

STIMSON

# CHINESE PERSPECTIVES

## Towards the Korean Peninsula

IN THE AFTERMATH OF NORTH KOREA'S FOURTH NUCLEAR TEST



Yu Tiejun  
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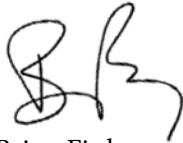
## Preface

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I am pleased to present the latest publication from Stimson's East Asia program. This volume *Chinese Perspectives Towards the Korean Peninsula: In the Aftermath of North Korea's Fourth Nuclear Test* is a collection of brief, current analyses by key policy experts from China. The three authors are well familiar with the Chinese government's complex view towards security on the Korean Peninsula and are intimately involved in the policy development process of the Chinese government. This publication therefore serves Stimson's long tradition of building bridges between independent experts and government decision-makers in order to advise policy thinkers on both sides of the world.

The topics covered in this volume—the significance of the Korean Peninsula in Xi Jinping's global strategy, China's perspective on its partnership with South Korea, and the effect of North Korea's fourth nuclear test—are all issues of significant policy interest and concerns in Washington and the Asia-Pacific region, as the global community works to curb North Korea's nuclear advancements. I am confident that this volume will make an important contribution to the public conversation about the denuclearization of the Korean Peninsula, by explaining China's strategic calculus and policy considerations.

I am deeply grateful to Yun Sun, who leads a diverse portfolio of work on China's foreign policy. Her insights on these and other issues continue to benefit US-China relations in many areas. Yun is deeply respected on both sides of the Pacific for her innate understanding and pragmatic analyses of the challenges facing both countries in finding common ground to collaborate. This volume contributes to her reputation as a solid scholar and perceptive interlocutor between these national parties. I am also appreciative of the financial support and substantive guidance from our colleagues at Korea Foundation and for our stellar in-house research team led ably by Hana Rudolph.



Brian Finlay  
President and CEO  
Stimson



## Introduction

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*Yun Sun*

This publication, *Chinese Perspectives Toward the Korean Peninsula: In the Aftermath of North Korea's Fourth Nuclear Test*, aims to analyze China's policy toward North Korea and South Korea, and the significance of the Korean Peninsula in China's grand strategy under the Xi Jinping administration. Since Chinese President Xi Jinping assumed office in 2013, China's policy toward the Korean Peninsula has undergone substantive changes. Its rapprochement with the Republic of Korea (ROK, South Korea) led by President Xi and President Park Geun-hye greatly enhanced South Korea's strategic importance in China's foreign strategy. Coinciding with the deterioration of relations between China and North Korea during the same period, it raised real questions of China's potential policy change toward the Peninsula.

Speculations about another nuclear test by the Democratic People's Republic of Korea (DPRK, North Korea) started in 2013 after North Korea conducted its third nuclear test in February. However, when Pyongyang carried out its fourth nuclear test on January 6, 2016, China, along with many other countries, was caught by surprise. In China's view, the nuclear test greatly increased regional instability and posed a heightened threat to China's national security. This assessment was not due to North Korea's nuclear program itself, but rather the resulting enhanced US military posture in Northeast Asia, and more importantly, South Korea's increased determination to deploy the Terminal High Altitude Area Defense (THAAD) system. As the result, China supported the recent UN Security Council Resolution 2270, which imposed unprecedented sanctions on North Korea.

Despite the US and South Korea calling on China to change its policy on North Korea, China stands by its conventional wisdom of maintaining friendly bilateral ties with Pyongyang. Beijing's calculation is fundamentally based on a traditional realist perception of the geopolitical balance of power vis-à-vis the United States on the Korean Peninsula. While Sino-DPRK relations have encountered problems since 2013, China remains committed to sustaining the North Korean regime. In this sense, any contingency planning by the US and ROK on North Korea face enormous uncertainty, given China's potential intervention. Knowing that the Six Party Talks designed to negotiate North Korea's nuclear program is unlikely to be resumed in the near future, Beijing has proposed a new dual-track mechanism to stimulate parallel dialogues to pursue a peace treaty and denuclearization simultaneously. Despite the unfavorable reception of the proposal by countries including the United States, this dual-track mechanism will be China's primary strategy in dealing with the North Korea nuclear issue for the foreseeable future.

In the past three years, two changes have occurred in China's relations with the Korean Peninsula. The first is the widely-observed deterioration of relations between China and North Korea. This coincides with major improvement of

relations between Beijing and Seoul, as a result of President Park Geun-hye's pro-China policy. Senior-level visits soared as President Park paid a state visit to Beijing in 2013, President Xi reciprocated the visit in 2014, and President Park attended China's World War Two military parade in 2015. Bilateral economic ties also picked up speed, culminating with the conclusion of a bilateral free trade agreement in 2015. Chinese analysts generally view the Sino-ROK relations as at its best stage since the establishment of diplomatic relations in 1992.

This rapprochement with South Korea presents a major dilemma to China's policy toward the Korean Peninsula. While Beijing is unwilling to abandon North Korea as a strategic ally, the prospect of gaining South Korea's friendship (or even loyalty) and undermining the US-ROK alliance has become not only more appealing but also more attainable. In the long run, if China could influence South Korea's alignment choice for it to be on China's side, much of the strategic vulnerability associated with US military presence on the Korean Peninsula would dissipate. The rapprochement over the past three years has made this scenario seemingly possible, but the future is far from certain. Even if this were to eventually happen, the transition towards a new equilibrium will be long, painstaking, fragile, and full of disruptions.

North Korea's fourth nuclear test attests to this reality. Immediately after the test, South Korea's first intuition was to turn to Beijing for policy consultation, coordination, and cooperation, based on the much-improved relations in the past three years. However, concerned about this being interpreted as China's strategic shift, Beijing declined South Korea's invitation. The result was that South Korean public opinion reacted against China and Seoul began discussions with the US on the deployment of THAAD for its national security. Chinese analysts see the move as a classic case of North Korea driving a wedge between China and South Korea, sabotaging the much-desired "honeymoon."

This publication aims to capture the policy discussions and deliberations in China about these difficult issues. The three authors examine the role of the Korean Peninsula in Xi's grand foreign strategy, China's evolving relations with South Korea, and its policies toward North Korea under the Xi Jinping administration. North Korea's fourth nuclear test added many more complications and uncertainties to the discussion, as China's desired long-term policy directions and outcomes were once again complicated by the acute nature of the crisis, the rising tension in the region, and the need to react immediately. In the context of the North Korean nuclear provocation, the authors present their best assessment of China's interests and policies to provide a more detailed and nuanced understanding of the complex dynamics that characterize the strategic and tactical dimensions of the Korea issue from the Chinese perspective.

The publication is composed of three papers. The first paper provides an overarching examination of President Xi Jinping's vision of the Korean Peninsula in his grand foreign strategy. Dr. Yu Tiejun suggests that China's Korean Peninsula policy over the past several years represents the greater trajectory of China's global

engagement: foster an enabling international environment for China's development and the realization of the "China dream." For China's Korea policy, these changes have been most evident in the way that Xi deals with his two counterparts: since Xi and North Korea's Kim Jong Un took power, there has been no summit meeting, which is unprecedented. In contrast, Yu makes the case that China-ROK relations have never been better under Xi and South Korea's Park Geun-hye.

Yu lays out the changes in China's relations with both parties on the Peninsula. For China-DPRK relations, he emphasizes that though the bilateral relationship faces challenges, the ideological, geopolitical, historical, and economic factors continue to tie the two together. Particularly, the historic legacy of the relationship makes it near impossible for China to unveil a new North Korea policy without some major geostrategic shifts in the region. However, Xi has actively sought to incorporate China's North Korea policy within its broader neighborhood diplomacy. In Xi's vision, both North Korea and South Korea should coexist within a stable regional security environment and balance of power. To this end, Xi has used a firmer hand towards North Korea with regards to visits and sanctions, but within limits so as not to cause instability within the isolated state. Similarly, Xi has demonstrated flexibility and engagement in China's relationship with South Korea—in fact, South Korea has been given significant priority within China's new diplomacy initiatives—but not at the expense of China or North Korea's security.

Yu describes how this balance in China's relationships with the two Koreas was demonstrated clearly in the aftermath of North Korea's fourth nuclear test. Understanding that this tension will continue to exist for the foreseeable future, Xi has recently focused China-ROK relations on global, institutional engagements, in order to maintain momentum in the bilateral relationship during a sensitive time. In a way, however, this emphasis serves to reinforce the dichotomy between China's relationships with the two Koreas. As Yu explains, China is increasingly caught between its historical relationship with North Korea and its vision for global leadership—with no clear solution yet in sight.

In the second paper, Dr. Ren Yuanzhe focuses on the intricacies and movements within the China-ROK relationship. Ren maps the achievements made in the relationship under Xi Jinping and Park Geun-hye across political, economic, and global engagements. The "paradigm shift" in China's Korean Peninsula policy, as Ren terms it, manifested itself in numerous and significant ways, from summit visits, the free trade agreement, development strategies, and institutional engagements. In fact, South Korea is regarded as a success story within China's neighborhood diplomacy.

Yet the tension between China's relationships with North Korea and South Korea has largely split the Chinese academic community into four schools of thought. Ren categorizes these into: idealist school, institutionalist school, pragmatic school, and traditionalist school. Each of these have their own followers and benefits, as well as their challenges. Ren quickly explains why a China-ROK alliance is not possible in the near term, as well as why the US-ROK alliance is unlikely to

become an opportunity to exploit. Ren does affirm South Korea's role as a pivot state, however, explaining South Korea's value within China's global partnership network. Though the Chinese government is likely to continue along its traditional course—particularly given recent souring of relations between Beijing and Seoul following North Korea's fourth nuclear test—Ren demonstrates the complexities and nuances of China's relationships with both countries.

Ren concludes that China's policy towards the Korean Peninsula will continue to face challenges for the near future. Particularly, THAAD and maritime security are likely to become major tests for the China-ROK relationship, even as previously positive business ties give way to an increasing sense of economic rivalry. Therefore, China and South Korea will need to develop a "New Normal" strategic partnership with room for frank discussions on security challenges and domestic pressures in order to more effectively work together.

In the third paper, Dr. Wang Junsheng explores the impact of North Korea's fourth nuclear test on China's Korean Peninsula policy. Wang explains the awkward position that China found itself in, its lessons learned, and the resulting dual-track mechanism strategy that China will likely pursue for the foreseeable future. Wang describes China's regional security environment as growing increasingly unstable, with North Korea's most recent test provoking a new cycle of tensions in the region, with greater US, South Korean, and Japanese military buildup. The resulting disorder only complicates China-DPRK relations, despite that this relationship is key to safeguarding China's national interests. Therefore, it is in China's best interests to calmly and gradually resolve the situation by bringing together all the relevant parties. This was its driving motivation in supporting the UN Security Council Resolution 2270, as well as its current push to establish a dialogue mechanism.

Wang effectively portrays China's lessons learned, as well as the lessons it feels that South Korea should have learned, from the handling of North Korea's fourth nuclear test. Though China could have been more considerate in its engagement with South Korea following the test—understanding the domestic pressure that Park faced—Wang also describes China as needing more room for maneuver in delicate situations. He especially characterizes the deployment of the THAAD system as an unacceptable threat to China, suggesting that South Korea may be unaware of the ramifications of such a decision.

Wang therefore lays out China's strategy for resolving the situation, which is to ease the focus off of sanctions—which cannot be an end in themselves—but rather to dialogue. Through simultaneous parallel discussions on a peace mechanism and denuclearization, talks for peace could begin without recognizing North Korea as a legitimate nuclear power, effectively easing both North Korea's insecurity and the US and South Korean demands. Unless the current deadlock is overcome and these talks succeed, Wang concludes, the Korean Peninsula issue cannot be resolved, and the status quo is the only legitimate option for security from China's perspective.

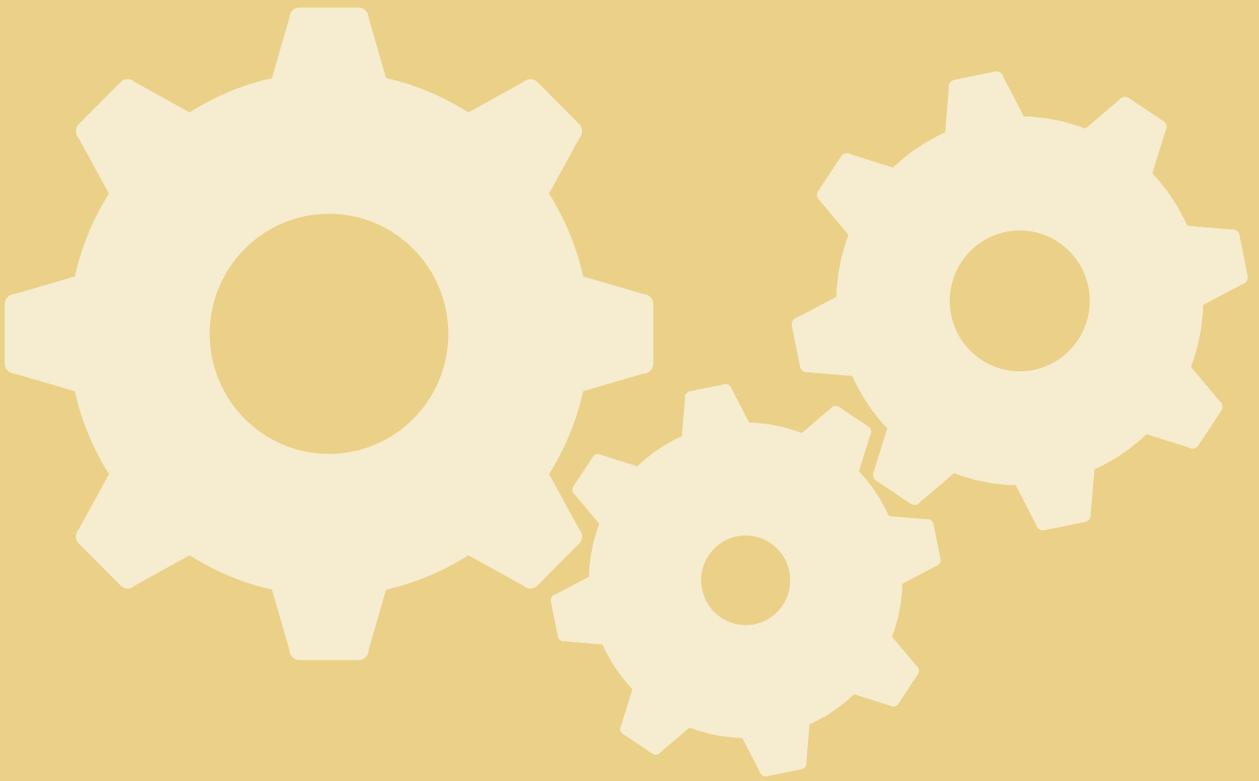
The intent of this project is to deepen the understanding of these complex questions that observers oftentimes simplify or assume direct answers from their own perspectives. It is necessary to understand that China's policy has its own logic, firmly based in its perception of its national interests. Although these interests often conflict with those of other countries, resolving these conflicts requires sophisticated diplomacy and adamant resolve. It is also necessary to recognize that China's Korea policy is subject to much domestic debate and public pressure. These factors, along with the shifts in the geopolitical balance of power, will constitute new momentums for Beijing's policy adjustments towards the Korean Peninsula.



## Abbreviations

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AIIB	Asian Infrastructure Investment Bank
ADIZ	Air Defense Identification Zone
ASEAN	Association of Southeast Asian Nations
CASS	Chinese Academy of Social Sciences
CICA	Conference on Interaction and Confidence-Building Measures in Asia
CPC	Communist Party of China
DPRK	Democratic People's Republic of Korea, North Korea
EEZ	Exclusive Economic Zone
FTZ	Free Trade Zone
FTA	Free Trade Agreement
MFA	Ministry of Foreign Affairs, China
NAPCI	Northeast Asia Peace and Cooperation Initiative
OBOR	One Belt, One Road
PLA	People's Liberation Army
PRC	People's Republic of China
RCEP	Regional Comprehensive Economic Partnership
ROK	Republic of Korea, South Korea
THAAD	Terminal High Altitude Area Defense
UN	United Nations
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution
US	United States
WPK	Workers' Party of Korea



# The Significance of the Korean Peninsula in Xi Jinping's Global Strategy

*Yu Tiejun*

## Introduction

Since the 18<sup>th</sup> Communist Party of China (CPC) National Congress, the central Party leadership has repeatedly emphasized the importance of fostering a more enabling international environment for peaceful development and of sustaining the important period of strategic opportunity for China's development.<sup>1</sup> At the same time, the struggle for the realization of the "China Dream" has also been elevated to an unprecedented level, with the strategic balance tilting from "keeping a low profile" to "making some (even proactive) contributions" in recent years. Under the new leadership, a series of diplomatic initiatives have been taken, such as the declaration of an air defense identification zone (ADIZ) in the East China Sea, the revival of the Conference on Interaction and Confidence-Building Measures in Asia (CICA) after decades of silence, the establishment of the Asian Infrastructure Investment Bank (AIIB), the high-profile advocacy of "Belt and Road" initiative, and the massive land reclamation in the South China Sea. Foreign observers tend to cite these as examples of fundamental changes in China's global strategy.

China's Korean Peninsula policy over the past several years is a good case for observing the continuity as well as changes in China's foreign policy. On one hand, as all Chinese officials echo, China's policies on the North Korea nuclear crisis has remained consistent: that is, China firmly devotes itself to realizing denuclearization on the Peninsula under any circumstances and to safeguarding peace and stability on the Peninsula. Moreover, China insists that the issue should be solved through dialogues and consultations. There is no change in China's principle on the unification of the two Koreas either. That is, China supports the improvement of relations between the Republic of Korea (ROK, South Korea) and the Democratic People's Republic of Korea (DPRK, North Korea) to realize reconciliation and cooperation and ultimately achieve an independent and peaceful unification. On the other hand, there are obvious differences from the past in the way that China's new leadership now deals with the two Koreas. There has been no summit meeting between the top leaders of China and the DPRK since President Xi Jinping and Supreme Leader Kim Jung Un took power, which is unprecedented for the bilateral relationship. Meanwhile, China-ROK relations have witnessed the "best time" under the leadership of President Xi Jinping and President Park Geun-hye, across almost every front.

Why is it like this? To understand what is new and old in Xi Jinping's Korean Peninsula policy, it needs to be put in the context of China's broader foreign policy and even China's domestic politics. To a large extent, the significance

and position of the Korean Peninsula in Xi Jinping's global strategy plus China's domestic constraint could account for the new dynamism, dilemma, and limitations of China's Korean Peninsula policy. Given the importance of the Korean Peninsula in China's history (both the First Sino-Japanese War in 1894-95 and the Korean War in 1950-53 originated from the Korean Peninsula) and its current national security, the case of China's Korean Peninsula policy can also shed some light on China's overall foreign policy under its new leadership.

## A Special Relationship That Is Becoming Not So Special: The Position of the DPRK in Xi Jinping's Global Strategy

The DPRK holds a unique existence in the PRC's foreign policy. It is China's only formal ally, despite China's long commitment to non-alignment since Deng Xiaoping's reform and opening-up policy, as well as China's continued official criticism of the military alliances since the mid-1990s.<sup>2</sup> This uniqueness is the result of a number of factors through the history of China-DPRK relations.<sup>3</sup> In the shadow of the Korean nuclear crisis, which has lasted for more than twenty years, these factors now face many challenges and are under pressure to be changed, but they are still important, and it is difficult to understand China's Korean Peninsula policy without considering them.

First of all, ideological affinity matters. Though it is a stretch to call the DPRK a socialist country and the Workers' Party of Korea (WPK) a typical communist party, the ideological bond between the CPC and WPK is still strong and resilient. Looking back at history, the party-to-party relationship has long been more important than the state-to-state relationship in the case of PRC-DPRK relations. The top leaders of the two parties have consistently sent a message of congratulations to each other when a new leader took power, a party anniversary was celebrated, or a national party congress was conducted.<sup>4</sup> On the Chinese side, the International Department of CPC Central Committee has usually played a more important role than the Foreign Ministry in dealing with North Korea, based on the long-time working relationship between the CPC and WPK. In this context, the regime change explicitly or implicitly imagined by the US and ROK can hardly be considered, let alone become a policy option for the PRC. This is even more so for those in China who tend to view the US as the main ideological threat to China's regime security. After all, the political (regime) security was listed first among the eleven categories of security in Xi Jinping's remarks on overall national security in the first meeting of the National Security Commission of the Communist Party of China on April 15, 2014.<sup>5</sup>

Yet the more that nuclear and missile provocations are committed by the DPRK, the more that the Chinese people cannot accept the internal and external behavior of DPRK, and so would not like to side with such an ideological partner in the international community. Talking about North Korea openly and negatively used to be taboo in China, but that is no longer the case. With the DPRK's image growing

worse in the eyes of the average Chinese people, especially among the younger generation, the power of shared ideology is gradually declining.

Second, the geopolitical factor is still a big concern in China regarding North Korea. North Korea's position as a neighbor and buffer state and the logic of "lips and teeth"<sup>6</sup> were strong incentives for Mao Zedong's decision to enter the Korean War in 1950, besides the ideological factor. North Koreans tend to say that as long as the DPRK remains, China will be safeguarded from the Northeast. Though some experts argue that with technological developments and strategic weapons systems, DPRK's significance as a buffer state has gradually declined, many Chinese still believe in North Korea's geopolitical value to China. For them, North Korea is indeed a trouble-maker, but compared with the scenario in which the DPRK's collapse causes the ROK, allied with the US, to unify the Korean Peninsula—who is to say that China's strategic environment would be any better. Furthermore, the DPRK's collapse could cause other side effects such as North Korean refugees flooding into Northeast China. Therefore, the strategic uncertainty surrounding the "deserting the DPRK" option makes it difficult for Chinese leadership to formulate a clear-cut North Korea policy and coordinate closely with the ROK and US to settle the problem. If China's security relations with the US, Japan, and even ROK declined significantly, it is likely that the DPRK's significance to China would be "re-discovered" accordingly.

Third, the traditional friendship based on historical, cultural, and emotional memory has diluted but still cannot be ignored. Year after year, China's official documents have reiterated that the traditional friendship and cooperation between the PRC and DPRK continue to grow and political relations between the two sides move forward steadily, even as the DPRK conducts new rounds of nuclear tests and China lodges protests accordingly.<sup>7</sup> In July 2013, China's Vice President Li Yuanchao led a Chinese delegation to the DPRK attending activities commemorating the 60th anniversary of the Korean War Armistice, hosted by the DPRK. The delegation of veterans of the Chinese People's Volunteer Army and the art delegation of the Chinese People's Liberation Army (PLA) also visited the DPRK that year for the commemoration.<sup>8</sup> For a long time, the shared memory of fighting shoulder-to-shoulder, against the US-led "United Nations" armies in the Korean War, has been an important factor for the relationship, forging a so-called "blood-cemented friendship," a special term used to describe Sino-DPRK relations. However, with less people-to-people contact and the passing away of the older generation with experiences in the Korean War—especially those veterans who joined the Chinese People's Volunteer Army to fight against the US—the traditional China-DPRK friendship is diluting.

Fourth, the economic factor is important in Sino-DPRK relations, but it is more significant for the DPRK than for China. China has long remained the biggest trading partner and foreign aid provider for the DPRK. China has encouraged the DPRK to follow the Chinese path of reform and opening-up, and some progress has been made in several bilateral cooperation projects such as the "Rason Economic and Trade

Zone and the Hwanggumpyong Economic Zone.” However, undergoing economic reform and opening-up would inevitably place pressure on North Korea from South Korea—South Korea is so much bigger an economic and political power that the DPRK would not be able to compete with it. The DPRK leadership therefore clings to its nuclear weapons instead of pursuing policies suggested by China for the sake of its own survival. With the DPRK's persistent refusal to halt its nuclear development and tightening economic sanctions placed against the DPRK by the UN Security Council, China-DPRK economic cooperation cannot change very drastically.

These factors together create a framework shaping China's North Korea policy options. China has made every effort to peacefully resolve the North Korean nuclear crisis since it began to host the Three Party Talks and then Six Party Talks in 2003.<sup>9</sup> Though some achievements like the Joint Statement on September 19, 2005 were made during the process of the Six Party Talks, the situation on the Korean Peninsula continues to deteriorate and the Six Party Talks have been stalled for seven years.

With such a historical legacy, it is unrealistic to expect China's new leadership to unveil a completely new North Korea policy. However, that is not to say that Xi can do nothing regarding this matter. The strong will and power that Xi has shown in dealing with sensitive domestic politics can bring real change to China's Peninsula policy. After all, the personality and style of the new leadership will in large part dictate how the situation on the Korean Peninsula is interpreted in China, which factors are prioritized in China's national interests calculation, and how the Korean Peninsula fits in China's global strategy.

Regarding Xi's foreign policy, two important conferences are notable. In November 2013, China's neighborhood diplomacy conference was convened in Beijing. This conference identified China's strategic objectives, basic policies, and overall agenda for its neighborhood diplomacy for the coming five to ten years. Xi attended the conference and made important remarks. It was determined at the conference that China's neighborhood is of vital strategic importance to the country. China's neighborhood diplomacy is meant to serve the “Two Centenary Goals”<sup>10</sup>; achieve the great renewal of the Chinese nation; develop all-around relations with neighboring countries; consolidate good-neighborliness and friendship; deepen mutually beneficial cooperation; maintain and utilize strategic opportunities for China's development; uphold sovereignty, security, and development interests for the country; and foster amicable political relations, stronger economic links, deeper security cooperation, and closer people-to-people and cultural ties with neighborhood countries. It was also noted at the conference that the basic policy of neighborhood diplomacy is to forge friendships and partnerships with neighboring countries and foster an amicable, secure, and prosperous neighborhood based on the principles of amity, sincerity, mutual benefit, and inclusiveness.<sup>11</sup>

One year later, the Central Conference on Work Relating to Foreign Affairs was held in Beijing in November 2014. During the conference, Xi underscored the importance of the following for China's foreign policy:

Holding high the banner of peace, development and win-win cooperation, pursuing China's overall domestic and international interests and its development and security priorities in a balanced way, focusing on the overriding goal of peaceful development and national rejuvenation, upholding China's sovereignty, security and development interests, fostering a more enabling international environment for peaceful development and maintaining and sustaining the important period of strategic opportunity for China's development.<sup>12</sup>

The meeting stressed the importance of building a new model of major-country relations and practicing neighborhood policies that featured amity, sincerity, mutual benefit, and inclusiveness—turning China's neighborhood areas into a community of common destiny.<sup>13</sup>

Within this context, there have been new developments in the Sino-DPRK relationship since Xi took power. For instance, Xi Jinping and Kim Jong Un have not met since Kim became the top leader of the DPRK in 2011. This is completely abnormal in the history of the bilateral relationship. After North Korea's third nuclear test in February 2013, during Xi's May 2013 meeting with Choe Ryong Hae, Kim's Special Envoy and a member of the Presidium of the Political Bureau of the WPK Central Committee, Xi emphasized the denuclearization of the Korean Peninsula three times, which many observers interpreted to mean that Xi was using a firmer hand to deal with the North Korean nuclear crisis than his predecessor did.<sup>14</sup>

But on other issues, Xi is clearly following the path of his predecessors. He sent a congratulatory message to Kim Jong Un on the 70th Anniversary of the Founding of the WPK.<sup>15</sup> He sent Liu Yunshan, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and a member of the Secretariat of the CPC Central Committee, to visit North Korea to celebrate this anniversary and show solidarity between the two parties. Xi also sent his congratulations for the opening of the seventh National Congress of WPK and Kim's recent election as Chairman of the WPK.<sup>16</sup>

This kind of attitude has also been reflected in China's policy on the DPRK's nuclear developments. After North Korea conducted its fourth nuclear test on January 6, 2016, China's Foreign Minister Wang Yi criticized the DPRK as having violated UN Security Council resolutions and proposed that the UN Security Council adopt a new resolution and take further steps to demonstrate consequences for the DPRK's behavior. He called for the UN Security Council's new actions to have a definitive direction in its objective of effectively curbing the DPRK's efforts to advance its nuclear missile program. But Wang Yi also insisted that sanctions were not the end goal. "Our purpose should be to make sure that the nuclear issue on the Korean Peninsula should be brought back to the channel of a negotiation-based resolution. It's the only correct approach. ...Sanctions are not the end and the issue should be returned to the channel of negotiation-based resolution."<sup>17</sup>

Therefore, although Xi has shown strong will and a firm hand in his governance of China, and although the DPRK's nuclear development has seriously threatened China's national security, regional security, and international non-proliferation regime—and has directly opposed China's grand strategy of peaceful rise and neighborhood diplomacy—Xi's North Korea policy has generally reflected the CPC's traditional legacy and has proven to be constrained by the conflicting policy agendas represented by diverse interest groups with different value systems and bureaucratic backgrounds. Before a general consensus can be formed, big changes in China's North Korean policy are unlikely.

## The China-ROK Honeymoon and the ROK's Strategic Value to China

The Sino-ROK relationship could be regarded as the best example of Xi's "neighborhood diplomacy" over the past three years. Under the presidencies of Xi Jinping and Park Geun-hye, the strategic and cooperative partnership between the PRC and ROK has continued to develop and the PRC-ROK relations have entered their best period since the two countries formally established diplomatic relations in 1992.

Politically, the two countries have held frequent high-level exchanges and enjoyed unimpeded communication at all levels. In June 2013, Park paid a state visit to China. The two countries issued the China-ROK Joint Statement for the Future and the Action Plan to Enrich the China-ROK Strategic and Cooperative Partnership, as well as eight outcome documents related to economy and trade, finance, science and technology, energy conservation, and marine science.<sup>18</sup>

In July 2014, Xi made a state visit to the ROK, his first single state visit since assuming office. During this visit, the two presidents reviewed the bilateral relationship over the past twenty-some years and proposed that China and the ROK build partnerships for common development, regional peace, Asia's revitalization, and world prosperity. The two sides issued a Joint Statement and signed twelve bilateral cooperation agreements. Xi and Park also met with each other in March 2014 while attending the Nuclear Security Summit in Hague and in November 2014 during the APEC Economic Leaders Meeting in Beijing.

In September 2015, Xi warmly welcomed Park to attend the 70th anniversary of the victory of the Chinese People's War of Resistance against Japanese Aggression and the World Anti-Fascism War in China. Regarded as the event's most distinguished guests, Park and Russian President Vladimir Putin stood beside Xi on the Tiananmen during the PLA parade.

Besides summit meetings, there were also many other regular high-level official meetings and mechanisms, such as the high-level Strategic Dialogue between the Foreign Ministers of the two countries and the China-ROK Diplomatic and Security Dialogue. China and the ROK officially launched China-ROK negotiations on maritime delimitation in December 2015,<sup>19</sup> and made efforts to reinforce cooperation in non-traditional security, law enforcement, and disaster relief. China

and the ROK also strengthened their cooperation in regional and international affairs. The two countries maintained communication and coordination on issues relating to the Korean Peninsula, UN Security Council reform, East Asia regional cooperation, G20, and climate change.

Economically, China is now the ROK's largest trade partner, largest export market, largest source of imports, and largest overseas investment destination; and the ROK is also one of China's most important trade and investment cooperative partners. Economic cooperation and trade between the two countries has maintained rapid growth. Two-way trade volume grew by sixty times to nearly 300 billion USD in the past twenty-odd years. In November 2014, the two sides announced the conclusion of substantive negotiations on the China-ROK Free Trade Agreement.

When Chinese Premier Li Keqiang took part in the China-ROK-Japan trilateral summit meeting in Seoul in November 2015, China and South Korea declared further details on cooperation. Li suggested that the two countries combine four national development strategies to create new highlights of cooperation. Namely, this is between China's "Belt and Road" initiative and the ROK's "Eurasia Initiative"; between China's "mass entrepreneurship and innovation" and the ROK's "Creative Economy"; between "Made in China 2025" and the ROK's "Manufacturing Innovation 3.0"; and between both country's efforts to explore third-party markets in the international production capacity cooperation, so as to better achieve mutual benefit, win-win results, and common development.<sup>20</sup> Li also proposed cooperation in youth innovation and entrepreneurship, joint exploration of third-party markets, and the creation of a China-ROK innovation and entrepreneurship park in Chengdu, China. He emphasized the leading role of governments in guiding and guaranteeing bilateral cooperation. He advocated that China and the ROK take advantage of the construction of a bilateral FTA to expand cooperation in economy, trade, and finance; increase coordination in macro-economic policies; and facilitate negotiations of the China-Japan-ROK Trilateral Free Trade Zone (FTZ) and the Regional Comprehensive Economic Partnership (RCEP), so as to promote the process of East Asian economic integration.<sup>21</sup>

Socio-culturally, people-to-people and cultural exchanges between the two countries have been more active and dynamic in recent years. In 2013, there were forty-seven commercial flight routes between the major cities of the two countries with more than 830 weekly passenger flights. The two countries are each other's largest overseas tourism destination and the largest source of overseas students. China was also the ROK's biggest destination for overseas travels. For student exchanges, there were 62,000 South Korean students in China and 65,000 Chinese students in the ROK. ROK candidates who took the Chinese Proficiency Test accounted for more than half the total number globally, and there were more candidates in the Korean Language Proficiency Test from China than from any other country in 2013.<sup>22</sup> In 2014, mutual visits between the two countries exceeded 10 million, and 167 pairs of provinces or cities have established sister relationships.<sup>23</sup>

These achievements are notable, given that China has been the DPRK's longtime ally, the ROK is the linchpin ally of the US, and China and the ROK were enemies for decades before establishing diplomatic relations in 1992. In his meeting with Park on September 2, 2015, Xi emphasized that China-ROK relations have an important place in China's overall foreign relations. He identified the "Four Partner" goals of China-ROK relations: achievement of common development, commitment to regional peace, revitalization of Asia hand-in-hand, and promotion of world prosperity.<sup>24</sup> The significance and position of the ROK in Xi's global strategy can be understood by the following aspects.

First, as China's strategic partner in the Korean Peninsula, the ROK must be recognized as important. Historically, when the Korean Peninsula was in crisis, China had to be involved in its affairs, regardless of its policy preference. It is only natural therefore for China to develop good relations with the stronger side of the two Korean countries on the Peninsula. When an emergency again arises on the Peninsula, a good relationship with the ROK will improve China's future influence on Korean issues. Even a hedge or reassurance consideration would demand that China emphasize the ROK in its foreign policy.

Second, strengthening China-ROK relations can offset the security pressure resulting from the US rebalance to Asia. The strengthening of the US-Japan alliance over recent years and the increasing inter-connection of US-led bilateral security alliances in East Asia threatens China's national interests and further deteriorates the security environment surrounding China. The US has long hoped to inter-operationalize the US-Japan and US-ROK alliances. Therefore, it is strategic for China to draw the ROK closer to its side, in order to have more leverage when dealing with the US.

Third, the ROK could play an important role in confronting Japan on its historical issues with China. The ROK was colonized by Imperial Japan between 1910 and 1945. China and the ROK share the same painful memory of history and opposition to Japanese historical revisionism—they can combat Japanese right-wing forces side-by-side. When Park accepted Xi's invitation to attend the 70th anniversary of the victory of the Chinese People's War of Resistance against Japanese Aggression and the World Anti-Fascism War in Beijing, it was a major sign of support to China. During Park's visit, Xi stressed that China and the ROK are friendly, close neighbors and important forces for promoting regional and global peace. Furthermore, the two peoples were united and cooperative in their resistance against Japanese colonial aggression and their struggle to win national liberation, making significant contributions to the victory of the World Anti-Fascist War.<sup>25</sup>

Fourth, the China-ROK economic partnership is important for the ROK as well as for China. The trade volume between the two countries is enormous, and the launch of the China-ROK FTA is expected to form a huge market with a combined economy of 12 trillion USD, which is especially important as the two countries now face high downturn economic pressure. China has welcomed the ROK to actively participate in the construction of "Belt and Road" and the work concerning the Asian

Infrastructure Investment Bank, as the “Eurasian Cooperation Initiative” proposed by the ROK could correspond well with the construction of “Belt and Road.”

Overall, the ROK has been given priority in Xi’s neighborhood diplomacy and played an important role in China’s major-country relations, such as the Sino-US and the Sino-Japan relations. China-ROK relations are not limited to economic and cultural domains, but also affect political and security domains, and thus occupy an important position in Xi’s regional and global strategy.

## Tension between China’s DPRK Policy and ROK Policy Reflected by DPRK’s Fourth Nuclear Test

The transformation of Xi’s Peninsula policy—that is, treating the DPRK coolly while warming relations with the ROK—was challenged by North Korea’s fourth nuclear test on January 6, 2016, followed by the missile/satellite launch. The test posed another serious challenge to regional security as well as the international nonproliferation system. As North Korea’s closest neighbor and its nearly-exclusive source of economic support and energy assistance, China again became the focus of the world’s attention. The potential tension between China and the ROK in dealing with the DPRK was thus exposed to the world.

China’s initial response to the DPRK’s nuclear test was regarded as both hesitant and weak. The hot line existing between China and the ROK seemed not to work for crisis management. It was only on February 5, 2016, almost one month after North Korea’s nuclear detonation, that Xi held a telephone talk with Park. Xi once again stressed that China firmly devoted itself to realizing denuclearization on the Peninsula under any circumstance and to safeguarding peace and stability on the Peninsula. He insisted that the issue should be solved through dialogue and consultations. He also emphasized that the Peninsula could neither have nuclear weapons nor wars and chaos.<sup>26</sup>

Park replied that the ROK hoped that the international community would enhance its coordination and that the UN Security Council would respond as soon as possible so as to effectively deal with the current situation on the Korean Peninsula.<sup>27</sup> The ROK also began to consider the Terminal High Altitude Area Defense (THAAD) deployment issue with the US, which in turn worried China and caused significant damage to the strategic trust that had been gradually built between China and the ROK over recent years.

On February 16, 2016, Vice Foreign Minister Zhang Yesui briefed journalists on China’s position during his attendance at the 7th China-ROK High-Level Strategic Dialogue between Foreign Ministries in South Korea. Zhang described the current situation on the Korean Peninsula as complicated and sensitive. China supported the UN Security Council in adopting a new, strong resolution as soon as possible, but considered sanctions in themselves as not an end goal. Instead, the international community should aim to find a solution through dialogue and negotiations, in order to fundamentally resolve the issue. Zhang also expressed that

China was gravely concerned over the announcement made by the US and the ROK to launch discussions on the deployment of the THAAD missile defense system in the ROK. THAAD deployment would escalate tensions in the region, damage China's strategic security interests, and also jeopardize the security interests of other countries in this region. China was explicitly opposed to such actions and expressed hopes that relevant parties would strongly consider China's concerns and act prudently accordingly.<sup>28</sup>

Xi worked to mend the fence later. In their meeting at the fourth Nuclear Security Summit in April 2016, Xi and Park again exchanged views on the situation on the Korean Peninsula. Xi proposed that all sides carry out relevant UN Security Council resolutions in a comprehensive and overall manner. China urged all other sides to avoid any words or deeds that might aggravate tensions regarding the situation, so as not to damage the security interests and strategic balance of countries in the region. China emphasized dialogues and consultations to be the only effective direction to tackle the issue, and expressed its willingness to make constructive efforts to promote the resumption of dialogues within the framework of the Six Party Talks.<sup>29</sup>

At the same time, Xi put more emphasis on the overall development of China-ROK relations. He stressed that both China and the ROK should maintain the momentum of high-level exchanges, utilize a series of strategic communication mechanisms to maintain close coordination, accommodate each other's major concerns, and respect each other's sovereignty, security, and development interests. China welcomed the ROK's active participation in the construction of the "Belt and Road." Xi encouraged both sides to accelerate the coordination of national development strategies, concentrate on the implementation of the FTA, deepen financial cooperation, promote progress in the construction of the China-ROK Industrial Park at an early date, and push forward the economic integration process in East Asia. Further, the two sides should strengthen cooperation within institutions such as the UN, G20 and APEC, and enhance communication and coordination on issues of global significance.<sup>30</sup>

It is obvious that China wants to keep China-ROK relations on the right track and maintain momentum while not deserting the DPRK—even as it goes or has gone nuclear. Under these circumstances, the ROK has decided to rely more on the US nuclear umbrella, which has again worsened the security dilemma between China and the US. In a sense, the DPRK's nuclear test therefore became a test for the fast-developing China-ROK relations, as well as the strategic management capabilities of the new Chinese leadership.

## Concluding Remarks: China or Everybody Waiting for Godot?

As Premier Li Keqiang said during his speech at Seoul in 2015, "The peoples of China and the Korean Peninsula have lived on the fertile land of Northeast Asia throughout history as neighbors that cannot be separated. Our destinies and

interests have always been closely intertwined.”<sup>31</sup> For a long time, the Korean Peninsula has held an important position in China’s foreign policy. The past three years have witnessed new developments in China’s Peninsula policy under the leadership of Xi Jinping. These new developments and their limits should be analyzed according to Xi’s grand strategy as well as the constraining factors of China’s Korean Peninsula policy.

With rising tensions on the Korean Peninsula caused by the DPRK’s new round of nuclear tests, China is increasingly caught between the two Koreas: the way it *is* dealing with North Korea and the global leading role it *wants* to play. Legally, North Korea is still China’s ally; ideologically, North Korea is still a communist country, at least on the surface; and geopolitically, North Korea is still regarded by many Chinese as a strategic bulwark against the future uncertainty and possible security threat caused by the US. But North Korea is endangering China’s national security and reputation, as well as the international nonproliferation regime. Can China really restructure its Korean Peninsula policy by following international norms to punish North Korea? If so, to what extent? Can China afford the collapse of the North Korean regime? Will North Korea become an opportunity for cooperation between China and the US, or a new front for divergence? How can China further balance its policy between two Koreas? There are still too many questions in China’s Korean Peninsula policy, and the answers will not be clear until China can form a domestic consensus on how to deal with North Korea.

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# China's Perspective on the China-ROK Strategic Partnership: Developments, Debates, and Difficulties

*Ren Yuanzhe*

## Introduction

During the Cold War, China and the Republic of Korea (ROK, South Korea) belonged to opposite camps. In 1992, not long after the end of the Cold War, the two countries established diplomatic relations, and since then bilateral relations have seen rapid development. In 2008, this relationship was upgraded to a “strategic cooperative partnership,” representing a new height in bilateral diplomatic exchanges. The driving force behind the rapidly-developing bilateral relationship were the common interests across a wide range of issues concerning the Korean Peninsula, Northeast Asia sub-region, East Asia, and even the entire Asia Pacific.

However, China-ROK relations faced new challenges in 2010. Since the Cheonan navy ship sunk underwater and the Democratic People's Republic of Korea (DPRK, North Korea) shelled South Korea's Yeonpyong Island, different perspectives between China and ROK were staged concerning the future of the Korean Peninsula, such as policy orientations of the two towards their common neighbor, the DPRK, and perception and acceptance of the role of the US in the East Asian security structure. As a result, bilateral mutual trust rapidly deteriorated. The strategic partnership shared by South Korea and China became more rhetorical than sincere, and asymmetric in terms of hot economic relations but cold security cooperation.

The awkwardness of the bilateral relationship has been considerably alleviated by the leadership transition in both countries. Since President Xi Jinping took office after the 18<sup>th</sup> National Congress of the Communist Party of China (CPC) in 2012 and President Park Geun-hye, the Saenuri party candidate, won the presidential election in the following year, each side spearheaded unprecedented enthusiasm to embrace the most robust level of relations since normalization. However, after the DPRK's fourth nuclear test and ballistic missile launch early this year, differences in the two countries' policy priorities began to grow more apparent. As the *New York Times* commentated, “The prospect of a friendly new era between China and South Korea seemed to collapse.”<sup>71</sup> Obviously, maintaining concurrent growth in political trust, economic cooperation, and societal exchanges in China-ROK relations is not an easy task. How does China perceive South Korea and China-ROK relations? Amidst the changing security environment around the Korean Peninsula, to what degree should the bilateral relations serve each country's own national interest as well as contribute to security and peace in the Korean Peninsula?

This paper is composed of four parts. First, I describe achievements made during the enhanced and enriched strategic cooperative partnership under Xi and Park. This includes an evaluation of strategic initiatives for political, economic, social, and cultural interactions. Next, I explain four major Chinese schools of thought on South Korea's strategic role in China's grand strategy: alliance school, pivot school, troy school, and pendulum school. Third, I analyze major challenges and obstacles for further developments in China-ROK relations, especially third-party effects from the US and/or DPRK. Finally, I discuss the future of China-ROK relations, using the framework of "new normal."

## Developments in the China-ROK Strategic Partnership from 2013 to 2015

At the 18<sup>th</sup> CPC National Congress in November 2012, Xi was appointed as secretary-general, and in March 2013 at the National People's Congress, Xi was elected as the new president. During this period, North Korea launched missile tests in November 2012 and conducted its third nuclear test in February 2013. North Korea's continued infringement upon China's national security interests greatly angered China. In response, China summoned the North Korean ambassador, implemented new trade sanctions, reduced energy supplies to North Korea, and called for denuclearization talks. "The tests immediately stalled the development of the Sino-North Korean relations, which had gained momentum during Kim Jong II's final years, and brought the relationship into a difficult and tumultuous period of time."<sup>2</sup> More and more Chinese scholars began to suggest a paradigm shift in China's Korean Peninsula policy, paying special attention to the China-ROK relationship as a replacement to the quasi-"special" state-to-state relationship with North Korea. The China-ROK strategic partnership has witnessed great leaps forward in the following four aspects.

### *Political: Xi's Meetings with Park and Shunning of Kim Jong Un*

Shortly after Park was elected as the South Korean president in 2013, China was the first to dispatch a congratulatory special envoy to Seoul. In return, Park sent a team of special envoys to China, the first of four neighboring countries to which a special envoy was sent. The exchange illustrated a mutual recognition that China-ROK relations had deteriorated under Lee Myung-bak and Hu Jintao, and that Park and Xi would try to rebuild the bilateral relationship.<sup>3</sup> There was also a consensus among South Korean foreign policy analysts about the need to establish a more productive and effective relationship with Beijing. China's *Xinhua News Agency* too stated after Park won by a narrow margin, "As the first female president, Park will bring new opportunities for enhancing the China-South Korea Strategic Partnership."<sup>4</sup>

In diplomacy, bilateral summit meetings are the testing ground for the depth of the relationship. Xi and Park exchanged multiple reciprocal visits over the following two years. Park's visit to China during June 27-30, 2013 reinforced the strategic cooperative partnership that was agreed upon in 2008. On June 27, the two leaders

released a joint statement on the vision for future China-ROK relations. The statement included new directions, principles, and major fields for strengthening the bilateral relationship in order to reinforce the strategic partnership.<sup>5</sup> Subsequently, the institutionalization of dialogue between the Chief of National Security at the Blue House and the Chinese State Councilor demonstrated the willingness on both sides to make efforts in order to proactively handle security issues. Mutual visits between foreign ministers, senior-level government officials, and state-run think tanks were also normalized.

In early July 2014, Xi visited Seoul, breaking the tradition of visiting Pyongyang first as the new Chinese leader. This trip was seen as a deliberate snub at North Korea. As one analyst stated, it reflected “China’s perception of DPRK as a strategic burden that should be abandoned.” As Professor Zhu Feng, a distinguished professor from Nanjing University, wrote for a Korean newspaper, “The trip broke the traditional policy of pursuing balance between North and South,” and “China has decided to stay on the side of South Korea politically, economically and strategically.”

The visit was perceived differently among Western and Chinese scholars. According to some Western interpretations, “China is also eager to exploit tensions between South Korean President Park Geun-hye and Japanese Prime Minister Shinzo Abe over historical issues to undermine U.S. efforts to boost its military ties with both Seoul and Tokyo.”<sup>6</sup> However, China’s Foreign Ministry certainly disagreed, stating that the visit was not directed against any third party. Professor Zhang Yunling from the China Academy of Social Science described it as “good-neighbor diplomacy” and a new model of China’s regional diplomacy.<sup>7</sup>

The best evidence of China-ROK intimacy was Park’s attendance of China’s September 3<sup>rd</sup> military parade in 2015. Many factors culminated in the consequential visit, which formed a sharp contrast to the poor bilateral relationship merely three years before. The trip was Park’s sixth summit meeting with Xi and third trip to China since she assumed office in February 2013. In their meeting, Xi praised Park for her efforts to improve the relationship and stated that the ROK-China relationship had reached its best stage in history.

Some dilemmas concerning the bilateral relationship remain, which have expanded since North Korea’s series of provocations in early 2016. However, political trust continues to be solid. During Park and Xi’s most recent meeting in Washington, DC during the nuclear security summit, both leaders demonstrated their desire to stabilize the bilateral relationship and minimize negative impacts from actions by other regional actors such as the DPRK.

### *Economic: China-ROK FTA*

The economic relationship has always been the most solid element in China-ROK relations. The economic interdependence between China and ROK began with their diplomatic normalization in 1992. Over the past twenty-four years, bilateral trade has grown at an annual average rate of twenty-three percent. Last year, the total trade

volume increased to \$275.8 billion. China has become South Korea's largest trading partner while South Korea is China's third-largest trading partner. As Samuel Kim pointed out several years ago, South Korea's dependence on trade is much higher than large states such as the United States and Japan, and this "trade or perish" situation magnifies China's importance as an export market for South Korea.

The biggest achievement of the China-ROK economic relationship in the era of Xi and Park has been the bilateral free trade agreement (FTA). During Xi's visit to Seoul in 2014, the two leaders agreed to finalize a free trade deal before the end of the year and to set up direct yuan-won transaction. On June 1, 2015, China and South Korea signed a bilateral FTA, which went into effect on December 20, 2015. The landmark document eliminates tariffs on more than ninety percent of the two sides' goods over the next twenty years. The FTA covers twenty-two categories of commodities except South Korea's rice market and the automobile industry. Reportedly, this is the first time that China has included financial, telecommunications, and e-commerce industries in an FTA. South Korea's Ministry of Trade, Industry, and Energy estimates that the agreement will "boost China-South Korea trade to over \$300 billion a year, up from \$215 billion in 2012, when the negotiations began."<sup>8</sup> The first two months of 2016 witnessed 0.74 percent growth of South Korea's imports from China.

Some analysts use the term "asymmetrical interdependence" to describe China-ROK economic relations, which means "they have been important trading partners to, and interdependent on each other, while South Korea depends much more deeply on China than China does on South Korea."<sup>9</sup> Such a trend has been reinforced over the past three years. As shown in a survey of regional experts across Asia-Pacific countries, eighty-six percent of South Korean experts see China as their country's most important economic partner in the next ten years.<sup>10</sup> Naturally, the academic community differs on the implications of the trend. Both the Chinese government and most Chinese scholars regard the bilateral economic relationship as a cornerstone of the strategic cooperative partnership and a great example of win-win cooperation. In contrast, some US scholars describe it as an economic dilemma for South Korea and believe this will lead to the emergence of a dual strategy of pursuing economic partnership with China while seeking its national security through a military alliance with the United States.<sup>11</sup>

### *Strategic: Sino-ROK Alignment in Development Strategies*

Since their inaugurations, both Xi and Park have gradually established their own diplomatic styles and foreign policy priorities. Xi's foreign policy has been more proactive than his predecessors. He has put forward a series of new diplomatic initiatives that significantly diverge from previous Chinese diplomatic patterns. For example, he introduced the terminology of "new type of major country relations" to deal with the US; during his speech to ASEAN in 2013, Xi talked about a "Community of Common Destiny" in Asia, which was elaborated at the High Level Work Conference on Diplomacy toward Neighboring Regions in October 2013;

and at the Conference on Interaction and Confidence Building in Asia summit meeting hosted by China in 2014, he put forward the notion of “New Asian Security Concept” as his vision for handling Asian security problems. Under Xi, China has established new institutions to foster its leadership, such as the new Asian Infrastructure Investment Bank (AIIB). All these new developments in China’s foreign policy jointly lay the foundation for the “Major Country Diplomacy with Chinese Characteristics.”<sup>12</sup>

What needs to be emphasized is Xi’s grand vision for the Eurasia continent—the “One Belt, One Road” (OBOR) Initiative. When Xi visited Central Asia and Southeast Asia in September and October of 2013 respectively, he raised the initiative of jointly building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road, which are expected to bring vigor and vitality into the ancient Silk Road; connect Asian, European, and African countries more closely; and promote mutually-beneficial cooperation on the higher levels and in new forms.<sup>13</sup>

In contrast, upon assuming office, Park outlined her foreign policy in three forms: 1) “Trust-building process on the Korean Peninsula” (hereafter, “trust-building process”); 2) the “Northeast Asia Peace and Cooperation Initiative (NAPCI),” and; 3) “Middle power diplomacy.” Besides those slogans, Park outlined her economic vision for the region during the Global Cooperation in the Era of Eurasia conference in October 2013. Specifically, her “Eurasia Initiative” called for linking energy and logistic infrastructure (such as rail networks, oil and gas pipelines, and electricity grids) across Europe and Asia. This integration is to be followed by the gradual elimination of trade barriers, leading to the establishment of a vast free trade zone.<sup>14</sup>

Both sides are keen to find overlaps in the two initiatives. As South Korean analyst Han Woo-Duck pointed out, South Korea attaches great importance to China’s OBOR, as the New Silk Road corresponds with the Eurasia Initiative proposed by the Park administration and will promote peace in the Korean Peninsula.<sup>15</sup> Liu Jinsong, deputy director-general of the Department of International Economic Affairs, Ministry of Foreign Affairs (MFA), has put forward a number of tangible and practical suggestions for merging the two initiatives. According to many Chinese scholars, the China-ROK FTA will provide institutional foundation and internal motivation for the strategic synergy of China’s OBOR and South Korea’s Eurasia Initiative.<sup>16</sup> During recent meetings among senior government officials and even the two leaders, this issue has been frequently raised as an example of growing ties between China and South Korea.

### ***Security: Consensus on Cooperation Regarding North Korean Provocations***

The Xi-Park era of cooperation was followed by North Korea’s serious provocations of nuclear tests and rocket launches. During Park’s state visit to China in 2013, key issues, such as North Korea, the Korean Peninsula Trust-building Process, and the Northeast Asia Peace and Cooperation Initiative (NAPCI), were discussed in depth. On the thorny issue of North Korea, differences clearly remained between

Beijing and Seoul. Although China is reluctant to single out North Korea as the only problem on the Korean Peninsula, they both emphasized coordination of policy and their shared goal of defusing tensions stirred up by the North. In a joint statement released after the summit in 2013, both sides confirmed that denuclearizing the Korean Peninsula and keeping peace and stability were in their common interest, and they agreed to make joint efforts toward that end. Park described her trip as one of heart and trust, which solidified trust between the two leaders.

During Xi's visit to Seoul in 2014, Xi and Park reaffirmed their opposition to North Korea's nuclear program, as manifested through a four-point consensus.<sup>17</sup> Xi described denuclearization as a common goal that must be achieved through dialogue and negotiation. He called upon the six countries involved in the North's nuclear talks to resume negotiations. Undoubtedly, long-standing differences still exist: Beijing and Seoul differ significantly on how to stop the North's nuclear program. Despite the differences, the two sides successfully strengthened their relationship by announcing new maritime boundary negotiations, a direct currency exchange, and regional economic cooperation.

Compared to relations under Park's predecessor Lee Myung-bak, China's distancing itself from North Korea has shaped the political and strategic contours of China-ROK relations. From the Chinese perspective, China has been playing the role of a responsible power facilitating peace and stability on the Korean Peninsula, which to some degree caused North Korea to be antagonized and agitated. After North Korea's fourth nuclear test, China carried out the relevant UN Security Council resolutions comprehensively. Nonetheless, China's actions are still far from South Korea's expectations. Security issues, especially those concerning North Korea, will continue to be the testing ground for the China-ROK bilateral relations. As the bucket effect goes, the capacity of a bucket depends on the shortest board—North Korea is that board for Beijing's ties with Seoul.

Besides these four aspects, there have been many other positive developments in China-ROK relations. For example, people-to-people and cultural exchanges have been greatly enhanced. All in all, from the Chinese perspective, despite some negative factors and uncertainties, the enhancement of strategic cooperation with South Korea is the highlight of China's periphery diplomacy and a sterling example of the "major-country diplomacy with Chinese characteristics."

## China's Debate over the Future Direction of China-ROK Relations

With the unprecedented and rapid development of China-ROK relations, scholars in both countries have tried to employ different frameworks to deconstruct the new development. For example, South Korea scholar Huang Jaeho categorizes Park's China policy in three stages: (1) the attainment of China's support for the Korean Peninsula Trust-Building Process, (2) the progress of the ROK-China Trust-Building Process, and (3) the establishment of a New Model of the Korea-China Relationship.<sup>18</sup>

Of course, the South Korean academic community is divided on Park's China policy. Criticisms of Park's China policy are not only widespread but also highly vocal. On the Chinese side however, scholars are engaged in a hot debate on how to define South Korea in China's diplomacy. The mainstream Chinese perspectives on the ROK can be categorized into four schools, namely: idealist school, institutionalist school, pragmatic school, and traditionalist school.

***Idealist School: China should try to establish an alliance with the ROK.***

The pioneer of this school is Professor Yan Xuetong at Tsinghua University. He first suggested a China-ROK alliance in his book *Inertia of History: China and the World in the Next Ten Years*, published in 2013.<sup>19</sup> According to Yan, China and South Korea share three mutual security interests: namely, the Japanese threat, North Korea's nuclear threat, and the shared desire to maintain peace in East Asia. Yan explains that a China-ROK alliance does not need to replace South Korea's alliance with the US, and the two relationships could coexist in parallel. In addition, China is South Korea's biggest trading partner, and South Korea's future economic development heavily depends on the Chinese market. Most important, the idea of a Seoul-led reunification seems to have become increasingly acceptable among some Chinese. It is therefore natural for South Korea to develop a strong security relationship with China. Although most South Korean scholars disagree with this proposal, some Chinese analysts have stated their ardent support for the idea.<sup>20</sup> Professor Yan is not alone in embracing the possibility of a China-ROK alliance. Following Xi's visit to South Korea, there has been much debate on the possibility of a China-ROK alliance.<sup>21</sup>

Although supporters of the highly idealistic proposal are the absolute minority, the fact that a China-ROK alliance is now openly discussed and debated is in itself significant. Traditionally, China has held a deep resentment against alliances. China considers alliances to be the product a "Cold War mentality," which damages independence in foreign relations for both allies. The bitter lesson for China came from its alliance with the Soviet Union during the Cold War.<sup>22</sup> However, in recent years, as China has evolved into a great power with global influence, many debates have emerged on whether China should seek alliances to better safeguard its national interests. In such conversations, Russia and South Korea frequently emerge as the top candidates. Yan is a strong advocate of alliances, in part because he identifies himself as an ardent realist. Nevertheless, he is overly idealistic on the issue of alliances. Madame Fu Ying explained very clearly in *Foreign Affairs*, the "Chinese-Russian partnership will never evolve into an alliance."<sup>23</sup> Neither will a China-ROK alliance be possible in the short term.

***Institutionalist School: China should regard the ROK as a "Pivot State."***

Pivot states are those that possess military, economic, ideational, and strategic assets that are coveted by great powers. They are trapped in the overlapping spheres of influence of these great powers, as measured by ties that bind (military and

economic agreements and cultural affinities) and relations that flow (arms and commodities trade and discourse). A change in a pivot state's association has important implications for regional and global security.<sup>24</sup>

According to an open discussion hosted by a popular Chinese journal *World Affairs*, Chinese scholars are in general agreement on the need to regard South Korea as China's "pivot state" or "quasi-pivot state." Strategist Xu Jin argued that if South Korea becomes China's pivot state, the US-ROK alliance will be forced to loosen, and China's neighboring countries will follow South Korea in remaining positive neutral (not seeking alliance with the US).<sup>25</sup> He also believes that even from the South Korea perspective, China is the best, most dependable option among its neighboring countries. Professor Shi Yuanhua from Fudan University further put forward four proposals to turn South Korea into a "strategic pivot state" in China's OBOR initiative.<sup>26</sup>

South Korea has the potential to play an important role as a pivot state both for China and the US. From the Chinese perspective, South Korea's pivot effect can best play out through its participation in different China-led institutions. On one hand, China is building South Korea into a pillar for implementing OBOR in the Northeast Asia region, which simultaneously meets South Korea's strategic interest on the Korean Peninsula and the Eurasian continent. On the other hand, South Korea is a member of the AIIB, which is the first multilateral financial institution that South Korea has joined as a founding member. Presently, South Korea has a 3.81 percent stake in the AIIB—the fifth-largest among the bank's founding members. AIIB's President Jin Liqun chose Seoul as his first destination, which has great "strategic implications for Sino-South Korean bilateral ties, China's foreign policy and the regional economy."<sup>27</sup>

### ***Pragmatist School: ROK could be China's "Trojan Horse" in the US alliance system.***

In recent years, China has faced heavy pressure from a US determined to maintain its dominant position in the Asia-Pacific region. From the Chinese perspective, the American hub-and-spokes system, which served the United States and its allies well during the Cold War, has transformed into an alliance network with institutionalized operation among US allies. As the US continues to reinforce trilateral and multilateral cooperation among its allies in Asia, the old hub-and-spokes system has become a more comprehensive and complex network of bilateral, trilateral, and other multilateral arrangements.<sup>28</sup> Some scholars call this "Obama's mini-lateral diplomacy."<sup>29</sup> As a result, China's security dilemma has intensified. But China faces further constraints when its partnership network and proposals are seen as attempts to exclude the US from the region. How to defuse or mitigate the threats by US alliance system is China's top diplomatic agenda.

China-ROK strategic cooperation could prevent South Korea from joining the America-led "Asian NATO" that aims to contain China. Many Chinese scholars believe South Korea is the most important link in the US containment strategy,

and a relatively vulnerable one given China's comprehensive influence over South Korea.<sup>30</sup> Park has very complex feelings about ROK-Japan relations. She shares China's heated objections to the Abe administration's policies, including those on the history issue, his advocacy for collective self-defense, and an expansion of Japan's security role. In Xi's speech at Seoul, he extensively referred to shared historical antipathies toward Japan to invoke a common cause with Seoul. South Korean people also have strong sentiments domestically towards its alliance relationship with the US. In China's view, South Korea's strategic objective on the Korean Peninsula does not perfectly align with US interests. Therefore, China feels confident that it could persuade and entice South Korea into distancing itself from the US through strategic dialogue and concrete benefits. This would disrupt and undermine the US rebalance to Asia. The pragmatist school expects to utilize the enhanced China-ROK strategic cooperative partnership as leverage against the US.

However, in reality, American and South Korean analysts are highly confident in the strength of the US-ROK alliance. As Brookings scholar Jonathan Pollack has argued, advances in China-ROK relations have not undermined the US-Korea alliance; if anything, they have increased Seoul's incentives to reinforce security ties with Washington.<sup>31</sup> Many South Korean analysts do not expect that South Korea will prioritize relations with China at the expense of its alliance with the US.

***Traditionalist School: The China-ROK relationship is not sustainable and will never consequentially change the East Asian strategic landscape.***

Traditionalists have two main narratives. In the first narrative, they strongly oppose the notion that "China should [or will] abandon North Korea." Due to the growing provocations by the Kim Jong Un regime, some Chinese experts have concluded with confidence that North Korea is no longer a strategic asset to China, but a liability. Wang Hongguang, former deputy commander of the Nanjing military region, wrote in the *Global Times*, "China is not a savior... Should North Korea really collapse, not even China can save it."<sup>32</sup> However, disagreements are rampant. Li Dunqiu, senior visiting researcher from Zhejiang University's South Korea Studies Center, retorted in the same newspaper, "China cannot abandon North Korea, the partner with 65 years [of] friendship."<sup>33</sup> Liu Ming, director for the Institute of International Relations at the Shanghai Academy of Social Sciences, went further to claim that even with Pyongyang's latest nuclear and missile tests, North Korea is still vital for China. To traditionalists, North Korea is critical for China's national security strategy, and therefore enhancing the China-ROK strategic cooperative partnership should not happen at the expense of China-DPRK relations. At minimum, China should continue to follow the "equidistance diplomacy."

In the second narrative, traditionalists do not believe China realistically has the ability to undermine the military alliance between the US and the ROK, although China would like to use the China-ROK strategic partnership as leverage to counter-hedge the US rebalance strategy. The truth is that the US and South Korea

have consolidated their military alliance in recent years. The North Korea nuclear crisis and other provocations have forced South Korea to seek security assurances from the US and strengthen their ties, which is the nexus of South Korea's foreign and security policy.<sup>34</sup> By delaying the return of wartime operational control of military forces to South Korea, the US has fully maintained its military presence and war capabilities on the Peninsula. Moreover, while the US understands China's intention, Washington has attempted to alienate Beijing and Seoul by other means, such as the deployment of THAAD.

After North Korea's fourth nuclear test and series of rocket launches, Beijing-Seoul relations turned sour. This is fresh evidence of the limitations of this relationship, which traditionalists use to argue that China must give up its unrealistic expectations regarding South Korea.

Despite the increasingly open environment within China for an objective discussion of China's South Korea policy, the Chinese government does not appear to have been greatly influenced by growing calls by Chinese academics for a change in policy. However, the debate demonstrates the dilemma faced by Chinese foreign policy decision-makers.

## Difficulties and the New Normal

Currently, China's policy on the Korean Peninsula is confronted by many challenges. China faces increasingly aggressive US intrusion alongside enhanced bilateral, trilateral, and networked military alliances as well as a continuously unstable and unpredictable North Korea. With respect to the enhanced China-ROK strategic cooperative partnership, increasing numbers of differences and difficulties have gradually emerged and there may be some deterioration from now on. In the Roh Moo-hyun era, South Koreans embraced a pro-China policy. As a result, the younger generation believed that China is more important than the US in the long term and supported engagement with China to balance the influence of the US. Similar public emotions arose beginning in 2013. According to the Asan Public Opinion survey, at the beginning of Park's administration, such favorable opinion toward China seemed to have been restored. Before Xi's visit to Seoul, the positive view by the Korean public on China was unprecedentedly high.<sup>35</sup> However, a more recent survey from March 2016 shows the Korean people's favorable view of China plummeted to its nadir since Park took office, perhaps due to the events after North Korea's fourth nuclear test.<sup>36</sup> Similar sentiment quickly went viral among the Chinese public. Especially after the Chinese Ambassador's THAAD speech, many in China began to expect a new round of deterioration in bilateral ties. The prospective deployment of THAAD has prompted China to consider building up its nuclear capabilities.

Besides THAAD, maritime security has become a point of challenge. China and South Korea held their first round of talks on maritime delimitation over the Yellow Sea in Seoul on December 22, 2015. They agreed to launch negotiations this year on the demarcation of their maritime boundaries amid tension over overlapping

exclusive economic zones (EEZs). Yet in fall 2015, the South Korean Defense Minister and Foreign Minister made public statements criticizing China's actions in the South China Sea. Previously, South Korean officials had generally been reluctant to publicly assert such stances. However, US officials, including President Obama, have called on South Korea to be more vocal about China's assertiveness in the South China Sea. The international tribunal will release a final ruling on the South China Sea soon, and South Korea's position will become another test for the bilateral relationship.

Even business ties, the most solid footing for bilateral relations, are encountering some unexpected problems. An increasing rivalry between Chinese and South Korean firms in recent years has accentuated the economic competition between the two neighbors. The transformation of China's economy and economic slowdown have cast negative shadows on Beijing-Seoul economic relations.

At this critical moment, both China and South Korea need to develop a "New Normal"—a new framework of strategic partnership with a long-term view, aimed at long-term stability in the bilateral relationship. Such a "New Normal" should have three components. First, despite the recent turbulence, the direction put forth by both leaders must be upheld. An enhanced strategic partnership between China and South Korea serves both countries. Before drastically changing their policies again, both China and South Korea should at least try to expand common understanding, deepen political trust, promote pragmatic cooperation, and achieve pragmatic mutual benefits. Even if differences emerge in some fields, direct and frank discussions are essential.

Second, China-ROK relations have fared well comprehensively in recent years. The cooperation in political, economic, and security affairs has broken the old binary of security and economy. There are ample common security interests between Beijing and Seoul. Foremost among both countries' interests and objectives is peace and stability on the Peninsula. Of course, it is important for both countries to be realistic. In retrospect, China-ROK relations have continuously been evolving through difficult stages. Every time, the bilateral relationship has emerged stronger and more mature. The fact that the Chinese policy community is undergoing such a major debate over South Korea's role in China's foreign policy attests to the country's high importance for China.

Last but not the least, both countries need to give more consideration to their domestic politics. Chinese citizens are more nationalistic and triumphalist than ever before, which inevitably narrows Xi's decision-making options. The South Korean government faces a similar environment. How to tame the trend and guide public opinion for a healthy and sustainable partnership is another big challenge for the "New Normal."

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## The DPRK's Fourth Nuclear Test and the Situation on the Korean Peninsula

*Wang Junsheng*

Although North Korea watchers had been expecting another nuclear test since 2013, when the Democratic People's Republic of Korea (DPRK, North Korea) actually carried out its fourth nuclear test on January 6<sup>th</sup>, 2016, many, China included, were still caught by surprise. For China, which had been calling for the resumption of the Six Party Talks to address North Korea's nuclear ambition, the renewed demonstration of Pyongyang's determination to possess nuclear weapons put it in an awkward position. While China remains committed to its special friendship with North Korea, it fundamentally opposes a nuclear North Korea and denuclearization remains a high priority on China's agenda. This is due to the threat that North Korea's nuclear weapons pose to regional stability and the ensuing uncertainty that undermines China's national interests. As such, China supported the recent UN Security Council Resolution 2270 that imposed unprecedented sanctions on North Korea.

China stands by the wisdom that guided its actions in the immediate aftermath of the nuclear test, but there were some unanticipated outcomes. China has since drawn important lessons from how it handled the situation. This particularly applies to how China relates to the Republic of Korea (ROK, South Korea) in better balancing between its own national interests and the high expectations from Seoul. China has also proposed a new dual-track mechanism to stimulate parallel dialogues to pursue a peace treaty and denuclearization simultaneously. Despite the unfavorable reception of the proposal by countries including the United States, the dual-track mechanism will be China's primary strategy in dealing with the North Korea nuclear issue for the foreseeable future.

### China's Assessment of Regional Stability

After the DPRK claimed that it had successfully carried out its first hydrogen bomb test on January 6<sup>th</sup>, 2016, Beijing immediately expressed concern and called on the Six Party Talks to resume in order to resolve the Korean Peninsula nuclear issue. The nuclear test, which Pyongyang said was to "firmly protect the sovereignty of the country and the vital right of the nation from the ever-growing nuclear threat and blackmail by the US-led hostile forces"<sup>1</sup> was the fourth conducted by the DPRK and the second since the country's top leader Kim Jong Un assumed power over four years ago.<sup>2</sup> By China's assessment, this fourth nuclear test indicates North Korea's national resolve to pursue and achieve Pyongyang's nuclear strategy. For the first time, the strategy was included in the country's revised Constitution in 2012.<sup>3</sup> The test also served to celebrate domestic political events, including Kim's birthday.<sup>4</sup>

Yet China interprets this as a misjudgment on Pyongyang's part about its own strength and as its delusion that the international community will eventually accept its "rightful" possession of nuclear weapons. After Pyongyang conducted several rocket launches in 2012 and a third underground nuclear test in 2013, in order to convince the international community to recognize North Korea as a legitimate nuclear power, the country pursued active diplomacy to expand friendly ties with countries in and outside the region over the course of the following two years. China recognizes that it is highly unlikely that the international community will accommodate Pyongyang's nuclear arsenal, however much DPRK diplomats work at their job. The international community shares its consensus on the illegality of North Korea's nuclear weapons. Moreover, in China's view, key countries involved in the North Korea nuclear issue will be focused on other priorities for the foreseeable future. The United States has been focused on the Iran nuclear deal and Islamic State throughout the last years of President Obama's presidency, and this trend is likely to continue into the next. South Korea has an upcoming general election in 2017, and the future direction of its policy toward North Korea — be it harsh sanction or rapprochement — is under debate. The lack of priority devoted to the North Korea nuclear issue in both countries' foreign policy agendas will prolong the problem.

China, on the other hand, attempted to improve relations with North Korea in 2015. However, it was again a misjudgment on Pyongyang's part to interpret China's goodwill as tolerance for yet another nuclear provocation. The test poses a serious threat to China and the entire Northeast Asian region. It has put in motion a new vicious cycle on the Korean Peninsula, by prompting South Korea to take a tougher military stance, the United States to enhance its regional military presence, and Japan to claim that it would expedite its "defense-oriented" military development.<sup>5</sup> Should tensions on the Korean Peninsula continue to escalate, Beijing could suffer the most collateral damage. The disorder generated on the Korean Peninsula would then further complicate the relationship between China and the DPRK. That relationship, in China's view, plays a key role in safeguarding the national interests of both China and North Korea, as well as ensuring regional peace and stability.

As a permanent member of the UN Security Council (UNSC), China has always been opposed to North Korea's nuclear program and has consistently urged Pyongyang to honor its commitment to denuclearization. Therefore, for China, the priority after the fourth nuclear test was to support the UNSC's decision to enact consequences for Pyongyang's violation of the various resolutions against its nuclear program. China also sought to carefully guard against any potential intervention by Washington and Seoul, in case the US and South Korea sought to use the opportunity to attack North Korea and Kim Jong Un's leadership. China was particularly concerned that the US and South Korea could attempt to raise tensions along the 38 parallel or Northern Limit Line, in order to justify an invasion of North Korea and overthrow of the ruling government.<sup>6</sup>

In China's view, North Korea, the US, South Korea, and Japan all bear some responsibility for the ongoing tensions on the Peninsula. While North Korea cannot be exonerated, the other three countries' hostile policies over the past six decades—such as the imposition of military and political pressure on Pyongyang and Seoul's increasing desire to absorb North Korea for unification—are the fundamental reasons that drive North Korea's insecurity.

Therefore, as a responsible major power in the region, China defines its role and responsibility as alleviating North Korea's vulnerability and insecurity through a stable relationship with Pyongyang, in light of the imbalanced geopolitical structure, and to encourage all parties to exercise restraint.

## China's Lessons from UNSCR 2270

### *Why China Supports UNSCR 2270*

There is widespread confusion and skepticism surrounding China's decision to support the UNSC Resolution (UNSCR) 2270, due to China's long and special relationship with North Korea. American scholars seem to believe that China had two strategic motivations in supporting the resolution: to leverage sanctions on North Korea as a bargaining chip for mitigating mounting pressures in the South China Sea and to negotiate and prevent the deployment of the Terminal High Altitude Area Defense (THAAD) system in South Korea. These views are not shared in the Chinese policy community. Chinese analysts do not deny that THAAD complicated China's decision-making with regards to the UN resolution, but rather the issue made China more hesitant to support the resolution.<sup>7</sup> In other words, THAAD played a negative role in enlisting China's support of UNSCR 2270.

China adopted UNSCR 2270 for two main reasons. The first is China's genuine desire to punish North Korea and to send clear signals to Pyongyang about the unacceptability of its nuclear program. Since Kim Jong Un took office in North Korea, the strategic divergence between China and North Korea has deepened, especially over the nuclear issue, despite the fact that China has always valued good relations with North Korea based on mutual strategic interests and the historical friendship. In 2015, China worked hard to improve the bilateral relationship, even dispatching Politburo Standing Committee member Liu Yunshan to attend the 70th anniversary celebration of the ruling Workers' Party of Korea in October. However, the North Korean leader's unfriendly attitude and behavior disappointed China. Then, two months after Liu's visit, the North Korean government recalled its Moranbong Band, which had been scheduled to perform in the National Center for the Performing Arts in Beijing in December. This and following events, including the January 2016 nuclear test and February satellite launch, further revealed Kim Jong Un's reckless and dangerous policies. This finally pushed China to its limit, causing it to seek strong punishments for North Korea instead of demonstrating further tolerance.

The second reason behind China's support of UNSCR 2270 is its growing sense under President Xi Jinping of its international responsibility as a great power. Since Xi took office, he has pursued "great power diplomacy with Chinese characteristics" in order to materialize the Chinese dream of national rejuvenation and to build a community of common destiny. In China's perspective, providing public goods to the international community is a key way by which to build China's image and credibility as a great power. China has achieved much on the economic front, such as through the establishment of the Asian Infrastructure Investment Bank and the Belt and Road Initiative.

Yet security is also a fundamental public good. Since North Korea's fourth nuclear test greatly disturbed regional security, China has an undeniable responsibility to support harsh sanctions through a UNSC resolution. China does not see sanctions as an end in themselves, but rather as the means by which to press North Korea to return to the negotiation table for denuclearization. Meanwhile, China hopes the sanctions will delay further developments in North Korea's nuclear capabilities.

### *China's Lessons Learned*

The fourth nuclear test took its biggest toll on China's relationship with South Korea. Under President Park Geun-hye and President Xi Jinping, Sino-South Korea relations had improved to an unprecedented level. In reflection of the events following the test, China has since learned the following lessons on how to better protect its relationship with South Korea from the repercussions of North Korea's actions.

First, the public reaction in South Korea would have been much more positive had Xi communicated with Park over the phone as early as possible. Xi had ample legitimate reasons not to receive the phone call requested by South Korea immediately after the nuclear test. China was still assessing the cause and effect of the nuclear test itself. Even more, South Korea raised the issue of THAAD on the second day after North Korea launched the fourth nuclear test, which posed an entirely new issue compared to the past three nuclear tests. However, China did miscalculate the frustration that this delay would cause the South Korean government. China should have considered Park's need to have a conversation with Xi immediately following the nuclear test, in order to respond to domestic pressures within South Korea to strengthen its alliance with the US and trilateral security cooperation with the US and Japan. Without China on her side, Park was pushed by pro-US forces in South Korea to deploy THAAD.

Second, China's diplomacy with South Korea should have been more subtle and considerate. China summoned the ambassadors of both South Korea and North Korea on the same day, February 7, in order to lodge protests over the deployment of THAAD and the nuclear test, respectively.<sup>8</sup> This created an impression that the two issues carried the same weight, and therefore China was punishing both Koreas equally. South Korea responded by summoning the Chinese ambassador over his "THAAD speech" on February 24.<sup>9</sup> It may have been more appropriate for China

to have distinguished its reactions to two very different events, or at least, not to have summoned both ambassadors on the same day.

## Lessons for South Korea

China has learned important lessons from how it handled the aftermath of the fourth nuclear test. China also has suggestions for South Korea, on how to better handle the situation as the country most concerned by the North Korean nuclear test and China's most important partner in managing this crisis. South Korea must understand that the current situation on the Peninsula has profound historical roots and geopolitical origins. The US involvement is greatly disturbing for China. Therefore, in the event of any North Korean nuclear test, China will always require a significant amount of time for assessment based on the collection of intelligence and thorough deliberation over many factors, such as Washington's potential reactions and Pyongyang's political situation. More patience on Seoul's part in this regard would be greatly appreciated.

China also believes that the South Korean government could have better guided its public's opinions. Before Park's presidency, the nature of Sino-ROK relations was largely transactional, based on practical business relations. Only after Park's inauguration did the two countries begin to put greater effort into developing positive perceptions about the other domestically. In sensitive times following a crisis, public displays of suspicion, anger, and disappointment between the two top leaders only serves to undermine the public opinion foundation for better cooperation.

Most important, South Korea must better understand China's critical national interests and concerns. Punishing China for North Korea's nuclear test will not bring Beijing closer to Seoul; it will only push Beijing further away. Park announced soon after the nuclear test that her government would consider the deployment of THAAD. To China, this indicates a potential readjustment of the regional strategic structure and potential trigger for another arms race in East Asia. China firmly believes that Seoul's growing favorability toward THAAD coincides with Washington's strategic ambition to contain China in the region.

The THAAD system, if deployed in South Korea, would unequivocally have a negative impact on regional security. Most immediately, it would increase tensions between the two Koreas. Second, it would upset the delicate military power balance in the region, causing other countries to boost their capabilities to restore the balance. This is particularly true as Japan also shows interest in the THAAD system, leading to a rising Chinese fear of an "Asian NATO." If these developments indeed evolve toward an "Asian NATO" model, China will face more challenges as Japan is unleashed and empowered. For Seoul to assist in the US "containment" strategy in China's view is certainly not in line with the positive development in other aspects of the bilateral relationship between Beijing and Seoul. Last but not least, THAAD directly threatens China's and Russia's security interests, since the system's coverage extends beyond North Korea into Chinese and Russian territories.

For China, South Korea should consider other countries' safety and interests, as well as the peace and stability of the whole region, when seeking its own safety.

Some South Korean officials and experts have cited national security concerns to justify the deployment of THAAD.<sup>10</sup> That argument is hardly acceptable for China, as the geographical proximity between South Korea and North Korea hardly justifies a highly-advanced system like THAAD, given its high altitude nature. China cannot help but ask how such a system can be applicable, given that Seoul is only forty kilometers from the inter-Korean land border and Pyongyang does not even need long-range missiles to attack South Korea.

Therefore, unless South Korea can pose a convincing argument, China will continue to regard the deployment of THAAD as serving the US' interests. These include strategic deterrence against China and Russia, alienation of China-ROK relations, and enhancement of its own alliance system as well as trilateral military coordination with Japan and South Korea. As Beijing continues to discourage South Korea from deployment, South Korea must at least understand how deployment will take its toll on relations with China for years to come.

## The Limits of UNSCR 2270 and China's Dual-Track Approach

### *Sanctions under UNSCR 2270 Alone Cannot Stop DPRK's Ambitions*

In compliance with UNSCR 2270 adopted on March 2, 2016, the Chinese Ministry of Commerce published a long embargo list concerning North Korea.<sup>11</sup> The humanitarian exemptions have sparked some debates. Yet, sensible analysts of North Korea understand that any economic sanctions on the North Korean regime will first impact the North Korean people. Therefore, unless the purpose of sanctions is to starve the North Korean people or stir up internal instability, humanitarian exemptions are not only necessary but also a moral obligation.

China is highly dubious that the sanctions will force North Korea to denuclearize. The failure of sanctions since North Korea's first nuclear test in 2006 attests to this reality. However, China does recognize that sanctions can and should have the effect of preventing Pyongyang from further developing its nuclear weapons and bringing North Korea back to the negotiation table.

One fundamental principle in China's adoption of sanctions is that sanctions cannot exclude or preempt efforts for dialogue. North Korea's denuclearization cannot be achieved without easing Pyongyang's security concerns. For the US and South Korea to insist on denuclearization without addressing North Korea's security concerns is not only unrealistic but also highly unconstructive. When the American and South Korean approach failed, they then turned to China to pressure and coerce North Korea into unconditionally accepting their demands. From China's perspective, the sole goal of the American and South Korean strategy seems to be the collapse of the North Korean regime.

This is not an agenda that China can or will support. In the case of regime collapse in North Korea, China would be at the front lines in dealing with the crisis, managing border security, refugee inflows, humanitarian concerns, potential loose weapons of mass destruction, as well as other major causes for regional instability. In this sense, China's implementation of sanctions is a pragmatic move to punish the North Korean government, but within conditions that would not cause internal instability.

Western analysts and media have often focused on misinterpretations of China's policies or North Korea's dissatisfaction with Beijing in order to cause discord in Sino-DPRK ties.<sup>12</sup> This rhetoric particularly boomed after Xi took office in China. Yet the nature and essence of Beijing-Pyongyang ties have not changed. There is no fundamental dispute between Beijing and Pyongyang except for their differences regarding North Korea's nuclear development.

China claims a good record with regard to implementation of UN sanctions on North Korea. For example, after the UN passed Resolution 2094 in March 2013, in the wake of North Korea's third nuclear test, China pursued a comprehensive list of financial sanctions and embargos on North Korea. In contrast, Japanese Prime Minister Shinzo Abe dispatched a private representative to secretly visit Pyongyang in May 2013, followed by engagements by the US and South Korea. From China's perspective, the purpose and wisdom of these engagements so soon after the passing of a UN sanctions resolution is highly questionable.<sup>13</sup> These visits have increased China's skepticism about the sincerity of the US, South Korea, and Japan regarding the sanctions and raised questions about what kind of signals they were trying to send to the North Korean government.

On one hand, the Korean Peninsula nuclear issue is the product of Pyongyang's misguided security policy, based on an outdated Cold War mentality. On the other hand, the continued security pressure of the US-ROK military alliance has exacerbated Pyongyang's insecurity and its Cold War mindset, therefore contributing to the heightened tensions on the Peninsula. So, to settle the nuclear issue once and for all, the relevant countries must help the DPRK correct its erroneous security policy not only by imposing sanctions, but also by addressing its foremost security concerns.

### *China's Proposed Dual-Track Approach*

Addressing North Korea's security concerns requires dialogue. China has consistently argued that the Six Party Talks have proven to be the most viable platform for resolving the nuclear issue, and so concerned countries should create favorable conditions for its revival. However, understanding the current constraints and obstacles for the resumption of the Six Party Talks, China has instead proposed a dual-track approach, by which parties can simultaneously pursue parallel discussions on a peace mechanism to gradually eliminate the remnants of the Cold War on the Korean Peninsula and North Korea's denuclearization.<sup>14</sup> The peace mechanism would serve to transfer the 1953 armistice on the Korean Peninsula to a permanent peace and security mechanism.

One possibility for materializing this policy design is “Four Party Talks” among China, the US, South Korea, and North Korea, in order to replace the armistice with a peace treaty. At the same time, the Six Party Talks should be resumed to dissuade Pyongyang of its nuclear ambitions. The Four Party Talks certainly could not avoid the issue of North Korea’s denuclearization, but neither should it be treated as a priority. The US and South Korea would not want to send an unwanted signal to the international community recognizing North Korea as a legitimate nuclear power, which is in line with China’s long-time position on this issue.

On North Korea’s part, it seems that Pyongyang has no intention of committing to denuclearization unless it considers its national interests as being met. Pyongyang understands well that its nuclear program will never be accepted by the international community, but that it has instead resulted in severe economic sanctions and political isolation. While the window of opportunity to achieve North Korea’s voluntary relinquishment of nuclear weapons is narrow, one can avoid having it be completely shut if the international community can address its fundamental national security concerns. Therefore, if North Korea is indeed interested in a peace mechanism, it must understand that the peace treaty talk cannot be opened before it commits to denuclearization as the country’s final goal.

## Future Uncertainties

The situation on the Korean Peninsula does not seem to have changed much since the passage of UNSCR 2270. Key problems remain unresolved, without improvement. China sees the outcome as largely similar to that of the previous three nuclear tests: the US enhanced its security presence, while China and South Korea suffered damages to their national security interests. North Korea remained nuclearized, but with continued deadlock over its nuclear program.

However, there have been some changes, especially given the unprecedented level of sanctions imposed by the UN. South Korea’s policy has transformed from trust-building to all-out pressure on North Korea. US military presence on the Peninsula has reached a new height since Washington and Seoul launched formal talks on THAAD deployment. In short, therefore, security on the Korean Peninsula has worsened. The situation has grown still more complicated, and the Peninsula’s future will depend on the following five factors.

### *1. North Korean Response to UNSCR 2270*

If Pyongyang does *not* resort to further provocations in order to demonstrate its defiance of the resolution, especially by another nuclear test or long-range missile test, but rather shows its willingness to work with China to engage other parties in negotiations for a peace treaty, the situation will improve. Otherwise, the vicious circle will continue. Although no one can entirely predict Pyongyang’s reaction, the prospect for a positive change remains unlikely at best.

## *2. Sino-DPRK Relations*

Sino-DPRK relations will continue to evolve, but it will be stretched in two opposite directions. Facing what both countries perceive to be an unbalanced geopolitical equilibrium on the Peninsula, the two countries share a common interest in stable and cooperative bilateral relations. However, this relationship will be strained by China's support of UNSCR 2270. Whether North Korea will continue or change its unfriendly attitude toward China remains to be seen.

## *3. The THAAD Issue*

The THAAD issue is not only a bilateral issue between the US and South Korea, but also a regional issue that affects China. It may appear to make South Korea more secure in the short run, but in the long run, THAAD will not help solve the North Korea nuclear problem. More importantly, such short-term security for South Korea will be at the cost of China's national security and strategic interests. In this sense, the zero-sum game between China and the US is both real and influential. South Korea's acceptance of the deployment of THAAD will be treated by China as Seoul's strategic alignment choice between Beijing and Washington—a clear signal that it is giving up a balanced position between the two. This will affect Sino-ROK cooperation on North Korea.

## *4. US-ROK Military Exercises*

The frequency and extent of the joint military drills between the US and South Korea will greatly affect the threat perceptions of both China and North Korea. In China's view, since UNSCR 2270 has been passed and is currently being implemented, any provocative gestures by the US and South Korea are unnecessary and unhelpful.<sup>15</sup> More joint military exercises will further complicate the situation.

## *5. The Dual-Track Approach*

China is serious about its proposed dual-track approach. China will continue to press North Korea on its commitment to denuclearization and expect to work with relevant countries to design the details of this proposal. Concessions from all parties is necessary for this dialogue to happen. If no party is willing to make its fair share of compromises, there is no hope that the Korean Peninsula issue can be really resolved.

## **Conclusion**

The Korean Peninsula and Northeast Asia today is in its most chaotic stage since the end of the Cold War. North Korea has repeatedly conducted nuclear tests and launched satellites. Its relations with China have deteriorated. South Korea has sought to pursue THAAD while advancing friendly ties with China. China has protested both North Korea and South Korea for their behaviors damaging China's interests. The US has made strategic advances in moving forward with the THAAD

deployment, as well as carrying out joint military exercises in China's immediate periphery. Japan has exploited opportunities to improve ties and promote security cooperation with South Korea.

All these developments by countries involved have caused great distress and dilemma for China. The impossibility of reaching any diplomatic decision has greatly upset the Chinese public. The Chinese people constantly express their frustration with China's deteriorating security environment in the Korean Peninsula and its inability to break through the deadlock.<sup>16</sup> They express through various social media outlets their expectation that China's policy will achieve a meaningful win. The pressure is therefore on the Chinese government and scholars to guide public opinion and provide sensible analysis on the current dilemmas regarding the Korean Peninsula.

China will deal with the Korean Peninsula through the lens of its own national interests. Peace and stability are China's core interests—with war or instability in its immediate periphery, China's dream for national rejuvenation would be nothing but a daydream. Therefore, China will urge North Korea toward a soft landing, and it will demand that South Korea adopt a more neutral position between China and the United States. Only within this broad framework can China promote a solution in the interests of all countries involved. Under the current situation, China has no better choice but to prefer the status quo while seeking gradual improvement of the situation, including the denuclearization of North Korea. All the other players rather seek to change the status quo—not only South Korea and North Korea, but also the US and Japan. Because of this, their actions have damaged China's national interests.

China will observe the Korean Peninsula through the lens of rationality. All countries want to maintain domestic stability and ensure regime survival. They share a common aspiration for a peaceful external environment and a favorable international image. Policies are inevitably aimed at maximizing national interests. North Korea is rational, as is South Korea. Although both have behaved irrationally, they can be persuaded to see the reality for what it is and make rational decisions. South Korea's desire to deploy THAAD is motivated by its desire to protect national interests. However, there is still time to negotiate and convince Seoul to pursue a different approach. THAAD will not provide a solution to the North Korean nuclear problem; only dialogue can bring denuclearization. Denuclearization will then bring peace.

China also will approach the Korean Peninsula through a global and strategic lens. Both North Korea and South Korea are small countries in their size, national power, and influence. Even a unified Korea would at most be a mid-sized power. However, it is the Peninsula's geopolitical position and geostrategic value that matter so much more. Throughout history, almost all wars involving great powers in Northeast Asia have originated from the Korean Peninsula, including the Russo-Japanese War, the First Sino-Japanese War, and the Korean War. The competition among China, the US, Japan, and Russia over the Peninsula today is simply history

repeating itself. The division of North Korea and South Korea has made the situation more complex. All countries must maintain a realistic and holistic mindset when analyzing or making decisions regarding the Korean Peninsula. People should have more practical assessment on what can be achieved on the Korea problem.

The future of the Korean Peninsula is closely associated with China's own foreign policy strategy. Given the importance of the region to China's national security, China will not allow any country to steer its development in a direction that is harmful for China. The deadlock today essentially originates from the fact that China has a strong will but not the ability to solve the problem, while the US has the ability but not the will. As China's national power rises, its ability to shape the Korean Peninsula is also growing. In another five to ten years, China's role in the Korean Peninsula could be significantly different. Until then, China's policy toward North Korea and the entire Korean Peninsula will be to continue to struggle through the turbulences.

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## About

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- Building regional security; and
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Stimson's approach is pragmatic – geared toward providing policy alternatives, solving problems, and overcoming obstacles to a more peaceful and secure world. Through in-depth research and analysis, Stimson seeks to understand and illuminate complex issues. By engaging policymakers, policy implementers, and nongovernmental institutions as well as other experts, Stimson crafts recommendations that are cross-partisan, actionable, and effective.







# CHINESE PERSPECTIVES

## Towards the Korean Peninsula

Despite the seeming ambiguities and contradictions of China's policy toward the North and South Korea, especially under the Xi Jinping administration and in light of Pyongyang's latest nuclear developments, China's cost-benefit analysis on the Korean Peninsula arguably have remained largely unchanged. *Chinese Perspectives Towards the Korean Peninsula: In the Aftermath of North Korea's Fourth Nuclear Test* is a collection of three papers by Chinese experts evaluating the strategic position of the Korean Peninsula in Xi's overall foreign strategy, Xi's South Korea policy, and China's policy adjustment toward North Korea given recent nuclear developments. These papers also discuss China's attitude towards unification on the Korean Peninsula and the impact of the US rebalance to Asia on China's security calculus. The authors deliberate over China's strategic intentions, its likely course of actions, opportunities and expectations for stability, and factors affecting China's calculus. In doing so, these briefs shed light for policymakers in the United States and Asia-Pacific region on China's policy considerations towards the Korean Peninsula.