

China-Korea Relations:
Transit, Traffic Control, and Telecoms:
Crossing the “T’s” in Sino-Korean Exchange

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The dramatic entry of 25 North Korean refugees into the Spanish Embassy in Beijing – an event staged by a network of international North Korean human-rights activists – has highlighted the plight of North Korean refugees, put at risk an informal network of primarily South Korean nongovernmental organizations (NGOs) that had assisted North Korean refugees to come to Seoul with tacit approval from the Chinese government, and presented the governments in Beijing and Seoul with a knotty issue they have repeatedly tried to avoid. Although the trade relationship continues to develop at a breakneck pace with South Korean efforts to crack China’s telecommunications and Internet services sectors, China’s exports to South Korea these days are not so impressive: North Korean refugees, drugs, illegal migrants, and an increasingly serious “yellow dust” of spring, which interrupted Korean daily life due to high levels of poisonous particles from the Gobi Desert in Inner Mongolia. (No wonder Beijing faces a chronic trade deficit with Seoul!)

Perhaps most striking this quarter is that despite a visit to China by National Assembly Speaker Lee Man-sup in January and a two-day visit to Beijing by ROK Foreign Minister Choi Sung-hong to discuss South Korea’s latest diplomacy with the North and to manage growing concerns regarding PRC management of North Korean refugee issues, the real action in the relationship this quarter has been driven by NGOs and business interests. The two governments are struggling simply to keep up with events on the eve of the 10th anniversary of Sino-ROK normalization.

The “Underground Railroad” Surfaces with an Unauthorized Stop in Beijing

A network of international human-rights activists focused on North Korea’s situation has made dramatic efforts to target the PRC’s policy of not recognizing North Koreans who cross the border into China as refugees and of failing to allow access to border regions by the offices of the UN High Commissioner for Refugees. The opportunity for planning and coordination by this NGO network occurred in connection with the third “International Conference on North Korean Human Rights and Refugees,” held in Japan on Feb. 9-10, 2002. At that meeting, international NGOs publicly criticized China’s human-rights record, demanding that China not only grant legal refugee status to North Koreans in its border areas but that it also allow foreign NGOs and religious groups to

help these people resettle in third countries. German doctor Norbert Vollertson, the most visible spokesman among these activists, described the strategy as an attempt to destabilize the DPRK regime by establishing refugee camps on the Chinese border with the North, saying “We would try to create a flood, spreading information about the camps through the underground railroad across North Korea.”

The execution of the event itself on March 14 was a dramatic success, as the NGO network was able to successfully stage the defection of 25 North Korean refugees to the Spanish Embassy in Beijing and draw the attention of the international media to their plight. This event constituted the largest single mass defection of North Koreans to the South. The PRC government pragmatically followed the now widely accepted formula for such cases, quickly facilitating the group’s transit to a Southeast Asian country (in this case, the Philippines), from which the group arrived in South Korea with relatively little difficulty on March 18.

The NGO network attracted media attention while facilitating the arrival of 25 North Korean refugees, but the hubris accompanying their dramatic and unexpected success has set into motion a harsh and effective response from Beijing. As South Korean human-rights activists were naively making public announcements that their next activity would be to organize the simultaneous defection of hundreds of North Korean defectors to locations across Beijing, the PRC government responded by cracking down on North Korean refugees in China and identifying international participants in the North Korean human-rights network as *persona non grata* and systematically denying them visas to enter the PRC. In short-sighted pursuit of individual publicity and on a bet that the PRC government had no choice but to accept international humiliation, these NGO activists have needlessly put at risk hundreds of North Korean refugees who might have otherwise quietly followed an admittedly arduous but relatively effective route to South Korea. One need only examine the Falun Gong case to recognize that public demonstrations in Beijing and premised on surprising or embarrassing China’s public security department and senior leadership are counterproductive and do not persuade the Chinese leadership to respond constructively to these issues.

The first gathering of international NGOs to discuss North Korean human rights in October 1999 originally placed this issue on the bilateral agenda between Beijing and Seoul (see “Deepening Intimacy and Increased Economic Exchange,” *Comparative Connections*, Vol. 1, No. 3). Estimates of the number of North Korean refugees illegally staying primarily in Jilin and Liaoning Provinces in the PRC range from official estimates of 10,000-30,000 to unofficial estimates of 100,000-300,000. From the mid-1990s, the flow of North Korean defectors has increased exponentially to over 148 in 1999, over 312 in 2000, and over 583 last year. This year, defections are occurring at a slightly higher rate than in 2001, and the adaptation of North Korean defectors to South Korean society is a social strain that is just beginning to emerge in Seoul. Some defectors have returned to China and North Korea in attempts to contact and bring family members to Seoul; in February, a defector was prevented from boarding a flight to Seoul from China with two North Korean family members who had been hiding illegally in China for some months and did not have appropriate travel documents. This case and others are

being worked quietly through official negotiations between Seoul and Beijing. Even more vexing is the issue of how the ROK government may deal with North Korean defectors who become South Korean citizens and are subsequently detained if they return illegally to the North.

The Chinese government has consistently claimed that North Korean refugees cross the border primarily for economic reasons and often stay for only a short time before returning to North Korea with goods and money for their families. The tacit *modus operandi* that has been in place since the late-1990s was that the PRC would tolerate quiet activities by South Korean NGOs to assist North Korean refugees in China and even to facilitate their asylum in South Korea via third countries, but that public attention to these activities would not be tolerated. There had been an active crackdown on North Korean refugees during the summer of 2001 in Jilin Province as part of the nationwide “Strike Hard” campaign against corruption and social ills. Several of the defectors who arrived at the Spanish Embassy had spent substantial time in China but had been captured as part of the “Strike Hard” campaign, repatriated, and escaped again from North Korea to avoid back-breaking and possibly life-threatening punishment in North Korean penal camps. (Prior to the mid-1990s, repatriated North Korean refugees would certainly not have found a second chance to escape to China.)

Compared to previous winters, the flow of new North Korean refugees into Yanji in Jilin Province is reported as dramatically reduced this year as a result of more effective North Korean border controls and improved internal food availability. Compared to five years ago, the refugee situation in northern China is quite stable. However, South Korean NGOs that have operated shelters for long periods of time find that those under their care can neither integrate into Chinese society nor return to the DPRK without risking their lives. Thus, the only realistic and truly humanitarian option for these individuals is to defect to South Korea. To relieve the current pressure in a humanitarian way, one pragmatic option for consideration would be the negotiation of an orderly and quiet transit to Seoul of long-term North Korean refugees who have been under the protection of South Korean NGOs in China for one year or more. At the same time, South Korean nongovernmental attempts to influence ROK foreign policy on key issues are only likely to increase as part of the impact of democratization on South Korean foreign policy. These influences will inevitably complicate official relations with South Korea’s key partners, including China and the United States. The challenge for South Korean officials is to more effectively incorporate and represent public opinion in ways that enhance South Korea’s national interests.

The Dark Side of a Burgeoning Sino-ROK Exchange Relationship

The consistent theme of the Sino-ROK relationship during the past decade has been the rapid development of the economic relationship, which has occasionally overshadowed some of the other more complicated aspects of Sino-Korean exchange. We now turn to an inventory and update of the “dark clouds” on the edges of the relationship –mentioned individually in previous issues of *Comparative Connections* but not presented comprehensively.

The most serious problems in the relationship are directly related to consular issues that have arisen with the dramatic rise in person-to-person exchange between China and South Korea to about 2 million persons per year. South Korean tourists topped 1.6 million people, while Chinese tourism to Korea increased by over 20 percent to about 337,000 last year. (The lack of Chinese signage and Chinese language capabilities will be a source of irritation to Chinese visitors during the World Cup, which has been projected to attract over 60,000 Chinese to South Korea.)

South Korea has been identified as a destination for illegal immigration from the PRC. The most dramatic example occurred last fall with the deaths of scores of Chinese who had been locked into airtight containers aboard a Korean ship that had taken on illegal immigrants in the East China Sea (see "Keeping the Eye on the (WTO) Prize While Containing Consular Crises," *Comparative Connections*, Vol. 3 No. 4), but two additional incidents have become known this year. First, 20 Chinese illegal immigrants were detained at Gunsan port for illegal immigration from Dalian, and 43 Chinese traveling on tourist visas were processed through Incheon airport on the afternoon of March 16 and subsequently disappeared from the tour group in which they were traveling after passing through customs. They are suspected of having been met and taken away from the Incheon airport by a Korean broker. Many successful cases of illegal immigration obviously may not be reported to the authorities, but the rise in the reports of failed attempts does not necessarily imply increased effectiveness on the part of South Korean Coast Guard or immigration authorities.

Even among foreign workers who have technically come to South Korea under legal auspices from China as well as Central and Southeast Asia there is a continuing problem with labor exploitation. South Korean NGOs have reported over 70 "mysterious" deaths among migrant workers since June 2000, and there are now over 360,000 foreigners in South Korea as industrial trainees, over two-thirds of which are reported to have overstayed their work visas. Korean-Chinese migrant workers held demonstrations March 28 to protest ROK government policies and discriminatory corporate working conditions. Some Chinese-Koreans in the Korean Autonomous Region of Yanbian are reported to be buying World Cup tickets with the idea that it may also facilitate their illegal immigration to Korea by guaranteeing them an entry visa.

Excluded from the 1.6 million Korean tourists in China are four South Korean National Assemblymen who have been pursuing the revision of a 1999 act to give special privileges to ethnic Koreans residing overseas, a provision that was declared unconstitutional on the basis of the fact that it discriminated against ethnic Korean citizens in China and Russia (see *Comparative Connections*, Vol. 3 No. 4). However, the Chinese government sternly opposes measures that might give Korean-Chinese rights approaching dual citizenship and has twice denied the legislators visas to conduct four days of interviews in Beijing, Shenyang, and Yanji. Now, there is a lengthening list of South Korean NGO activists on the consulate's visa blacklist.

China has also become a dangerous destination for South Korean businessmen and tourists. Over 100 Koreans are reportedly being detained in China for a variety of reasons, and the execution of a Korean citizen for drug trafficking without receiving proper representation from the South Korean government was a major scandal in the latter part of 2001. Three South Koreans have been murdered in business disputes in China during the first quarter of this year alone. The South Korean Embassy in Beijing has reported that over 15 Koreans were murdered, 177 assaulted, 95 kidnapped or illegally confined, and 64 robbed during the course of the past three years, and over 1,800 ROK passports have been reported missing in China, some of which were probably used to “process” illegal immigration by Chinese and ethnic Korean-Chinese (*Chosonjok*) into South Korea.

The increase in drug use among South Koreans has been highlighted by the recent arrests of a number of Korean celebrities for using methamphetamines and other drugs, over 90 percent of which are believed to enter the country from China. The Korean customs service interdicted over 31 kg of drugs last year and is beefing up its narcotics divisions and attempting to screen flights from China more carefully in light of these developments. The South Korean and Chinese governments also signed an extradition treaty earlier this year that will come into force April 11, making it possible to extradite over 100 Korean suspects who have escaped to China.

Another unwelcome import to South Korea from China is “yellow dust” from the Gobi Desert, which has become a more and more vexing dilemma due to environmental degradation in China and an unusually mild and dry winter. For the first time this year, schools and some factories were closed March 22 and 23 in response to the severe dust storms, and the level of particulate matter in the atmosphere soared, causing eye irritation, choking, and other allergic reactions. This phenomenon is the most dramatic impetus for the regional environmental cooperation among Korea, Japan, and China that has developed during the past several years. So far there have been no concrete results in response to this increasingly serious environmental issue.

Finally, trade conflicts will likely increase with the dramatic rise in Sino-Korean economic relations and with China’s entry into the WTO. The Korean Commercial Arbitration Board has reported that Korea’s biggest current problems with China are in the areas of payment, transit, and product quality. Of 79 conflict cases presented to the Board since 1998, 32 were related to the issue of receiving payment on loans, 16 were related to shipment issues, and 15 were related to product quality. Both Beijing and Seoul have begun to test the implications of China’s WTO membership, as South Korea lowered dumping tariffs on Chinese lighters in conformity with WTO rules, while China considered dumping cases against Korea and Japan in the area of polyester staple fiber and steel imports. China’s industrial development plans eventually may challenge Korea’s market leadership in key sectors, including steel, automobiles, electronics, and petrochemicals, according to a recent study by the Korea Economic Research Institute. Given the anticipated flood of Chinese exports and the intense competition to build market share among newly established foreign entrants into China’s domestic market, stay tuned.

Boarding the Telecoms Train: The Superglue of the Sino-Korean Relations

Economic opportunity associated with China's sustained growth is setting the tone of Sino-Korean relations, even despite a global downturn. The economic dynamism of this relationship has been well-rehearsed in past issues of *Comparative Connections* and will be emphasized further as the 10th anniversary of Sino-ROK normalization will be officially marked in August of this year. China's customs office reported that South Korea was the PRC's sixth largest trading partner in 2001, with total trade of \$39.91 billion, up 4.1 percent from the previous year. South Korea trailed the United States, Japan, Hong Kong, and ASEAN, but surpassed Taiwan. The PRC surpassed Japan in the year 2001 as South Korea's second largest trading partner and surpassed the U.S. as South Korea's number one destination for foreign investment. Over 16,000 South Koreans are now studying in China, and South Koreans anticipate no limit to the growth of Sino-ROK trade relations, estimating that two-way trade will top \$100 billion by the time of the Beijing Olympics in 2008.

The biggest areas of opportunity are in the telecommunications and Internet sectors, with the South Korean government making strenuous efforts to expand telecom exports in order to take advantage of Korea's own rapid adaptation and leadership in broadband and ADSL (asymmetrical digital subscriber lines) technologies in addition to its expertise in CDMA (code-division multiple access) handset production and network management. The Ministry of Information and Communication (MIC) is promoting Korea Telecom, SK Telecom, and Hanaro Telecom, which have captured the lead positions in promoting the rapid development of the South Korean broadband market (number one in the world) as an export opportunity to China and other Asian countries interested in investing in their respective national communications infrastructures. The MIC said its 2002 target for exports of info-tech products to China is \$10 billion. SK Telecom has been providing consulting services for successful commercial launches of CDMA technology in Heilongjiang, Fujian, Liaoning, Jiangsu, and Hainan Provinces. Korean companies are trying to take advantage of South Korea's competitiveness in bidding for China's expansion of CDMA infrastructure as a way of building a presence in the China market, which is projected to maintain double-digit growth for some time. Korean Internet and software companies have also aggressively sought Chinese partners in anticipation of the expansion of Chinese content development, including in the gaming areas where South Korean companies have already shown success and popularity.

Another new focus is the concern of Korean companies with capturing domestic market share as China's market opens. Several Korean companies, including Samsung Electronics and LG, have done a very good job of positioning themselves for China's market opening. Sunwards Co., a Korean company that specializes in fashion mall planning and management, announced that it will open a Korean department store in May after recently acquiring the management rights to the Wooi Department Store in Shanghai operated by Wooi Group, China's largest retail distribution company. Korean cosmetics companies, including LG Household and Health Care, Coreana Cosmetics, and Hanbul Cosmetics, have tried to position themselves to enter the China market. Korean small and medium enterprises (SME) expanded exports to China last year by over 17 percent to

\$1.3 billion, and the Korean Small and Medium Business Administration has announced the formation of an “ASEAN Plus Three SMEs Network,” to be established later this year to facilitate regional e-commerce.

Sino-Korean relations continue to ride a wave of economic optimism that has been able to drown out an increasingly diverse array of negative concerns that have arisen in the relationship. It will be interesting to see whether these issues build up to a point where they affect the burgeoning trade relationship and to what extent the current unbounded optimism over the future of the economic relationship remains justified.

Chronology of China-Korea Relations January-March 2002

Jan. 2, 2002: South Korea slashes tariffs on 250 imported products from China by about 30 percent and China cuts tariff rates by 3.6 percentage points on 691 Korean products in accordance with China’s joining the Bangkok Agreement.

Jan. 9-17, 2002: National Assembly Speaker Lee Man-sup meets with Chinese leaders in Beijing to discuss the situation on the Korean Peninsula and Sino-South Korean relations.

Jan. 11, 2002: South Korean Minister of Information and Communications Yang Sung-taek announces that Korea will participate in China’s second bid for CDMA equipment in the first quarter of the year with mobile telecom equipment based on the cdma200-1x format.

Jan. 15, 2002: Seoul City plans to develop a “little Chinatown” in selected districts in western Seoul, building upon a Chinese community there.

Jan. 17, 2002: The Korea Economic Research Institute projects that a three-way free trade agreement with Japan and China would improve Korea’s trade balance by \$12 billion annually.

Jan. 22, 2002: Incheon International Airport Customs will toughen drug surveillance in response to drug smuggling, most of which is suspected to involve methamphetamines smuggled from China.

Jan. 26, 2002: Maritime police arrest 20 Korean-Chinese who attempted to illegally enter Korea from Dalian, PRC, at the port of Gunsan, North Jeolla Province.

Feb. 1, 2002: Chinese authorities arrest a North Korean defector with South Korean citizenship at an airport in Harbin, Heilongjiang Province, when he tried to board a flight for South Korea with his daughter and granddaughter, who did not have proper travel documents.

Feb. 14, 2002: China's customs bureau announces that South Korea was China's sixth largest trading partner last year, after Japan, the United States, the European Union, Hong Kong, and ASEAN.

Feb. 26, 2002: Business leaders from the ROK, Japan, and China announce they will launch the inaugural meeting of a joint business consultative body, tentatively named "Korea-Japan-China Business Forum," during the second half of this year in Seoul.

March 1, 2002: Seoul expresses concern to Beijing over a series of homicides in China involving Korean victims, calling for a thorough probe of the incidents.

March 10, 2002: The ROK Ministry of Information and Communication announces that Korea and China will sign a memorandum of understanding the next month on cooperation in fourth generation mobile communication technology.

March 11, 2002: Kim Ha-joong, the ROK ambassador to China, and Chinese Vice Foreign Minister Wang Yi follow up ratification of an extradition treaty between the PRC and South Korea set to take effect April 11.

March 13, 2002: China refuses for the second time in two months to issue visas to South Korean lawmakers responsible for preparing a bill that would allow millions of ethnic Koreans into the country to visit and work in Korea freely.

March 13, 2002: China completes a procedural investigation as a precursor to determining whether anti-dumping charges on Korean polyester staple fiber are warranted.

March 13, 2002: Unification Minister Jeong Se-hyun meets with Wang Jiarui, deputy head of the External Liaison Commission of China's Communist Party, to discuss inter-Korean dialogue and Seoul-Beijing relations.

March 14-18, 2002: Twenty-five North Korean defectors, supported by a coalition of international human-rights activists, enter the Spanish Embassy in Beijing and request asylum. PRC authorities promptly arrange for their transfer to the Philippines, with onward travel to Seoul.

March 15, 2002: Forty-three Chinese tourists disappear from their tour group after passing through customs at Incheon International Airport, sparking a nationwide search.

March 21, 2002: The worst "yellow dust" storm in 18 years hits Seoul, leading to plant and school closings and posing a serious health hazard for Korean residents.

March 25, 2002: North Korean defectors and human-rights activists protest China's policy toward North Korean refugees in front of the Chinese Embassy in Seoul, and threaten to launch a campaign to boycott the 2008 Beijing Olympics.

March 28, 2002: South Korean Foreign Minister Choi Sung-hong meets in Beijing with PRC Foreign Minister Tang Jiaxuan to brief him on the purpose of a planned April 3-5 trip to Pyongyang by Lim Dong-won, President Kim Dae-jung's special envoy, and to discuss disputes over China's policy toward North Korean defectors hiding in China.

March 29, 2002: A candlelight vigil by some 1,000 Korean-Chinese workers in Seoul is held to protest South Korean government policies toward migrant workers.