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China-Korea Relations: China's Nuclear North Korea Fever

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North Korea's missile tests in early July marked an apparent peak in its provocative behavior as Pyongyang shifted to a "charm offensive" strategy toward the international community from August. Pyongyang's turn toward diplomacy has shifted attention to a series of meetings between North Korea and the international community, including Kim Jong-il's talks with former U.S. President Bill Clinton and Hyundai Chairperson Hyun Jung-Eun in August, China's State Councilor Dai Bingguo in September, and finally Premier Wen Jiabao in early October. Kim Jong-il's encouraging statement regarding prospects for renewed multilateral and bilateral dialogue during Dai's visit and his further statement during Wen's visit that "the DPRK is willing to attend multilateral talks, including the Six-Party Talks, based on the progress in the DPRK-U.S. talks" has set the stage for new engagement with North Korea by the U.S. and the international community. It remains to be seen if this engagement will lead to tangible North Korean actions in the direction of denuclearization.

Presidents Lee Myung-bak and Hu Jintao both traveled to the U.S. in September for the G20 summit in Pittsburgh and UN General Assembly in New York, where they met on the sidelines to discuss North Korea and other issues in their strategic cooperative partnership. The Lee-Hu summit came days after Lee's "grand bargain" proposal for dealing with North Korea, which seeks complete and irreversible denuclearization in exchange for a full package of incentives. While Lee noted China's recent diplomatic outreach to North Korea, it is unclear whether Beijing is on board with Lee's plan or has its own plans for dealing with North Korea.

China's North Korea diplomacy

As North Korea test-fired missiles at the beginning of the quarter, Vice Foreign Minister Wu Dawei began a two-week tour to Russia, the U.S., Japan, and South Korea on July 2 to discuss the North Korean nuclear crisis, warning that escalating tensions could trigger "a new arms race." Wu and ROK counterpart Wi Sung-lac held "frank and in-depth consultations" in Seoul, where South Korean officials saw Wu's first visit in almost three years as "unusual" given his tendency to play host to foreign officials in Beijing for North Korea discussions. But since China had firmly dismissed the possibility of five-way talks without Pyongyang, the South Koreans remained doubtful that Wu would offer specific strategies for resuming dialogue, noting that China was merely responding to mounting international pressure for action. Ambassador for implementation of UNSC Resolution 1874 Philip Goldberg had visited Beijing a few days earlier seeking Chinese cooperation on implementing the resolution. South Korean analysts suggested

that China was seeking to end a “sanctions-only phase” before the North might take further threatening actions such as another nuclear test.

Wu’s August trip to Pyongyang occurred amid anticipation that the North would be more cooperative following breakthroughs in U.S.-DPRK and inter-Korean relations earlier that month, including former U.S. President Bill Clinton’s and Hyundai Group Chairwoman Hyun Jeong-eun’s visits to the North. The intensification of Sino-DPRK high-level exchanges seemed to get a push from both sides’ relations with the U.S. as the North Korean nuclear crisis emerged as one of four top agenda items in the U.S.-China Strategic and Economic Dialogue in late July.

The Dai Bingguo visit in September set the stage for a visit to Pyongyang by Wen Jiabao in early October. After Dai met Kim Jong-il, the Chinese Foreign Ministry pointed to the “thawing” of regional tensions as an important opportunity for strengthening cooperation and reengaging the North. As presidential envoy, Dai delivered a letter from President Hu to Kim Jong-il affirming “China’s consistent goal” of denuclearization and regional peace in cooperation with the North, while Kim pledged to commit to denuclearization “through bilateral or multilateral dialogue,” according to the Chinese state media. Dai’s delegation, which included Wu Dawei, Vice Minister of Commerce Zu Fuying, and Qiu Yuanping, vice director of the Central Foreign Affairs Office, met with top DPRK legislator Kim Yong-nam and Vice Foreign Ministers Kang Sok-ju and Kim Yong-il in Pyongyang, where both sides exchanged “candid and in-depth” views on “mutual” issues believed to be focused largely on the North Korean nuclear crisis.

Given indications that Washington might be prepared to talk directly with Pyongyang on denuclearization, Dai’s visit was seen to reinforce Beijing’s mediator role between the North and the United States. Observers in Seoul expected Dai to convey the U.S. position following his July meeting with Secretary of State Hillary Clinton in Washington. Despite China’s diplomatic efforts, Pyongyang has sent mixed signals, making conciliatory moves toward the U.S. and South Korea while continuing to reject Six-Party Talks hosted by China.

Wen Jiabao’s visit marked the first visit to Pyongyang by a Chinese premier in 18 years. His high-powered delegation included Foreign Minister Yang Jiechi, Chinese Communist Party International Department Head Wang Jiarui, National Development and Reform Commission Minister Zhang Ping, Minister of Commerce Chen Deming, Minister of Culture Cai Wu, and Director of the Research Office of the State Council Xie Fuzhan, China’s Ambassador to the DPRK Liu Xiaoming, Premier’s Office Director Qui Xiaoxiong, Vice Minister for Foreign Affairs Wu Dawei, and Deputy Director of the General Political Department of the Chinese People’s Liberation Army Liu Zhenqi.

The delegation received Pyongyang’s version of a first-class welcome: a personal reception by Kim Jong-il and hundreds of thousands of citizens lining the streets. In honor of the PRC-DPRK year of friendship, Wen was treated to a North Korean production of “Dream of the Red Chamber,” traveled to a martyr’s cemetery outside Pyongyang containing the remains of Chinese People’s Volunteers from the Korean War, and signed a series of agreements, including a “protocol on the adjustment of treaties between the governments of the DPRK and China” and agreements on economic and technological cooperation, educational exchange, software industry cooperation, tourism, wildlife protection, and a protocol on inspection of export and import of

goods for purposes of assuring quality control. No doubt these agreements included substantial forms of economic assistance that have customarily accompanied such high-level exchanges between China and North Korea. *Xinhua* released an arrival statement in which Wen anticipated a “frank and in-depth exchange of views on PRC-DPRK relations and issues of common concern” during the visit. While Wen emphasized Sino-DPRK traditional friendship, a tradition of mutual assistance and mutually beneficial cooperation in conversations with DPRK counterparts in his arrival statement, he also mentioned the need to “better coordinate with each other to help maintain peace and stability in the region.”

Following his talks with Wen, *Xinhua* reported that Kim Jong-il noted that “realizing a nuclear-free Korean peninsula was the instruction of the late DPRK leader Kim Il Sung and the DPRK’s commitment to realizing the denuclearization of the peninsula remains unchanged.” Based on this commitment, Kim pledged that that “the DPRK is willing to attend multilateral talks, including the Six-Party Talks, based on the progress in the DPRK-U.S. talks.” KCNA reported that “the hostile relations between the DPRK and the United States should be converted into peaceful ties through the bilateral talks without fail. We expressed our readiness to hold multilateral talks, depending on the outcome of the DPRK-U.S. talks. The Six-Party Talks are also included in the multilateral talks.”

Balancing relations with the two Koreas

South Korean Foreign Minister Yu Myung-hwan and Chinese Foreign Minister Yang Jiechi reaffirmed their commitment to cooperate on North Korean denuclearization when they met in Shanghai on Sept. 29 following a trilateral meeting with Japanese counterpart Okada Katsuya. The leaders emphasized their consensus on complete denuclearization and resumption of Six-Party Talks, but did not offer any concrete plans of action despite developments in the regional political environment and anticipation of renewed dialogue with Pyongyang. Minister Yu presented President Lee’s “grand bargain” for dealing with North Korea to Yang and they agreed that their respective bilateral ties with the North should be approached within the larger context of resolving the nuclear issue. However, while South Korean officials affirmed Beijing’s support of Lee’s plan “in a broad sense,” the Chinese Foreign Ministry press statement made no reference to North Korea.

Beijing’s effort to engage North Korea with the international community has been accompanied by a host of bilateral exchanges to mark Friendship Year and the 60th anniversary of diplomatic ties. A Chinese Communist Party (CCP) delegation visited Pyongyang in early August to meet Worker’s Party of Korea counterparts, confirming their “persistent stand” of developing friendly relations. While DPRK Vice Foreign Minister Kim Yong-il visited Beijing on Sept. 1 on the occasion of Friendship Year, Chinese DPRK experts suggested that his meetings likely focused on the nuclear issue. Vice Minister of People’s Armed Forces of the DPRK Pak Jae Gyong made a five-day trip to Beijing and Shanghai in late September and met Chinese counterpart Xu Caihou in an effort to strengthen military and state-to-state ties. At the same time, Zhang Yannong, president of the CCP newspaper, *People’s Daily*, visited Pyongyang to meet top DPRK legislator Kim Yong-nam, who pledged to maintain friendly ties based on mutual interests “no matter how” the international situation changed.

China's cooling sentiments toward North Korea

North Korea's erratic behavior has raised debates about apparent shifts in Chinese views. *People's Daily* in early September reported that the North's May 25 nuclear test has prompted Beijing to review its North Korea policy, arguing that the Chinese perception of the North as a "strategic buffer zone" is outdated. Bringing into question traditional ties with Pyongyang, the editorial called for reevaluating the bilateral friendship treaty and readjusting the "unbalanced relationship" of unilateral Chinese economic aid to the North.

Since June, the *Global Times* has conducted an online survey of Chinese views on North Korea in which almost 75 percent of respondents indicated that a nuclear North Korea undermines Chinese security and national interests while 15 percent indicated that the North Korean situation is favorable to China. These results are comparable to findings in a 2005 survey by Peking University's Zhu Feng in which only 61 percent of respondents believed that Korean nuclearization would be detrimental to China and 35 percent believed that Pyongyang's pursuit of nuclear weapons were only aimed at the U.S. and Japan.

Zhu Feng has pointed to a recent "nuclear North Korea fever" in China as an unanticipated side-effect of the international response to North Korea's nuclear ambitions. Heated debates in online forums on how to assess Kim Jong-il and the implications of a nuclear North Korea for Chinese and regional security show a clear divide in Chinese opinion, indicating growing Chinese "fatigue" with North Korean aggression. Yet, there remains traditional support for strong China-DPRK friendship against the U.S. and Japan. While the public debate suggests a fundamental rethinking of China's approach to North Korea, most observers agree that the policy impact remains limited.

Recovering China-South Korea trade

As Beijing's stimulus policies continue to take effect, the South Korean economy appears to have narrowly escaped recession. An annual World Bank report in September ranked the South Korean business environment 19th out of 183 countries, this year compared to 23rd in 2008, the highest ever for South Korea and higher than the average ranking for Organization for Economic Cooperation and Development (OECD) countries. According to a Korea Development Institute (KDI) report in August, domestic demand and exports have rapidly rebounded and positive forecasts will continue through the latter half of 2009. The Seoul-based Institute for International Trade (IIT) expects China-ROK trade to reach \$200 billion in 2013, three years behind the initial target due to the impact of the global financial crisis, but recovery in both economies appears to have enhanced the prospects for trade.

South Korean analysts indicate that Beijing's ongoing stimulus programs have facilitated the recovery of South Korea's exports to China. ROK exports to China declined by an annual 12.9 percent in July, less than the 21.8 percent drop in all South Korean exports during the same period. South Korean investment in China is also expected to increase with the improving economic environment. According to an August Korea Trade-Investment Promotion Agency (KOTRA) poll of 636 China-based South Korean companies, 48.6 percent of South Korean businesses in China are seeking to expand their China operations in response to signs of global

economy recovery while 41.2 percent plan to retain their current size. This suggests that China will continue to draw South Korean foreign investment despite an overall decline in foreign investment by 53.6 percent to \$8.12 billion between January and June 2009, according to the ROK Ministry of Strategy and Finance.

South Korean industry giants in particular have seen gains in their China operations in recent months. According to a Chinese industry report, Beijing Hyundai Motor Co., the Chinese venture of South Korea's biggest carmaker, absorbed an 8.2 percent market share between January and August, emerging fourth in the Chinese auto market after Chinese carmakers. As the top foreign carmaker in China, Hyundai raised its 2009 sales target in China from 300,000 to 500,000 units, attributing its 66 percent annual sales increase to Beijing's stimulus plan. South Korea's leading steelmaker POSCO in August also reported a sales jump of around 66 percent in the second quarter of 2009 citing China's extensive economic stimulus measures.

The ROK Ministry of Strategy and Finance has stressed the importance of ROK-China-Japan economic cooperation in implementing measures against the remaining risks of a financial crisis. Although the Japan External Trade Organization (JETRO) projected an overall decline in China-Japan trade for 2009, the first drop since the 1998 Asian financial crisis, China still became Japan's biggest trading partner in both exports and imports during the first half of 2009 mainly due to relatively larger declines in Japanese trade with other countries. China's continued stimulus measures are likely to improve the prospects for regional trade.

Rising Chinese trade competitiveness and South Korea's response

On the cautionary side, South Koreans have recently perceived a "Chiwan" threat arising from closer trade cooperation between China and Taiwan in the last year. Improved cross-Straits ties have produced a range of bilateral economic agreements which led to Taiwan replacing South Korea as China's top global supplier of LCD monitors in September. China's mass purchase of Taiwanese LCD monitors is part of its effort to stimulate domestic consumption in home electronics. Meanwhile, Taiwan seeks to benefit from Beijing's stimulus measures.

Recent trends have also reignited fears in South Korea about the broader implications of China's economic rise. While the World Bank projects China will surpass the U.S. in terms of GDP by 2019, China's State Statistical Bureau in September revealed that China overtook the U.S. as early as 2007 in terms of contribution to global economic growth, accounting for 19.2 percent compared to 15.7 percent. However, both U.S. and Chinese experts note that such figures risk overstating China's economic contributions given fundamental challenges such as technological gaps and China's high export dependency.

The sanctions impact and China-DPRK trade/aid

According to KOTRA, China-DPRK trade during the first half of 2009 fell by an annual 3.7 percent to \$1.1 billion, the first decline in a decade, which contrasted sharply with the 41 percent and 16 percent increases during the same period in 2008 and 2007, respectively. ROK Unification Ministry statistics, however, show that UN sanctions do not appear to have affected North Korea's trade with China as crude oil prices, which account for 25 percent of North

Korean imports from China, stabilized in 2009 following the sharp increases in 2007-2008. In the January-June period, North Korean exports to China increased by 8.2 percent to \$352 million while imports from China fell 8.4 percent to \$750 million. While crude oil imports declined by 54 percent, food and fertilizer imports increased. China's trade surplus with North Korea fell sharply from \$1.27 billion in 2008 to \$386 million in the first half of 2009 as coal imports from North Korea reached the highest level since 2004 according to the Chinese Ministry of Commerce. This trend of growing imports from the North and falling exports may suggest that China is providing less aid to North Korea.

Despite their limited impact on China-DPRK trade, UN sanctions appear to be causing economic strains in other ways. In late July, a Chinese firm developing a copper mine with a North Korean company sanctioned under UNSC resolutions reportedly pulled out of the joint project in late July. Based in Hyesan, where an estimated 400,000 tons of copper are deposited, this project had been fully endorsed as a model for Chinese investment in North Korea by Vice President Xi Jinping during his visit to Pyongyang in June last year.

Businesses in the Chinese border town of Dandong, where North Korea accounted for 80 percent of its foreign trade in 2008, in early August showed significant losses since the rise in tensions surrounding North Korea's nuclear crisis. The majority of the 1,000 legal companies engaged in border trade have reportedly ceased operations. In addition, travel agencies have indicated a notable decline in Chinese tourists visiting North Korea this year despite the extensive promotion of China-DPRK Friendship Year events. According to a Chinese source in August, fears over Pyongyang's recent missile and nuclear tests have resulted in a decline in Chinese tourists from 300-400 a day in previous years to about 20 a day. The Dandong branch of state-owned China International Trade Service (CITS) indicated falls in revenue from tourist and business trips to North Korea of at least 50 percent since last year. North Korea now seems to be diversifying its Chinese tourism revenue by targeting such major cities as Guangzhou, Shenzhen, and Shanghai to attract tourists to the North. Pyongyang and Shanghai are reportedly planning direct flights between the two cities.

Despite apparent problems in the China-DPRK economic relationship, reports seem to offer contradictory pictures and the exact implications of these trends remain uncertain. The 2006 nuclear crisis had a limited impact on cross-border commercial activities, but there were reports that China imposed severe financial restrictions at local banks in Dandong, while there have been few reports about the imposition of similar restrictions this time. Some analysts suggest that the current direction of bilateral trade will depend primarily on North Korea's internal political stability.

Competing package deals?

While Pyongyang has firmly rejected President Lee Myung-bak's "grand bargain" deal, China has yet to indicate whether and how it will support his comprehensive plan. Changes in Chinese perceptions of North Korea are unlikely to translate into decisive action as long as Beijing continues to avoid expressing any of its new frustrations toward the North. But domestic factors on both sides, including leadership transition in Pyongyang and growing pluralism in China, suggest that China's Pyongyang supporters will be challenged as China seeks to be a responsible

player on the international stage. After recent visits to China by Deputy Secretary of State James Steinberg and Ambassador Goldberg, some U.S. officials reportedly indicated that China is moving to implement independent sanctions on North Korea, especially given strong support in constraining North Korean activities from not only the South but other regional players like ASEAN.

The Chinese media has noted a deeper purpose in the visits of Dai Bingguo and Wen Jiabao to Pyongyang: there are hopes to not only bring consensus on the nuclear issue but also set the long-term direction of bilateral relations. According to Guangdong Provincial Communist Party newspaper *Nanfang Baowang*, Dai's visit reflected China's strategic interest in facilitating the North's reform and opening up into the post-Kim era while reducing "internal tensions and pressure," with the abandonment of nuclear weapons as a prerequisite for both Chinese and international support. On Sept. 29, the Foreign Ministry announced that Premier Wen's visit would produce a package of deals in such areas as economy and trade, education, and tourism, with the key goal of "summarizing the past and mapping out the future." Pyongyang's expected acceptance of this package deal raises the question of whether it would complement or present a further challenge to Lee's new proposal for dealing with the North.

Chronology of China-Korea Relations July-September 2009

July 1, 2009: China lifts 10-year antidumping duties on South Korean newsprint papers.

July 2, 2009: South Korea's POSCO agrees to invest 220 billion won (\$174 million) in a 65 percent joint venture ferromanganese plant with China's Dongbu Metal Co.

July 2, 2009: North Korea launches four short-range cruise missiles off its east coast.

July 2-14, 2009: Chinese nuclear envoy Wu Dawei makes a four-nation trip on DPRK denuclearization. He meets ROK counterpart Wi Sung-lac and Unification Minister Hyun In-Taek in Seoul on July 13 and Vice Foreign Minister Kwon Jong-rak on July 14.

July 3, 2009: South Korea's Hanwha Chemical Corp. begins constructing its \$380 million polyvinyl chloride (PVC) plant in Ningbo, China.

July 4, 2009: North Korea launches seven short-range ballistic missiles off its east coast.

July 6, 2009: South Korea and China ratify a treaty allowing convicts to serve prison sentences in their home country, to come into force Aug. 5.

July 7, 2009: *Chosun Ilbo* reports that over 500 China-made vehicles suspected of being intended for military use were shipped into North Korea over the past month.

July 10-29, 2009: The Pyongyang Student Art Troupe tours China to celebrate the Year of DPRK-China Friendship.

July 13-15, 2009: ROK National Assembly deputy speaker Lee Yoon-seong meets Wu Bangguo, chairman of the PRC National People's Congress Standing Committee, in Beijing for the fourth ROK-PRC parliamentary exchange meeting.

July 14, 2009: ROK Ministry of Justice eases visa application procedures for Chinese tourists.

July 21, 2009: Korea Exchange Bank is approved by China's financial regulator to set up a wholly-owned subsidiary in China.

July 21, 2009: South Korea's LG Chem and China National Offshore Oil Corporation (CNOOC) establish a joint venture plant in China.

July 23, 2009: Heads of the central banks of China, South Korea, and Japan hold their first regular meeting in Shenzhen, China.

July 28, 2009: Chinese Customs authorities seize North Korea-bound vanadium, a strategic metal used to strengthen steel.

July 30, 2009: A Chinese investment company developing a copper mine in North Korea with a DPRK company sanctioned under UNSC resolutions pulls out of the joint project.

Aug. 3-7, 2009: A Communist Party of China delegation makes a goodwill visit to Pyongyang and meets Worker's Party of Korea counterparts.

Aug. 9, 2009: Four South Koreans are indicted for trying to sell air-conditioning information to China worth 120 billion won (\$97.6 million) in potential losses for LG Electronics.

Aug. 12, 2009: *Korea Central News Agency* reports Kim Jong-il's vow to strengthen "long-standing precious DPRK-China friendship."

Aug. 13, 2009: Ssangyong Motor Co. resumes operations after an 83-day production halt.

Aug. 14, 2009: The U.A.E. reports to the UNSC the seizure of North Korean arms shipments to Iran which were reportedly carried on Chinese and Australian vessels.

Aug. 16-21, 2009: A Chinese delegation led by Vice Foreign Minister Wu Dawei visits North Korea and meets DPRK officials including Yang Hyong Sop, vice president of the Presidium of the Supreme People's Assembly, Park Ui Chun, minister of Foreign Affairs, and Kim Ky Gwan, vice minister of Foreign Affairs.

Aug. 18, 2009: President Hu sends a condolence message to President Lee over the death of former President Kim Dae-Jung.

Aug. 20, 2009: He Yong, deputy secretary of the CPC Central Commission for Discipline Inspection and member of the CPC Central Committee Secretariat, visits Seoul and meets Rep.

Ahn Sang-soo, floor leader of the Grand National Party, National Assembly Speaker Kim Hyong-o, Prime Minister Han Seung-soo, and Foreign Minister Yu Myung-hwan.

Aug. 23, 2009: Former Chinese State Councilor and Foreign Minister Tang Jiaxuan attends former ROK President Kim Dae-jung's funeral in Seoul.

Aug. 26, 2009: North Korea opens a consular branch in the Chinese border town of Dandong.

Sept. 1, 2009: A DPRK delegation led by Vice Foreign Minister Kim Yong-il visits China and meets Chinese Foreign Ministry officials.

Sept. 1, 2009: South Korea's biggest wire and cable maker LS Cable ltd. acquires a 75.14 percent stake in China's Hubei Yongding Hongqi Electronics Co.

Sept. 2, 2009: ROK Vice Culture Minister Shin Jae-min and Chinese and Japanese counterparts at a joint forum in Busan agree to strengthen cultural industry cooperation.

Sept. 7, 2009: South Korea's Hana Bank announces plans to invest in an 18.44 percent stake worth \$316 million in the Bank of Jilin in northeast China.

Sept. 8, 2009: POSCO announces plans to build its 16th automotive steel processing plant in China in Shenyang.

Sept. 8, 2009: Doosan Infracore Co. and Xuzhou Construction Machinery, South Korea and China's biggest construction equipment makers, respectively, agree to establish an RMB680 million (\$100 million) joint venture in diesel engine.

Sept. 10, 2009: Chinese police report a 2003 discovery of the bodies of 56 North Koreans attempting to flee to China in the Yalu River.

Sept. 11, 2009: Samsung Total Petrochemicals Co. completes construction of its polypropylene plant in southern China, the company's first overseas plant.

Sept. 15, 2009: Ssangyong Motor Co. announces it will cancel 80 percent of Shanghai Automotive Industry Corp. shares and convert 393 billion won (\$321.5 million) in debt into new shares as part of a turnaround plan.

Sept. 16-18, 2009: A Chinese delegation led by State Councilor Dai Bingguo visits Pyongyang and meets top legislator Kim Yong-nam and Vice Foreign Ministers Kang Sok-ju and Kim Yong-il. Dai delivers a letter from President Hu to Kim Jong-il.

Sept. 17, 2009: South Korea's Boryung Pharmaceutical Co. seeks a permit for the domestic sale of Chinese-made flu vaccine.

Sept. 21-24, 2009: A Chinese media delegation led by Zhang Yannong, president of *People's Daily*, visits Pyongyang and meets Kim Yong-nam, president of the Presidium of the DPRK Supreme People's Assembly.

Sept. 22, 2009: Wang Zhaoguo, vice chairman of China's National People's Congress Standing Committee, meets Kil Chol-hyok, secretary of the DPRK Central Committee of the Kim Il Sung Socialist Youth League, in Beijing.

Sept. 22-26, 2009: A DPRK military delegation led by Pak Jae Gyong, vice minister of the People's Armed Forces, visits China and meets Xu Caihou, vice chairman of China's Central Military Commission.

Sept. 23, 2009: Presidents Lee Myung-bak and Hu Jintao hold a summit in New York on the sidelines of the UN General Assembly.

Sept. 23, 2009: Korea Kumho Petrochemical Co. announces its 44 billion won (\$36.8 million) plan to construct a rubber accelerator plant in China by 2011.

Sept. 24, 2009: Korea National Oil Corp. (KNOC) and China Petrochemical Corp. (Sinopec Group) agree to cooperate in overseas oil exploration, production, and trading.

Sept. 28-29, 2009: Foreign ministers of ROK, China, and Japan hold their annual trilateral ministerial meeting in Shanghai. Chinese Foreign Minister Yang Jiechi and ROK counterpart Yu Myung Hwan hold bilateral talks on Sept. 29.

Sept. 30, 2009: Kim Jong-il sends a congratulatory letter to President Hu on the 60th anniversary of the founding of the People's Republic of China.

Sept. 30, 2009: Hyundai Steel Co. signs a deal with China National Minerals Co. to buy 150,000 tons of coal annually for three years.