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China-Korea Relations:
Beijing Ties Uneven with Seoul, Stalled with Pyongyang

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Although North Korea’s diplomatic activity in 2014 spiked with senior-level outreach to Southeast Asia, Iran, Russia, the Middle East, Africa, and the United Nations, Beijing has been little more than a stopover for these officials. China-DPRK security and economic ties remain strained as Pyongyang continues its dual pursuit of nuclear and economic development. Instead, South Korean politicians and diplomats have been flocking to Beijing for endless consultations. Multilateral engagements were the primary venue for maintaining the momentum in high-level China-South Korea exchanges following the Xi-Park summit in July. The seemingly perennial agenda for discussion between the two countries was North Korea, followed by discussion of China-South Korea trade, including the announcement that the two countries would meet their end-of-year target to conclude negotiations on a free trade agreement (FTA).

North Korea’s diplomatic offensive amid strained ties with Beijing

Observers continue to ponder the implications of strained China-DPRK political ties since Pyongyang’s third nuclear test in February 2013 and the execution of Jang Song Thaek in December 2013. The decline in high-level exchanges is apparent, as are Pyongyang’s efforts to diversify its diplomatic and economic partners, most notably toward Moscow. Kim Jong Un’s Oct. 1 message to President Xi on the 65th anniversary of the founding of the PRC did not include the traditional language about advancing the “friendship” developed under previous generations of leaders, as emphasized in his messages in 2012-2013. South Korean diplomats in Beijing reported that China did not send any officials to Pyongyang on Oct. 6, 2014 to mark the 65th anniversary of the establishment of diplomatic relations, an event that also did not receive coverage by Chinese state media. China-DPRK political contacts this year remain limited to ceremonial events, including PRC Ambassador Liu Hongcai’s participation in launching renovations of a cemetery in Pyongyang for Chinese soldiers killed in the Korean War in September and Communist Party of China (CPC) Political Bureau Standing Committee member Liu Yunshan’s participation in the ceremony at the DPRK Embassy in Beijing marking the third anniversary of Kim Jong II’s death in December. Kim Yong Nam reportedly did not meet any Chinese officials during his stopover in Beijing on the way to the Middle East and Africa in late October. The mutual cold-shoulder stands in stark contrast to the expansive Cabinet-level delegation to Pyongyang led by then-Premier Wen Jiabao in 2009 on the occasion of the 60th anniversary of diplomatic relations.

A renewed Chinese public debate over whether China can or should abandon North Korea shows deeply mixed attitudes toward the country. A Global Times commentator on Sept. 29 criticized Chinese internet rumors of a military coup in North Korea that were sparked by Kim Jong Un’s
40-day public absence from Sept. 3, arguing that such “radical opinion can’t represent the opinion of China.” A Nov. 27 article in *Huanqiu Shibao* by Li Dunqiu of Zhejiang University argues against those who have called for the abandonment of North Korea on the basis of both fundamental shared geopolitical interests, arguing that abandonment would lead to three possible outcomes: 1) North Korea may throw itself into the embrace of a third country other than China; 2) North Korea will collapse under siege by hostile forces, or 3) North Korea will be “completely isolated and fight to the death.” This article stimulated a response from Lt. Gen. Wang Hongguang, who argued that North Korea has never listened fully to China’s views and the collapse of a country like North Korea will not be mainly caused by external forces. Therefore, the best that China can do is seek a normal relationship without taking responsibility for developments that China is unlikely to be able to control. China Foundation for International Studies Research Fellow Cao Shigong argued in the Dec. 2 *Huanqiu Shibao* that North Korea’s nuclear armament cannot be a reason to abandon North Korea because denuclearization can only be achieved in concert with the settlement of Cold War legacies and the establishment of a permanent peace on the Korean Peninsula. A fourth article in *Huanqiu Wang* by Lao Mu argues that “as long as North Korea does not do things to harm China, we do not need to be overly concerned with or pay special attention to it.”

The absence of China-DPRK high-level exchanges contrasts sharply with Pyongyang’s active diplomatic outreach to other partners, including a five-nation visit to Europe and Mongolia in September by Kang Sok Ju, head of the Workers’ Party of Korea (WPK) International Relations Division, and visits to the UN General Assembly, Iran, and Russia by Foreign Minister Ri Su Yong in October. Chinese analysts pointed to North Korea’s high-level delegation to the Incheon Asian Games closing ceremony in early October – including Hwang Pyong So, Choe Ryong Hae, and Kim Yang Gon, head of inter-Korean relations at the WPK – as a high point in Pyongyang’s diplomatic “charm offensive.” The delegation’s talks with Prime Minister Chung Hong-won, Unification Minister Ryoo Kihl-jae, and National Security Advisor Kim Kwan-jin were the highest-level exchange between the two Koreas in recent years. Yet despite such developments, Chinese analysts remain skeptical that Pyongyang can improve ties with the South and break away from its decades-long international isolation without demonstrating concrete efforts toward denuclearization in line with US and South Korean demands.

**Seoul’s push for North Korea’s denuclearization**

The attention of the South Korean leadership has remained centered primarily on the DPRK nuclear issue. This was a main theme in President Park’s meetings with Premir Li and President Xi on the sidelines of the ASEM and APEC meetings in October and November. Park also drew international support for DPRK denuclearization and Korean unification at the East Asia Summit and ASEAN Plus Three meetings in Myanmar. After talks between Foreign Ministers Wang Yi and Yun Byung-se on Nov. 7, South Korea’s Foreign Ministry expressed “satisfaction” on bilateral strategic coordination on North Korea.

South Korean leaders have sought Chinese cooperation on North Korea through political exchanges aimed at implementing agreements reached at the Xi-Park summit in July. North Korea’s nuclear program topped the agenda during the visit of South Korea’s Saenuri party leader Kim Moo-sung to China in October. Despite the lack of progress and two nuclear tests
since multilateral talks broke down in 2008, President Xi stressed Beijing’s firm support for the Six-Party Talks as the most “sustainable, effective, and irreversible” approach – a set of adjectives that is strikingly resonant with favorite adjectives used by South Korean and US policy makers in reference to the DPRK’s nuclear programs. In talks with CPC International Department Head Wang Jiarui, Kim pressed Beijing to “take responsibility” in curbing Pyongyang’s nuclear development. At a bilateral political leaders’ forum at the KNA on Oct. 20, Speaker Chung Ui-hwa called on former PRC State Councilor Tang Jiaxuan to help strengthen Chinese diplomatic efforts on DPRK denuclearization as the prerequisite for not just Northeast Asian peace but also inter-Korean reconciliation and northeast China’s economic development.

ROK nuclear envoy Hwang Joon-kook made a three-day visit to Shenyang for consultations with China’s Korea experts prior to meeting Wu Dawei in Beijing on Oct. 31. These consultations coincided with a three-nation tour to Seoul, Beijing, and Tokyo by Washington’s nuclear envoy Sydney Seiler. The talks occurred a week after US Forces Korea (USFK) Commander Gen. Curtis Scaparrotti drew attention for his comments on possible advancement of North Korea’s nuclear capabilities.

Despite Beijing’s continued restraint on directly condemning Pyongyang, Chinese commentators have stepped up their opposition to North Korea’s nuclear development through official media outlets. An Oct. 9 Global Times editorial urged Pyongyang to show “political courage” in changing course, pointing to Kim Jong Un’s prolonged public absence since early September as a reflection of the “strategic quagmire” confronting North Korea.

Chinese concern over the potential deployment of a US Terminal High Altitude Air Defense (THAAD) battery in South Korea has become a major talking point and potential source of strain in China-ROK cooperation on North Korea. In a move to ease such concerns, the ROK Defense Ministry spokesperson on Oct. 13 denied speculation about US-ROK discussions on THAAD in bilateral defense ministers’ talks. PRC deputy chief envoy to the Six-Party Talks Xu Bu, at a Peking University forum on Oct. 17, criticized Washington’s moves to strengthen its military alliances with South Korea and Japan “based on the nuclear crisis of North Korea.” On Oct. 23, Chinese Foreign Ministry spokeswoman Hua Chunying stated that “Neighboring countries pushing forward the deployment of anti-missile systems in the Asia-Pacific and seeking unilateral security is not beneficial to strategic stability and mutual trust in the region.” By December, Chinese officials and scholars actively voiced concern regarding the potential introduction of the THAAD into South Korea.

Challenges to advancing the China-South Korean comprehensive partnership

In addition to the North Korea nuclear issue, exclusive economic zone (EEZ)-related maritime security issues and DPRK human rights are two key challenges to realizing the comprehensive partnership envisioned in the Xi-Park agenda. Fatal clashes between Chinese fishermen and the ROK Coast Guard on Oct. 10 threatened to raise political tensions days ahead of the first China-ROK Party Policy Dialogue, and halted plans to launch joint inspection operations in the Yellow Sea that same month. PRC Assistant Foreign Minister Liu Jianchao held emergency talks with ROK Ambassador Kwon Young-se on the night of the incident to protest the shooting of a Chinese skipper, and on Oct. 13, a PRC Foreign Ministry spokesperson expressed China’s
“strong dissatisfaction” with the ROK Coast Guard’s “violent law-enforcement.” South Korea’s Foreign Ministry issued a statement a day later affirming joint efforts to minimize the impact on overall bilateral ties. After four days of talks at the end of October on the renewal of an annual China-ROK bilateral fisheries agreement, the Ministry of Oceans and Fisheries also confirmed plans to begin joint surveillance operations before the end of 2014. The renewed bilateral fisheries agreement carried over additional measures against illegal fishing as part of efforts to implement the July 2014 Xi-Park summit agreements. According to South Korean sources, the volume of illegal Chinese fishing amounted to 21 percent of South Korea’s total fisheries output in 2012 and up to 62 percent of its total annual yield in territorial waters, imposing losses of more than 1 trillion won ($1 billion) on the local industry. In 2012, 467 Chinese were arrested for illegal fishing in ROK waters according to the ROK Ministry of Oceans and Fisheries.

A second source of Sino-South Korean political strain is North Korean human rights. ROK Ambassador to the United Nations Oh Joon on Oct. 14 expressed early skepticism that the Security Council would pass an EU/Japan-led resolution calling for the referral of North Korean human rights violations to the International Criminal Court (ICC) based on the UN Commission of Inquiry (COI) report on human rights in the DPRK. Pyongyang released its own human rights report in September, circulated its own draft resolution at the UN on Oct. 15, and published a human rights report online through China’s Global Times and other Chinese media outlets on Oct. 16. Chinese officials have added further support to North Korean efforts against international pressure since October. The Foreign Ministry spokesperson on Oct. 23 expressed China’s opposition to referring North Korea to the ICC, and PRC Ambassador to the US Cui Tiankai reiterated this position in an interview with Foreign Policy on Nov. 4. At the UN Security Council meeting on the issue on Dec. 23, PRC Permanent Representative Liu Jieyi asserted that human rights issues lie outside the Security Council’s primary functions of maintaining international peace and security and that the UNSC should focus instead on ridding the Korean Peninsula of nuclear weapons. In response, US Ambassador to the UN Samantha Power argued that such a trade-off was a “false choice.”

Despite these areas of friction, China and South Korea moved forward in other aspects of their comprehensive partnership. In late-October, they held bilateral counterterrorism talks in Seoul under a consultative mechanism established in 2007, as well as their first three-way talks with Japan on cybersecurity cooperation. The South Korean Embassy in Beijing also hosted a nine-day annual public diplomacy event on Oct. 17-25 aimed to promote “Korean Wave” pop culture. During talks in Beijing on Oct. 31, ROK Vice Culture Minister Kim He-beom and PRC counterpart Ding Wei agreed to accelerate efforts to establish a 200 billion won ($187.4 million) fund in 2015 for joint movie production, under which jointly-produced movies will be exempt from an annual quota in the Chinese market. Beijing and Seoul seek to further expand bilateral cultural exchanges through the Years of Chinese and ROK Tourism in South Korea and China respectively in 2015-2016.

“Substantive” conclusion of China-ROK FTA negotiations

China and South Korea held back-to-back bilateral free trade agreement (FTA) talks and trilateral FTA talks with Japan in late September and early November. China-ROK FTA negotiations were raised to a higher level ahead of the November Park-Xi summit in Beijing,
where the two presidents announced the “substantive” conclusion of negotiations according to Chinese state media. PRC Commerce Minister Gao Hucheng and ROK Trade Minister Yoon Sang-jick officially opened the 14th round of talks in Beijing on Nov. 6, the first time that the talks were upgraded to the ministerial level. By the end of those talks, the two countries were reported to have reached agreement in 22 sectors, including commodities, services, investment, finance, and telecoms. Forty-four percent and 52 percent of imports are subject to immediate tariff eliminations for China and Korea, respectively. However, the trade deal will allow both sides to impose continued tariffs on goods worth $20 billion, or nearly 10 percent of the total trade between the two countries. The FTA excludes 852 Chinese import items, primarily in the agricultural sector, while 627 South Korean items are excluded, primarily in the automotive and steel sectors. By comparison, FTA exclusions averaged around 1 percent of items imported into Korea in South Korea’s other FTAs. The high level of exclusions was in part due to the rushed nature of the announcement, an important deliverable for Xi and Park achieved on the sidelines of the APEC meeting in Beijing.

Since Xi and Park’s initial push for the FTA in July, however, China and South Korea have made steady progress in strengthening commercial ties. South Korea’s Minister of Trade, Industry and Energy Yoon Sang-jick and PRC Minister of Industry and Information Technology Miao Wei held ministerial talks on Oct. 27 on industrial cooperation, an area that is expected to significantly deepen under the FTA. Samsung Electronics Vice Chairman and heir-apparent Lee Jay-yong also met President Xi and other leaders on Oct. 28 in Beijing; he pledged to expand Samsung’s business operations in China. Earlier in October, the Korea International Trade Association announced the creation of a consultative group aimed to promote South Korean business interests in the China-ROK FTA through regular working-level talks with policymakers. Comprised of 60 enterprises from various sectors, the group seeks to not only build trust and transparency in the FTA talks but also push forward the FTA’s ratification at the National Assembly once signed.

According to South Korea’s Financial Services Commission, Chinese investment in ROK shares and bonds reached 3.22 trillion won ($3.11 billion) in January-September 2014, surpassing investment from the US and Japan and making China South Korea’s biggest source of foreign investment. Central bank governors Zhou Xiaochuan and Lee Ju-yeol on Oct. 11 secured a three-year extension of the RMB-won currency swap deal, as agreed at the Park-Xi summit in July. In an Oct. 23 Yonhap News interview, the Standard Chartered board chairman noted the banking group’s plans to develop South Korea as the center for RMB internationalization. The ROK Finance Ministry on Oct. 31 pledged Seoul’s long-term goal of expanding RMB transactions to make up to 20 percent of all China-ROK commercial transactions, 18.8 percent higher than the proportion last year. South Korea’s bilateral trade with China reached $229 billion in 2013, of which about 95 percent was carried out with the US dollar. China’s proposed Asia Infrastructure Investment Bank (AIIB) dominated talks between Finance Ministers Lou Jiwei and Choi Kyung-hwan in October in Beijing, where Choi expressed Seoul’s concerns over the bank’s governance structure. Amid concerns in Washington over the initiative, South Korea did not join the MOU signing ceremony for the AIIB in Beijing on Oct. 24.
China-DPRK trade and economic relations

China-DPRK trade and economic ties reflect continued political strain and Chinese skepticism over Pyongyang’s joint pursuit of nuclear and economic development under Kim Jong Un. The week of the planned opening of the 2.2 billion RMB ($359 million) Dandong-Sinuiju bridge, Chinese state media on Oct. 31 announced a delay, citing North Korea’s failure to complete its share of construction on schedule. However, ROK Unification Ministry officials point to the resurgence in North Korea’s jet fuel imports from China in January-September 2014 to 13,000 tons, which is less than half the volume in 2011 and 2012, but a 36-fold increase over the same period last year. South Korean lawmakers indicate that North Korean imports of luxury goods from China as well as Europe and Southeast Asia amounted to $644 million in 2013 despite UN sanctions since the February 2013 nuclear test.

Faced with continued isolation, a major focus of Pyongyang’s growth strategy is migrant labor. At the annual China-DPRK Economic, Trade, Culture and Tourism Expo in Dandong on Oct. 16-20, North Korea’s National Economic Development General Bureau stepped up its efforts to draw Chinese investors by promoting North Korea’s skilled workforce. The number of North Korean businesses attending this year’s trade fair, however, declined by 30 percent from 2013. According to Chinese figures, the overall number of North Korean travelers to China declined for the first time in three years between January and September by 6.5 percent, compared to an average 16.5 percent increase in 2012-2013. Since Kim Jong Un’s rise to power in late 2011, the annual number of DPRK defectors arriving in South Korea has also declined by up to 50 percent from 2,000-3,000 to 1,500. Employment and business accounted for a majority 47 percent and 19 percent of North Korean travel to China in 2014. South Korean diplomats in Northeast China estimate the current number of North Korean workers in Chinese border cities at about 7,000, including 4,500 in the Yanbian Korean Autonomous Prefecture (Hunchun and Tumen) and 2,500 in Dandong. North Korean labor remittances from China as well as Russia and the Middle East reportedly remain a major source of hard currency for the isolated regime in Pyongyang.

Conclusion

Both China’s high-level exchanges with South Korea and Pyongyang’s diplomatic diversification are attributable to the souring of China-DPRK relations since North Korea’s February 2013 nuclear test. Despite the “normalization” of the Sino-DPRK relationship from the previous “special status” that made the relationship exceptional for so long, China’s strategic objective of maintaining stability has not yet been superseded by any other objective. Meanwhile, the expanding political and commercial relationship between China and the ROK has pushed forward their comprehensive partnership, but has not enabled a bridging of the gap between the two countries over North Korea. South Korea and the US will likely continue to push for greater Chinese cooperation to contain the effects of North Korea’s provocative behavior in an attempt to exploit strains between Pyongyang and Beijing. But this approach remains beset by a fundamental dilemma: despite weakening Sino-DPRK ties Beijing’s focus on stability caps the amount of pressure China is willing to put on North Korea. At the same time, the more distant the PRC-DPRK relationship, the less Beijing can be counted on to restrain Pyongyang.
Chronology of China-Korea Relations
September – December 2014

Sept. 1-5, 2014: The 5th round of China-ROK-Japan FTA talks is held in Beijing.


Sept. 19-23, 2014: Hong Kong’s Secretary for Home Affairs Tsang Tak-sing visits South Korea for the 17th Asian Games and meets ROK officials.

Sept. 22-26, 2014: The 13th round of China-ROK FTA talks is held in Beijing.


Oct. 1, 2014: Kim Jong Un sends a congratulatory message to Xi Jinping on the occasion of the 65th anniversary of the PRC’s founding.


Oct. 8, 2014: PRC Foreign Ministry spokesperson expresses China’s support for the decision to resume inter-Korean high-level talks.

Oct. 9, 2014: Global Times editorial urges Pyongyang to abandon its nuclear program.

Oct. 10, 2014: The captain of a Chinese fishing boat is shot dead by a ROK Coast Guard in clashes in the Yellow Sea. PRC Assistant Foreign Minister Liu Jianchao holds emergency talks with ROK Ambassador to China Kwon Young-se in Beijing.


Oct. 14, 2014: ROK Ambassador to the UN Oh Joon expresses skepticism over the passing of a proposed UN resolution on DPRK human rights.

Oct. 15, 2014: South Korea’s Coast Guard issues warrants for two Chinese fishermen on charges of illegal fishing in ROK waters resulting in the death of a Chinese skipper.

Oct. 16, 2014: President Park Geun-hye attends the Asia-Europe Meeting in Milan and meets Premier Li Keqiang on the sidelines.


Oct. 17, 2014: China’s deputy chief envoy to the Six-Party Talks Xu Bu at a Peking University forum expresses China’s concern over US missile defense in South Korea.

Oct. 20, 2014: ROK National Assembly holds a forum with PRC political leaders.

Oct. 21, 2014: DPRK top legislator Kim Yong Nam arrives in Beijing en route to visits to the Middle East and Africa.


Oct. 21, 2014: China, ROK, and Japan hold first trilateral talks on cybersecurity in Beijing.

Oct. 23, 2014: Standard Chartered board chairman John Peace tells Yonhap the banking group aims to foster South Korea as the hub for RMB internationalization.


Oct. 27, 2014: ROK Minister of Trade, Industry, and Energy Yoon Sang-jick and PRC counterpart Miao Wei hold talks on bilateral industrial cooperation.


Oct. 29, 2014: Samsung Vice Chairman Lee Jay-yong meets Xi Jinping and others in Beijing.

Oct. 30, 2014: Remains of more than 400 Chinese soldiers killed in the Korean War are buried at a state cemetery in Shenyang.

Oct. 31, 2014: ROK Vice Culture Minister Kim He-beom and PRC counterpart Ding Wei holds talks in Beijing.

Oct. 31, 2014: Seoul announces plans to promote yuan transactions among ROK businesses.

Oct. 31, 2014: Global Times reports that the opening of a new cross-border bridge linking Dandong and Sinuiju has been indefinitely delayed.


Nov. 3, 2014: ROK Ministry of Oceans and Fisheries announces that China and South Korea have agreed to launch joint inspections of illegal fishing in shared waters by the end of 2014.

Nov. 4, 2014: PRC Ambassador to the US Cui Tiankai in an interview with Foreign Policy expresses opposition to efforts to refer North Korea to the International Criminal Court for human rights abuses.

Nov. 4, 2014: Shanghai and Seoul Mayors Yang Xiong and Park Won-soon sign a MOU on bilateral cooperation between the two cities.

Nov. 4, 2014: US Secretary of State John Kerry in a speech at Johns Hopkins SAIS expresses hopes for closer cooperation with China on DPRK denuclearization.

Nov. 4-5, 2014: PRC and ROK chief FTA negotiators hold talks in Beijing.

Nov. 6, 2014: PRC Commerce Minister Gao Hucheng and ROK Trade Minister Yoon Sang-jick open the 14th round of FTA talks in Beijing.


Nov. 7, 2014: The head of Alibaba’s ROK unit is indicted on charges of stealing the business of a local subcontractor.

Nov. 9-12, 2014: ROK President Park Geun-hye visits China for APEC meetings.

Nov. 14, 2014: PRC Foreign Ministry spokesperson urges Japan to take concrete steps toward realizing trilateral cooperation with China and South Korea.

Nov. 18, 2014: PRC Commerce Ministry spokesperson indicates that China-ROK-Japan FTA talks require stable political ties.
Nov. 20, 2014: PRC Foreign Ministry spokesperson calls for cooperation on the DPRK human rights issue after the passing of a UN resolution on Nov. 18.

Nov. 21, 2014: PRC Foreign Ministry spokesperson calls for resumption of the Six-Party Talks in response to Russian Foreign Minister Sergei Lavrov’s indication after talks with Choe Ryong-hae that Pyongyang is prepared to resume talks without preconditions.

Nov. 24-28, 2014: Sixth round of China-Japan-ROK FTA talks are held in Tokyo.

Dec. 15, 2014: Jilin Provincial Archives and South Korea’s Northeast Asian History Foundation sign a MOU on the study of comfort women during Japanese occupation in World War II.

Dec. 17, 2014: Liu Yunshan, member of the CPC Political Bureau Standing Committee and CPC Secretariat attends a ceremony at the DPRK Embassy in Beijing marking the third anniversary of Kim Jong Il’s death.

Dec. 17-21, 2014: ROK National Assembly Speaker Chung Ui-hwa visits China and meets top PRC legislator Zhang Dejiang and President Xi on the sidelines of the APEC Leaders Meeting.

Dec 22, 2014: PRC Permanent Representative to the UN Liu Jieyi expresses China’s opposition to including North Korea on the Security Council’s human rights agenda.