia ni okeru Takokukan Wakugumi no Keisei” [North Korea’s Nuclear Development Problem and the Six-Party Talks (Part 1): The Construction of a Multilateral Framework in Northeast Asia], http://www.sangiin.go.jp/japanese/annai/chousa/rippou_chousa/backnumber/2006pdf/2006070773.pdf. Last viewed July 7, 2016.

⁹ Regarding China’s shuttle diplomacy, see Rumi Aoyama, “Chūgoku Gaikō ni okeru Kokusai Kyōchō no Nagare [The International Collaboration Trend in Chinese Diplomacy], eds., Ryosei Kokubun, Kazuko Kojima, *Origin of Contemporary Chinese Political Diplomacy*, Tokyo: Keio University Press Inc., 2013.

period that “stabilizing the international environment surrounding China” and “peaceful resolution of the nuclear problem” emerged as important elements of China’s North Korea policy. China chose a strategy to manage North Korea’s nuclear problem through the multilateral consultations of the Six-Party Talks in order to achieve the long-term goal of the “denuclearization of the Korean Peninsula.” In other words, China decided to host the Six-Party Talks in order to prevent the deterioration of the international environment surrounding it.

At the same time, trade between China and North Korea has shown phenomenal growth since the turn of the century. China launched its Great Western Development Project in 2000. The local governments in China’s three northeast provinces, together with the central government, came to focus their efforts on strengthening trade relations with North Korea in order to invigorate the economies of the three backward northeast provinces. The important point to note here is that economic cooperation in China-North Korea relations is playing an important role in the regional development policy for the three northeast provinces, and that the policy orientation of strengthening the China-North economic relationship is consolidated into China’s economic development strategy in order to eliminate economic disparities.

China’s North Korea policy consisting of four elements—the denuclearization of the Korean Peninsula, securing a peaceful environment in its neighborhood, the requirements of its US strategy, and strengthening economic relations with North Korea—was able to produce major results in the first half of the 2000s.

(3) Declining influence and the emergence of a dilemma in North Korea policy: 2006-

Tension soared dramatically on the Korean Peninsula as North Korea repeatedly conducted nuclear tests from 2006 onwards. Furthermore, the US pivot back to Asia became fully operational around the fall of 2011. China’s North Korea policy is also in flux as the regional environment undergoes transformation.

China criticized North Korea more harshly than before over its nuclear program activities. It expressed “serious” concern after North Korea’s missile launches, and resolutions 1695 (July 15) and 1718 (October 15) condemning and imposing sanctions on North Korea were adopted in the UN Security Council. China condemned North Korea when it resorted to a series of provocations from 2009 on and concentrated on maintaining the Six-Party Talks. That said, its posture of mollifying North Korea was also evident.

On the other hand, China opposed mobilizing harsh international sanctions on North Korea. From 2006, China's North Korea policy revolved around "economic engagement." China's desire to strengthen economic relations with North Korea was a powerful motive behind this conciliatory approach towards its neighbor. Kim Jong Il visited China eight times between 2000 and 2011. Moreover, he mainly visited model zones and businesses that had been successful under China's "reform and open up" policy. These activities by Kim Jong Il raised hopes in China for a "reform and open up" policy in North Korea.¹⁰

The bilateral economic relationship continued to grow closer even after Kim Jong Un took over. In August 2012, the economic relationship between China and North Korea took a new step forward. Jang Song Thaek, the Vice Chairman of the National Defense Commission received an exceptionally warm welcome when he visited China in August, as the North Korean delegation led by Jang was received by President Hu Jintao and Premier Wen Jiabao. Reports on the Rason Special Economic and Trade Zone, jointly developed by China and North Korea, and the Hwanggumpyong and Wihwa Economic Zones made major media headlines.

As we have seen, China's North Korea policy since the turn of the century saw the rise of the economic relationship as a factor. China strengthened the bilateral economic relationship while encouraging North Korea to make the transition to a market economy. However, China's conciliatory approach towards North Korea's escalating provocations also took a significant toll. From the perspective of the United States and South Korea, China's North Korea policy could only be seen as protecting North Korea. This had a negative impact on China's relations with the United States and South Korea.

3. One-Belt, One-Road Initiative and the Xi Jinping Administration's North Korea Policy

(1) International relations in East Asia from the Chinese perspective

Even as the confrontation over security issues escalates between China and its neighbors, the economic interdependence continues to intensify. These international relations in East Asia are known in some quarters as the "Asian Paradox." The regional environment surrounding China has become increasingly harsh in recent years.

¹⁰ Rumi Aoyama, *Chūgoku no Ajia Gaikō* [China's Asia Diplomacy], Tokyo: University of Tokyo Press, 2013, pp.148-167.

The Korean Peninsula and the Taiwan Straits always receive attention when Asian security is discussed. China-Taiwan relations had been relatively stable during the Ma Ying-jeou administration, but it has become infused with uncertainties since the transition to the Tsai Ing-wen administration as China suspends exchanges with Taiwan. Tension has been rising on the Korean Peninsula in connection with the North Korean nuclear problem. The situation on the Korean Peninsula is extremely unstable due to the repeated nuclear tests and missile launches by North Korea.

New security challenges are emerging for China as it rises. Around the fall of 2011, the United States announced its policy of pivoting back to Asia. With this, it seems the United States is pushing a deterrent posture towards China to the forefront instead of the engagement policy seeking to integrate China into the international community. There is a growing sense that the United States and China are competing with each other regarding influence in the region against the background of a diplomatic offensive from the United States as it promotes the Trans-Pacific Partnership (TPP) on the economic front and works to build a military cooperation network with its Asian allies.

Maritime territorial issues have the potential for triggering major shifts in the Asian security environment. The United Nations Convention on the Law of the Sea (UNCLOS) came into force in 1994, heralding the dawn of the tug-of-war regarding the creation of a new international maritime order. Around the summer of 2006, with an eye to the May 12, 2009 deadline for submissions to the Commission on the Limits of the Continental Shelf, the Chinese government put forth national sovereignty and the protection of safety as well as economic development as national interests, and pushed its posture of protecting its maritime sovereignty to the forefront. This change in China's policy touched off an escalation of confrontations over maritime issues between China and the Philippines and Viet Nam from 2007. Since the nationalization of the Senkaku Islands, relations between Japan and China have also deteriorated to the worst level since the resumption of diplomatic relations. Although the economic relationship between the two countries has generally remained favorable, the bilateral confrontation over the territorial issue has spread to the understanding of the broader history issues.

Furthermore, pressure from the push by Islamic fundamentalism is mounting in Southeast Asia and South Asia. At the same time, ethnic unrest is multiplying in the Xinjiang Uygur Autonomous Region, and international terrorist groups have infiltrated South Xinjiang. The Chinese government is facing a fierce tug-of-war between independence for East Turkmenistan and the integration of Xinjiang into China.

(2) China's "One-Belt, One-Road" Initiative

It was in response to the unsparing international relations in East Asia that China came out with a new silk-road strategy entitled the "One-Belt, One-Road" initiative. As the situation in its periphery deteriorated significantly, with the Sino-Japanese conflict becoming apparent and tensions with neighboring countries over maritime territorial issues rising, China is seeking a diplomatic way out to its west and south.

China's "One-Belt, One-Road" initiative also embodies an economic strategic aspect. Specifically, it is a strategy that aims to resolve its excess domestic production capacity, move forward with economic structural reform, and stimulate its economy with exports and outbound investment through the creation of a massive economic sphere by developing infrastructure and strengthening relations with Central Asian, European, Middle East, and North African countries as well as Southeast and South Asian countries.

In 2013, President Xi Jinping rolled out the Silk Road Economic Belt initiative in Kazakhstan in September and the 21st Century Maritime Silk Road initiative in Indonesia in October. In conjunction with this, an emphasis on "neighborhood diplomacy" was put forth at the Neighborhood Diplomacy Symposium held in October of the same year, while the Chinese government announced the establishment of a new, 40 billion USD Silk Road Fund at the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting held in Beijing in November of the following year. And in March 2015, the National Development and Reform Commission (NDRC), the Ministry of Foreign Affairs, and the Ministry of Commerce jointly announced the "One-Belt, One-Road" initiative.

In May 2015, specific policies under the "One-Belt, One-Road" initiative announced in March were presented. "Six international economic corridors" requiring an estimated total investment of over 890 billion USD were envisioned for the "Belt (the Silk Road Economic Belt)," while the Maritime Silk Road would be developed mainly along two routes (Figure 1).

Figure 1: The Land and Maritime Corridors Comprising the “One-Belt, One-Road” Initiative

① China-Mongolia-Russia Economic Corridor
② New Eurasian Land Bridge (Second Eurasian Continental Bridge) Economic Corridor
③ China-Central Asia-West Asia Economic Corridor
④ China-Indochina Peninsula Economic Corridor
⑤ China-Pakistan Economic Corridor
⑥ Bangladesh-China-India-Myanmar (BCIM) Economic Corridor
⑦ 21st Century Maritime Silk Road

Source: Rumi Aoyama, “Chūgoku no Gaikō Sekkyoku Tenkai de Eikyōroku Kakudai: Ittai Ichiro de Kōiki Kyōrokuden wo Kōchiku [China's Diplomacy, Increasing Influence through Proactive Diplomacy—Building Wide-Area Cooperation Sphere through ‘One-Belt, One-Road’] in Yan Shanping et al, 2020 *nen ni Idomu Chūgoku: Chōtaikoku no Yukue* [China's 2020 Challenge: Where is the Superpower Going?], Maebashi: Bunshindo, 2016.

The Xi Jinping regime is conducting its external policy aimed at the “great revival of the Chinese nation.” The “One-Belt, One-Road” initiative is an important external strategy for achieving the “Chinese dream,” not only as a regional strategy but also as a global one.

As already noted, the “One-Belt, One-Road” initiative was a response to the US policy of pivoting back to Asia. China intends to enhance relations on five levels through the “One-Belt, One-Road” initiative (“the five pillars”): policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds. In other words, the “One-Belt, One-Road” initiative plays an important role in creating public opinion favorable to China in addition to strengthening relations through policy cooperation, financial cooperation to promote the internationalization of the Chinese yuan, cooperation on trade through the promotion of free trade agreements, infrastructure, and popular sentiment. China aims to expand its influence in the international community through these policies.

The “One-Belt, One-Road” initiative is also aimed at promoting China's economic growth. As the Chinese economy decelerates, the government is encouraging the overseas expansion of Chinese businesses through infrastructure investments as well as the export of nuclear power plants, construction material and other plants, and attempting to change the industrial structure through the overseas transfer of excess production capacity. In 2014, President Xi Jinping stated that China's overseas investment in the next 10 years

would reach a total of 1.25 trillion USD.¹¹

In sum, the Chinese government places great emphasis on economic instruments such as concluding free trade agreements, financial cooperation, and economic partnerships in producing economic and political results from the “One-Belt, One-Road” initiative. In this sense, it would not be an overstatement to say that the greatest feature of the “One-Belt, One-Road” initiative is the Chinese engagement with neighboring countries and their economic integration.

(3) China’s “One-Belt, One-Road” Initiative and North Korea’s Nuclear Program

Regarding peace and stability on the Korean Peninsula, China, believed to be supplying 50% of North Korea’s food and 90% of its energy imports, has a significant influence on the latter. The Chinese government consistently attaches importance to four pillars in its North Korean policy—denuclearization of the Korean Peninsula, peace and stability on the Korean Peninsula, US-China relations, and the promotion of economic relations between China and North Korea—and is on the search for the optimal policies to achieve all four of these policy objectives.

From 2006, with the role of the Six-Party Talks in decline, China’s influence on North Korea regarding the nuclear issue also began to show signs of waning. From the end of the 2000s, North Korea repeatedly carried out provocations, conducting nuclear tests and missile launches one after another. As the United States moved ahead with the policy of pivoting back to Asia, China, with a heightened sense of crisis over its national security, came to shift the emphasis of its North Korea policy on the denuclearization of the Korean Peninsula.

It appears that China cannot tolerate a more powerful defense posture on the part of Japan, the United States, and South Korea on its doorsteps as a consequence of provocative actions by North Korea. North Korea’s launch of Taepodong-2 in April became the first occasion for Japan and the United States to conduct a full-scale joint operation with their missile defense systems. On July 13, 2016, South Korea’s Ministry of Defense decided that the anti-ballistic missiles in the cutting-edge Terminal High Altitude Area Defense (THAAD) missiles would be located in Seongju County, North Gyeongsang Province, in the southeast part of South Korea. Furthermore, the United States, together with Japan and South Korea, has repeatedly conducted joint military

¹¹ 习近平：今後5年出境遊將超5億人次 進出商品超10萬億美元 [Xi Jinping: Over the next five years, over 500 million people will travel overseas and over 10 trillion USD in goods will be exported], <http://finance.sina.com.cn/china/20141109/111820769593.shtml>. Last viewed July 7, 2016.

drills in Northeast Asia aimed at North Korea.

If North Korea continues to develop nuclear weapons, the creation of a military containment setup by the United States, Japan, and South Korea will come closer to reality. To be sure, the United States and South Korea are taking care to avoid disturbing China regarding the deployment of the THAAD missiles in South Korea to prepare against North Korean ballistic missiles. Their position is that very little of the detection range of the THAAD radars being installed in the southeast covers Chinese territory since it has been decided that they are to be operated in the interception mode of an approximately 600-800 km radar range. But China is resisting, stating that even if the detection range for operations is set at 600-800 km, "it can be switched to 2,000 km at any time."¹² China worries that this system for containment system by the United States, Japan, and South Korea could be aimed at China in the future.

As its sense of a security crisis intensified, China abruptly changed course in January 2013, when it agreed to a UN Security Council resolution that imposed harsh sanctions against North Korea including the freezing of assets and prohibition of travel by North Korean organizations and individuals involved in missile launches.

Soon thereafter, however, there began to emerge signs of change to the Chinese policy of giving top priority on the denuclearization of the Korean Peninsula. One of the reasons for the re-softening of China's North Korea policy was the "One-Belt, One-Road" initiative. It was around the fall of 2013, after the "One-Belt, One-Road" initiative was launched, that the "west" and "south" became strategic priorities for China. As the "One-Belt, One-Road" initiative went into operation, an overall change in China's Asian diplomacy could be detected. China is moving to improve relations with neighboring countries, although there are no signs that its behavior around the Senkaku Islands issue and the South China Sea is noticeably softening, to be sure.

While China undertakes efforts to improve relations with Japan, ASEAN, and Taiwan, the importance of Northeast Asia and East Asia to its external policy is also increasing. China and South Korea have been developing good relations in recent years, and in 2015 started negotiations to determine maritime boundaries. The exclusive economic zones (EEZ) claimed by the two countries partly overlap in the Yellow Sea, and they are at odds over legal possession of the Ieodo/Suyan Rock, on which the South Korean government installed a marine science station. 14 negotiating sessions had been

¹² "News Analysis: THAAD in S. Korea to Negatively Affect Peace in Peninsula, Region, World", http://news.xinhuanet.com/english/2016-07/21/c_135530594.htm. Last viewed October 2, 2016.

held from 1996 to 2008 at the bureau chief level.¹³ The negotiations were bumped up to the vice minister level in 2015 and would be held annually thereafter. South Korea and China are also upgrading cooperation on North Korea, and established a hotline between their defense ministries in December 2015.

The idea has also come up to incorporate North Korea into the “One-Belt, One-Road” initiative. The relationship between China and North Korea could not be chillier since the latter’s 2013 nuclear test, but Chinese efforts to improve bilateral relations have been on the rise since 2014. It is reported that Liu Yunshan, member of the Politburo Standing Committee and number five in the Communist Party of China’s hierarchy, visited North Korea for the 70th anniversary ceremony of the Workers’ Party of Korea and handed a personal letter from Xi Jinping to Kim Jong Un. In March 2015, Foreign Minister Wang Yi stated with regard to North Korea that [China] “cherishes the historical friendship between China and Korea,”¹⁴ the Chinese revival of the phrase “historical friendship” becoming the subject of controversy. In July 2015, Xi Jinping visited Changchun, where he emphasized the importance of economic development in the three northeast provinces. As attention was drawn to regional development in the three northeast provinces, the importance of building good relations with North Korea and Japan also emerged. Thus, even while holding firm to the principle of denuclearization of the Korean Peninsula, China began to show enthusiasm over economic relations with North Korea as well.

Efforts to improve relations with North Korea as the “One-Belt, One-Road” initiative goes into operation are rooted in the nature of the engagement and economic integration by China inherent in the “One-Belt, One-Road” initiative. However, improvements in the bilateral relationship have not progressed as China would have liked them to. The sudden cancellation of the December 2015 performance of the Moranbong Band in Beijing and its return to North Korea highlighted the strained relationship between the two countries. Meanwhile, North Korea continues to repeat test launches of long-range ballistic missiles in order to bring the US mainland within its reach, and also continues with the development of SLBMs.

¹³ “Kanchū no Kaiyō Keikai Kakutei Koshō Jikankyū Kaidan wo Maitoshi Kaisai e” [South Korea-China Maritime Boundaries Determination Negotiations to Be Held Annually at the Vice Ministerial Level], http://www.chosunonline.com/site/data/html_dir/2015/12/22/2015122203484.html. Last viewed July 7, 2016.

¹⁴ 王毅：我們珍視中朝傳統友誼致力於兩國關係正常發展 [Wang Yi: We Cherish Historical Friendship between China and Korea and Will Strive for Normal Development of Bilateral Relationship], <http://www.fmprc.gov.cn/web/wjzbzhd/t1243606.shtml>. Last viewed July 7, 2016.

While all this was going on, China was forced to revert to a North Korea policy with the denuclearization of the Korean Peninsula as the top priority. In January 2016, North Korea conducted its fourth nuclear test. China voted in favor of the UN Security Council resolution tightening sanctions on North Korea, and accordingly suspended the import of coal, iron ore, gold, and other goods from North Korea.

This firm Chinese stance against North Korea is good news for the United States and China, which are increasingly at loggerheads with regard to the South China Sea, as it pushes the two in the direction of collaboration. At the same time, it is raising concern on the Chinese side to the effect that it could bring about a drastic deterioration in its relationship with North Korea. In April, as China put enforcement measures under the UN Security Council resolutions in place, President Xi Jinping stated with regard to the tensions on the Korean Peninsula surrounding North Korea's nuclear and missile programs that "China as a neighbor will never allow the calamity of war to break out."¹⁵ "Calamity of war" are powerful words that hint at the deep concerns China harbors regarding peace and stability in its border regions.

It was under these circumstances that South Korea switched to a hardline posture against North Korea, deciding to accept the deployment of THAAD missiles on the Korean Peninsula, as US forces had been proposing for several years.

At this point, securing the stability of the security environment for itself emerged as an urgent issue for China. As the United States moves forward with its policy of pivoting back to Asia, the string of North Korean missile launches and nuclear tests is worsening China's national security environment for the following three reasons.

First, as we have seen from the THAAD deployment, North Korea's provocative actions are contributing to the reinforcement of the cooperation framework between the United States, Japan, and South Korea, and China is concerned that this reinforcement of the trilateral cooperation framework may someday be turned against it.

Second, China sees the possibility of war breaking out on the Korean Peninsula due to North Korea's nuclear program. The escalation of North Korea's nuclear program runs the risk of US military intervention. As mentioned before, it was this sense of crisis that spurred China on in its diplomatic engagement to intermediate the Six-Party Talks. And it was a China with a powerful crisis mindset that agreed in March 2016 to harsh sanctions against North Korea.

¹⁵ 英媒：中国绝不允许朝鲜半岛生战生乱 [British Media: China Will Never Allow Calamity of War to Break Out on Korean Peninsula], http://www.bbc.com/zhongwen/simp/press_review/2016/04/160428_press_review_koreas_china. Last viewed July 7, 2016.

Although China decided to tighten sanctions on North Korea, its concerns over the deterioration of its security environment due to the fragility its relationship with the latter has come to loom larger in its strategic thinking. Kim Jong Un has never visited China since he became First Secretary of the Workers' Party of Korea, and a meeting between him and Xi Jinping has yet to be staged. As China and North Korea fell into this "abnormal relationship,"¹⁶ North Korea is calling China an "imperialist" and a "revisionist." These are exactly the terms that China used to criticize the Soviet Union in the 1960s. The China-North Korea relationship is falling into the same pattern as the China-USSR relationship. Chinese wariness towards a war with North Korea is emerging, and mending fences with North Korea is being undertaken as an important item on the policy agenda. The June 2016 visit to China by Ri Su Yong, Vice Chairman of the Central Committee of the Workers' Party of Korea, and the July 2016 foreign ministers' meeting in Vientiane, the first between the two countries in two years, should be understood within this context. However, Chinese efforts to improve the bilateral relationship from an "abnormal relationship" to a "normal relationship" failed to bear fruit, as North Korea continued to pursue both its nuclear program and economic development, and conducted its fifth nuclear test in September 2016.

Fearing the possibility of two wars, one between the United States and North Korea and another between China and North Korea, and unable to come to an effective North Korea policy, China is vacillating between two policy options, strengthening cooperation with the United States and improving relations with North Korea.

Third, China also worries about the possibility of North Korea's nuclear program having a "nuclear domino effect" on the Korean Peninsula.¹⁷ It is reported that US Vice President Joe Biden told President Xi Jinping in June 2016 that Japan could get nuclear weapons "virtually overnight."¹⁸ The words of Vice President Biden as he urged China to cooperate on the North Korea issue show that the United States realizes China is worried

¹⁶ "Wang Yi: We Cherish Historical Friendship between China and Korea and Will Strive for Normal Development of Bilateral Relationship."

¹⁷ Although there is little media concern over the nuclear domino effect under government and party jurisdiction due to the restrictions on the media, it is much discussed on the internet. See, for example: 对朝鲜的誤判將導致嚴重的歷史後果 [Wrong Decisions on North Korea Will Have Serious Historical Consequences], <http://www.szhgh.com/Article/opinion/zatan/201609/121876.html>; 金正恩及北朝鮮的最終結局会是怎樣 [What Will Be the Final Outcome for Kim Jong Un and North Korea?], www.zhihu.com/question/40076605.

¹⁸ "Japan Could Get Nuclear Weapons 'Virtually Overnight', Biden Tells Xi", <http://www.japantimes.co.jp/news/2016/06/24/national/politics-diplomacy/japan-get-nuclear-weapons-virtually-overnight-biden-tells-xi/#.WA0f44WcEqI>. Last viewed July 7, 2016.

about the nuclear domino effect.

Is it “stabilization of the security environment” or “economic engagement”? China faces difficult choices going forward as North Korea has made its policy of pursuing its nuclear program and economic development simultaneously.

4. Conclusion

China's North Korea policy is driven by four factors: deterring North Korea's nuclear program, peace and stability on the Korean Peninsula, consideration for its policy towards the United States, and the promotion of economic relations with North Korea. The policy has had ups and downs in terms of effectiveness due to the regional environment surrounding North Korea and North Korea's external activities.

China's North Korea policy produced significant results in the first half of the 2000s. On the one hand, through the Six-Party Talks it was able to deter North Korea's shift towards the United States, while it avoided confrontations with the United States by proactively intervening in North Korea's nuclear issue. The relationship between China and North Korea also saw significant progress on the political and economic fronts.

However, the tension on the Korean Peninsula suddenly escalated dramatically from 2006 as North Korea repeated nuclear tests. Moreover, the US policy of pivoting back to Asia began in earnest around the fall of 2011. China's North Korea policy came to encompass a big dilemma against the backdrop of a shifting regional environment, making it difficult for China to maintain the balance between the stabilization of its security environment and economic engagement.

The relationship between China and North Korea turned even chillier after the Kim Jong Un regime took over. The purge of Jang Song Thaek, who had close relations with China, shook the very foundations of China's North Korea policy, which had “deterrence” and “engagement” at its core.

It was against this background that China's national strategy of “One-Belt, One-Road” initiative was launched. China's North Korea policy is entering into a new phase as it integrates into the “One-Belt, One-Road” initiative, restoring importance to an engagement policy vis-à-vis North Korea. For China, a successful outcome of its North Korea policy has become a matter of extreme urgency in its policy agenda as it could have a serious impact on its grand external strategy.

North Korea is speeding ahead with its nuclear program as the US pivot to Asia progresses and the strategic mistrust between the United States and China grows. The strategic competition in Asia between Japan, the United States, and China and

the deterioration of relations between China and North Korea are amplifying China's multiple security concerns. The conflict between security and economic engagement underlying China's North Korea policy is intensifying against the background of this regional situation.