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China's Policy Toward the Korean Peninsula
from 1978 to 2000

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Abstract

The Korean peninsula is crucial to China's political, economic and security interests because of a combination of geographic, historical, and political circumstances. China's economic reforms and the end of the Cold War both provided new challenges and opportunities for Northeast Asian politics. This thesis will trace the shift in the policy of the People's Republic of China toward the Korean peninsula, and the resulting shift of primacy from North Korea to South Korea, as well as from political-military security to economic development. Yet this shift was not complete. The thesis will show how China has successfully maintained relations with both North and South Korea in what can be called a "double strategy" of ideological relations with the North and economic relations with the South.

The two hypotheses of my research are: 1) China's economic reform policy was the most decisive factor which made China change from a "One Korea" policy to a "Two Koreas" policy, and 2) to maximize its national interest China has deftly used the "double strategy" to keep its traditional geo-strategic and military ties with North Korea, even as it has vigorously furthered new geo-political and economic ties with South Korea. The diplomatic history of Sino-Korean relations from 1978 to 2000 will be explored through an analysis of the empirical data of primary and secondary sources taken from documents, newspapers and academic texts.

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Chapter 1: Introduction.

The foreign policy of the People's Republic of China (PRC) has been shaped and altered by two factors: the external environment and domestic conditions, including the policy priorities established by leadership as well as their identification of China's national interest. The relative weight of these two factors, moreover, has varied with time and circumstances, but always, there has been a complex interrelation between them.¹ Among the foreign policy concerns of the PRC's leadership, the Korean peninsula is very important to China's political and security interests. The importance of Korea to Chinese policy calculations is the product of geographic, historical, and political circumstances.

China's stake in the Korean peninsula can be summed up in two phrases: Korea's strategic location and history. The Korean peninsula shares a long border (1,283.5 kilometers) with China and it is also contiguous with Russia and adjacent to Japan, two traditional rivals of China. That Korea has historically served as an object or arena of conflict and an invasion corridor among its four powerful neighbors, China, Russia, Mongolia, and Japan is well known.² That is to say, history and geography have been conflated to make the Korean peninsula one of the central geostrategic

concerns of Chinese foreign policy.³

China has traditionally regarded its relationship with Korea “as close as lips and teeth,”⁴ or in other words as vital to its security. This was a major reason why imperial China usually tried to exert paramount influence on the Korean peninsula within the framework of what is generally known as the tributary system.⁵ Historically, China had sent its military expeditions to Korea to influence Korea to remain friendly to China. In 612, Emperor Yang of the Sui dynasty dispatched an expedition to the Koguryo dynasty. Tai-tsung of the Tang dynasty (618-907) and Shih-tsu of the Yuan dynasty (1279-1368) followed similar policies. Beginning with the Tang dynasty, China asserted for the first time a claim of brother’s relationship with Korea based on Confucian theory. China did this by transmitting successfully the Confucian idea of the father-son and brothers’ relationship between states.⁶

At times of great upheaval, the rulers of China or the dominant forces in Manchuria did not hesitate to invade or occupy Korea. The Mongol invaded Korea in the thirteenth century. Moreover, the Manchus invaded Korea in 1627 and 1636 and extracted the promise of allegiance and tributary missions from the Korean king.⁷

During the Yi dynasty (1392-1910) of Korea, China went to war twice against Japan. China dispatched troops to aid Korea during Hideyoshi's invasions of Korea (1592-98). China again fought Japan in 1894-95 when Japan attempted to dominate the Korean peninsula. After the annexation by the Japanese empire, Korea became a key logistical link in the Japanese invasion against China in the 1930s and 1940s.⁸ China, therefore, recognized that the Korean peninsula could serve as a convenient "invasion corridor" to and from Japan.⁹

The opening of Korea during the heyday of imperialism in late nineteenth century instantly transformed the "hermit kingdom" into a vortex of great-power rivalries. Since then, the fate of this Confucian tributary state long protected by the Sinocentric world order has come to be closely intertwined with the rise and fall of hegemony in East Asia. The Sino-Japanese War (1894-1895) and the Russo-Japanese War (1904-05) were fought over the control of this strategic peninsula with highly significant consequences for all the parties concerned, paving the way for Japanese hegemony in East Asia for nearly half a century.¹⁰

The fact that since World War II the frontier between the Communist-

dominated mainland of East Asia and the non-Communist periphery bisected Korea, rather than passing through the Tsushima Strait between Korea and Japan, was the result of American insistence in 1945 on occupying South Korea, with the primary purpose of providing Japan with that much of a buffer against likely Soviet pressures.¹¹ Failure of the occupying US and Soviet authorities—and later of the United Nations—to reach agreement about procedures for unifying Korea eventually led to continuing division of the country. The Republic of Korea (ROK) was established in July 1948 under the leadership of President Syngman Rhee; in September 1948 the Democratic People's Republic of Korea (DPRK) was established under the leadership of Kim Il Sung.

Until 1950, the Sino-North Korean relationship had been weak in spite of close informal cooperation between China and Korea. Large groups of Koreans fought with China against Japanese military invasion during World War II. In this campaign, approximately 50,000 Koreans joined Red Army in following Mao Zedong's policy that the Red Army would welcome anybody who was determined to resist Japanese aggression. These Koreans had remained in the Red Army and been engaged in the civil war with Mao's campaign against the Nationalist forces.¹²

Although Mao had already expressed an interest in Korean affairs by remarking in 1938 that China would take part in the liberation of Korea from Japanese rule,¹³ Mao and his colleagues had to accept the fact that North Korea rapidly became a Soviet satellite after its occupation by Soviet troops and remained one after the withdrawal of those troops in 1948.¹⁴ In contrast with the Soviet control of North Korea, Chinese influence had not increased until the period of Chinese intervention in the Korean War. The actual formal relationship between China and North Korea did not begin until the establishment of PRC on October 1, 1949. The first mutual defense pact between China and North Korea was concluded on March 17, 1949. The pact called for “common defense against aggression of whatever nature,” joint action against any attack, and supply to North Korea of “arms, material, and manpower from Manchuria from July 1, 1949 to August 3, 1950,” and included an economic barter section.¹⁵

As mentioned above, China’s ruling elite could not but view Korea as a significant factor in safeguarding China’s security. Their maximum goal therefore has been to keep Korea within Chinese sphere of influence. Failing that, they have pursued the minimum goal of preventing any other power from attaining hegemony on the Korean peninsula. The Chinese intervention in the Korean War was a graphic

demonstration of the linkage between Korea and Chinese security.

The Korean War broke out under four conditions: an urgent desire on the part of Kim Il Sung to liberate the South; Stalin's strong interest in the harbors of South Korea as a replacement for the Manchurian facilities that he was committed to turn over to Beijing by the end of 1952; a new and vigorous Sino-Soviet alliance; and a declared intent on the part of the United States not to defend South Korea if it were attacked.¹⁶

At the time of the eruption of the Korean War, China had gathered six armies in the coastal area of Fujian and Zhejiang provinces, preparing to liberate Taiwan. But the Korean War changed everything. Top CCP leaders had decided to postpone the preparations for the Taiwan campaign in order to focus on the management of the Korean crisis. This represented one of the most important strategic transitions in the early history of the PRC, which symbolized Beijing's main attention shifting from Taiwan to Korea.¹⁷

When, in mid-August 1950, the United States began to give indications of an intent to unite the peninsula by force, China began to issue warnings against a crossing

of the 38th parallel by American troops, but to no effect.¹⁸ When UN troops occupied Pyongyang on October 19, 1950, the Chinese felt their security to be in danger and, the same day, the Chinese People's Volunteers (CPV) crossed the Yalu River in massive numbers to save North Korea from the liberation of the UN forces. China's war to "Resist America and assist [North] Korea" had begun. As Zhou Enlai explained later, "We are not inviting trouble for ourselves; rather, the enemy is setting fire to our door."¹⁹ China's primary consideration was obviously its security to be threatened by the advance of American forces to the Yalu River. According to the Chinese communists, the old saying, "when lips are gone, teeth get cold," was not just rhetoric as far as North Korea-China relations were concerned. It was within this context that Mao remarked at the Politburo meeting on October 13, 1950 that decided on China's intervention in the Korean War: "If we have to fight the enemy anyway, it is better that we do so on someone else's land, not our own."²⁰ China's intervention in the Korean War was the most obvious evidence of how much strategic value it placed on North Korea.

China's intervention, which cost the Chinese dearly in men and equipment, also delayed their prospects of entering the UN since they were dubbed the aggressor in the

war.²¹ Moreover, the intervention had adverse effects on China's territorial reunification and relations with the United States and Japan. But, in an important sense, the Chinese intervention helped to raise China's stake in the peninsula. China helped secure the continued existence of a friendly communist buffer state and established China's right to have a voice in the settlement of Korean problems by participating in the peace negotiations which began in July 1951. In 1953 a truce agreement was finally signed in Korea. China became more determined than ever to prevent the peninsula from falling into the exclusive sphere of influence of an unfriendly or hostile power.²²

The Korean War brought about unexpected and paradoxical consequences. The Korean War, in retrospect, can be said to have started the unraveling of the Sino-Soviet alliance, paving the way for the Sino-Soviet conflict which shattered the unity of international communism, on the one hand, and for the Sino-American rapprochement, on the other. And the deepening Sino-Soviet conflict gave Kim Il Sung more leverage opportunities and space than could be realistically considered under the Sino-Soviet alliance. Indeed, central to Pyongyang's independent foreign policy has been Kim's extraordinary ability to manipulate his country's relations with China and the Soviet

Union in a flexible and self-serving way, taking sides if necessary on particular issues, always attempting to extract maximum payoffs in economic, technical, and military aid, but never completely casting his lot with one against the other.²³

While the PRC-DPRK ties were forged in “blood” in the early 1950s, with the Chinese People’s Volunteers (CPV) suffering more than half a million casualties during the Korean War, their relationship since has undergone changes depending on the circumstances which each nation confronted. The Sino-Soviet conflict that originated in 1956 and intensified in the 1960s had an enormous impact. The period of 1956-1961 (neutrality) enabled Kim Il Sung to steer a neutral course in the dispute and assert his independence. In 1961, China and North Korea signed the Treaty of Friendship, Cooperation and Mutual Defense. During the period of 1962-64, there were political solidarity and ideological alliance between China and North Korea. North Korea allied itself with China. North Korea openly criticized the Soviet Union, charging Moscow with economic exploitation of North Korea. North Korea was against Khrushchev’s handling of the Cuban missile crisis and the Soviet posture toward the Sino-Indian border clashes.²⁴ China desired a pro-Chinese North Korea in view of the Sino-Soviet conflict and wanted to improve its relationship with North Korea so as to implement the

Treaty of 1961.²⁵

However, during the period of 1965-69, the relationship soured when Chinese Red Guards criticized Kim Il Sung as a revisionist in the course of the Chinese Cultural Revolution. This accelerated North Korea's adoption of a self-reliant policy in 1966. In the late 1960s, North Korea's frequent infiltration activities into South Korea were strongly criticized by the Soviet Union, including Kim Il Sung's reckless attacks on US fighters and capture of a US naval ship. Moscow issued a strong warning that Pyongyang should stop further provocations. This criticism caused North Korea to move closer to China, though, within limits at this time because China also did not want to provoke the United States.²⁶

Subsequently, it took the considerable efforts of Premier Zhou Enlai, including the master diplomat's personal visit to Pyongyang, in April 1970, to repair the damage to PRC-DPRK relations caused by the Red Guards and their radical sponsors in the Beijing leadership. Especially in the wake of large-scale, armed clashes along the Sino-Soviet borders in Manchuria in March 1969, it became imperative for the PRC to maintain good relations with North Korea as Beijing perceived an attempt by the

Soviets to invade or encircle China.²⁷

During Kim Il Sung's visit to China on April 18-26, 1975, in the wake of the US pullout from Indochina, he urged Chairman Mao on joint actions to expel the US forces from the Korean peninsula and Taiwan, but found Mao unresponsive.²⁸ China was reported to have urged Kim to refrain from any military adventurism. Kim's risky attitudes became a matter of serious concern for Chinese leaders.²⁹

The Sino-American rapprochement of the early 1970s created a latent policy agenda related to Korea for China and the United States, with important consequences for the interest of both states on the Korean peninsula. During his visit to Beijing in 1972, President Richard Nixon disclaimed any intention to threaten China. In response, Mao Zedong assured Nixon that neither did he threaten South Korea or Japan. This exchange helped create at least the theoretical possibility of tacit Sino-American understandings over the peninsula.³⁰

Despite the opportunity for Sino-American understandings on the peninsula, China remained unwilling to play an intermediary role throughout the 1970s. China

repeatedly stated that it would not serve as an intermediary for Pyongyang, let alone negotiate behind the back of North Korea. China refused US offers to engage in confidence building or tension reduction measures, and instead described the continued US military presence in the South as a principal source of tension on the peninsula. It also advocated that US deal directly with leaders in the North. China argued that US had to withdraw its military forces and equipment from South Korea, thereby ceasing its intervention in Korean internal affairs and paving the way for the peaceful reunification of North and South.³¹

China's policy toward the Korean peninsula was unbalanced, discriminating and partial from the establishment of the PRC in 1949 to 1978. During the period of 1949-1978, except the period of 1965-69, China maintained close relations with North Korea and totally ignored South Korea. In other words, China pursued a "One Korea" policy. China regarded North Korea as the sole legitimate government on the Korean peninsula. China's foreign policy toward the Korean peninsula encompassed only North Korea. This was inevitable because the two countries shared a common revolutionary ideology and had a strategic-military alliance. In effect, there was no way to distinguish between China's North Korea policy and its Korea policy in general.³²

Toward South Korea, China had a non-policy, Beijing foreswore dealings with the South at any level, and deemed Seoul an illegitimate client state that acted only at the behest of the United States.³³

In fact, for almost three decades from 1949 to 1978, China pursued a very antagonistic policy toward South Korea. The Korean War and China's intervention and alliance with North Korea set the tone. The legacy of the War, i.e. Sino-US enmity, the Cold War, and the regional alignment of forces also served to color Chinese perception of international reality and shape Chinese policy toward Korea. Thus, Chinese leaders saw South Korea as an American puppet regime and a US base from which the US imperialists could launch an invasion against China and North Korea.³⁴

The purpose of my dissertation is to analyze China's policy toward Korea from December 1978 to 2000. China's policy toward the Korean peninsula has changed from a "One Korea" policy to a "Two Koreas" policy. The main point of my research is to examine political, strategic, and economic factors which made China change to a "Two Koreas" policy and to analyze China's "double strategy" toward the two Koreas after Sino-South Korean normalization in 1992.

The two hypotheses of my research are: first, China's economic reform policy was the most decisive factor and many political and strategic factors were a contributing factor which made China change to a "Two Koreas" policy; second, to maximize its national interest, since Sino-South Korean normalization, China has skillfully "played double strategy," strengthening its traditional geo-strategic ties with North Korea, even as it has actively promoted new geo-political and economic ties with South Korea. In other words, China's "double strategy" toward the two Koreas means that China neither wants to be blamed by either Korea, nor support one side at the expense of the other, maintaining a "Two Koreas" policy.

To prove the two hypotheses are valid, I will employ diplomatic history as a methodological approach. Because, in the post-Mao era, China's Korean policy has constantly been altered by the rapidly changing domestic, regional, and global situations, diplomatic history is a good methodological approach to understand China's Korea policy from December 1978 to 2000. From the 19th-century beginnings, political science was looked upon by many of its practitioners as primarily an historical discipline.³⁵ Little difference was recognized between history and political science.

According to Richard Jensen, "history is past politics and politics present history."³⁶

Thus, political science was really political history including diplomatic history. While the historical approach had its heyday in the 19th century, it is still evident today.³⁷

Diplomatic history approach gives detailed descriptions and analyses of China's Korean policy. Diplomatic history approach affords the means of appreciating the true nature of China's Korean policy and the peculiar way in which China's Korean policy has been fashioned.

I went to China in 1999-2000 to collect sources of Sino-Korean relations, but the sources were very limited. This dissertation is based on primary sources to prove the two hypotheses, and many secondary sources also have been employed. I was very careful with sources, but recognize that they are not totally objective. As mentioned above, China's Korea policy has continually been adjusting to the Realpolitik logic of the rapidly changing domestic and international situations. Therefore, to track the changing relations between China and Korea, I use *Foreign Broadcast Information Service (FBIS): China* and *FBIS: East Asia* very often. This material permits comparison over time. *FBIS* has been very valuable as a primary source dealing with issues between China and Korea. This is a US government publication. But its contents

in no way represent the policies, views, or attitudes of the US government. This publication contains current news and commentary monitored by *FBIS* from foreign broadcasts, news agency transmissions, newspapers, and periodicals. Items are processed from the first or best available source. Items from foreign language sources are translated by *FBIS*. Those from English language sources are transcribed, with the original phrasing and other characteristics retained.

Hong Kong publication *Far Eastern Economic Review* (FEER) and *Asiaweek* are important sources for current events of Sino-Korean relations. China's official news magazine, *Beijing Review*, which is completely controlled by the Chinese government, is also a good source for China's official point of view.

The two English daily newspapers in South Korea, *The Korea Herald* and *The Korea Times* are very useful sources for current news of Sino-Korean and inter-Korean relations. They frequently have very critical viewpoints of Sino-Korean relations in News Analysis and Editorial sections. Furthermore, many Korean daily newspapers (which now have English versions on the web) in South Korea, are also good sources for current news. These newspapers very often have special features of Sino-Korean

and inter-Korean relations in detail. These sources are as follows: *Joongang Ilbo*; *Donga Ilbo*; *Chosun Ilbo*; *Hankook Ilbo*, and so on.

For analytic purposes in the evolution of China's policy toward Korea, the main body of my dissertation is divided into seven periods : Chapter 2: The Great Turning Point, December 1978-1984; Chapter 3: De Facto "Two Koreas" Policy, 1985-1988; Chapter 4: Toward Sino-South Korean Normalization, 1989-1992; Chapter 5: Sino-South Korean Normalization on August 24, 1992; Chapter 6: North Korea's Nuclear Crisis and Four-Party Talks, 1993-1999; Chapter 7: China's New Leadership and North Korea's Missile Program, 1997-2000; Chapter 8: China's Position on Korea's Unification and US Forces Korea (USFK), the Present and the Future; Chapter 9 is the Conclusion.

I will put great emphasis on analyzing what factors made China change from a "One Korea" policy to a "Two Koreas" policy in Chapters 2-5. In Chapter 2, I will analyze the reasons why China's "One Korea" policy started to change to a "Two Koreas" policy gradually during the period of 1978-1984.

In December 1978, Deng Xiaoping and his followers adopted bold economic reforms and open door policy as a strategy to speed up China's economic development at the Third Plenum of the 11th Chinese Communist Party Central Committee (CCPCC). China has since followed a more pragmatic diplomacy mainly based on a revitalization of the economy, the four modernizations program, and open door policy to the outside world. China's policy toward the Korean peninsula also entered a new phase. Moreover, the international environment in Northeast Asia changed. China and Japan signed a treaty of peace and friendship in 1978. China and the US established diplomatic relations in 1979. As China improved its relations with the US and Japan, Beijing's hostility toward South Korea also decreased.

There were no official contacts except for the ones from early 1981 on, in which diplomatic personnel of China and South Korea exchanged greetings at international gatherings. But, the first official Sino-South Korean contact occurred in May 1983, ironically as a result of the hijacking of a Chinese jetliner, which landed in an airport near Seoul. Beijing hardly hesitated. To discuss repatriating the aircraft, its cargo and passengers, Chinese official delegation arrived in Seoul. Talks between China and South Korea started immediately, and the two sides addressed each other's country by

official titles for the first time since 1949. This was seen as Beijing's indirect recognition of the South Korean government. After the hijacking incident, the unprecedented official contact between Beijing and Seoul paved the way for further contacts in various athletic, scientific, and economic contexts. The hijacking incident and the resulting unofficial contacts paved the way for the first thaw in Sino-South Korean relations since the two nations were pitted against each other in the Korean War.

A serious difference between Beijing and Pyongyang emerged over North Korea's terrorism against South Korea, such as the attempted bombing of South Korean President Chun Doo Hwan in Burma in October 1983. Chinese leaders felt betrayed and distrusted the Pyongyang authorities. North Korea broke a promise given to China that it would not use force against South Korea except in self-defense. Beijing's subsequent public comments to Pyongyang warned of extremely severe political consequences for Sino-North Korean relations if North Korea should act again in a manner grossly contrary to its repeated reassurances of peaceful intent. As a consequence, Beijing decided not to allow North Korea a singular place in China's Korea policy, and to pursue unofficial relations with Seoul, regardless of Pyongyang's objections.

One of the most explicit manifestations of Deng Xiaoping's pragmatic foreign policy was the significant shift in Beijing's position vis-à-vis Seoul from a "non-policy" to "economic diplomacy." Such a transformation "from enemies to partners" had important implications for the regional stability in East Asia as well as for the security of the Korean peninsula. Deng Xiaoping's economic pragmatism laid the basis of a new order of economic relations with South Korea. China began to recognize the advantages of economic ties with South Korea—as a valuable trading partner and as a source of capital and high technology. China studied South Korea's successful economic strategies. China could not ignore South Korea's economic superiority and its increasing international visibility.

In Chapter 3, I will analyze the reasons why China changed to a de facto "Two Koreas" policy during the period of 1985-1988. Since 1985, there have been affirmative and substantial improvements in Sino-South Korean relations politically, strategically, and economically. Relations between Beijing and Moscow were drastically improving after 1985. Sino-Soviet détente meant that Beijing and Moscow ceased their competition over Pyongyang. The Sino-Soviet rapprochement enhanced

the successful implementation of South Korea's "Northern Policy" which sought to improve its relations with the communist bloc nations. Both China and the Soviet Union have expressed their desire to promote economic exchanges with South Korea. These developments clearly indicated that both China and the Soviet Union were pursuing a de facto "Two Koreas" policy. Both China and the Soviet Union began to take a more positive approach toward South Korea and to view South Korea as a vital player in a new and more stable security structure for the Northeast Asian region based on economic cooperation rather than conflict.

The gradual improvement of relations between China and South Korea was ironically spurred ahead by sudden crises, such as the 1983 hijacking incident and the 1985 Torpedo Boat Incident. In March 1985, the Chinese navy torpedo boat, adrift in the Yellow Sea after a mutiny, was rescued by a South Korean fishing boat and towed by a South Korean Coast Guard vessel. Through the Chinese Torpedo Boat incident, Seoul and Beijing, for the second time in less than two years, engaged in official negotiations. This incident provided both China and South Korea with an opportunity to develop new relations. The Chinese Torpedo Boat Incident paved the way for the second thaw in Sino-South Koreans relations.

Soon after the torpedo boat incident was resolved in late March, Beijing officially announced its intention to participate in the Seoul Asian Games despite strong North Korea's objection, in mid-April 1985. China's participation in the Seoul Asian Games undoubtedly promoted peace and stability in Northeast Asia. China's participation in the Games also facilitated further contacts between China and South Korea in the political, economic, and sporting fields.

In 1987, alarmed or threatened by Hu Yaobang's liberal orientation, a group of conservative senior leaders and military leaders persuaded Deng Xiaoping to demote Hu. Finally, General Secretary Hu Yaobang stepped down in January 1987. But, China's 13th National Party Congress in October 1987 was a victory for reformists. This indicated that the importance of economic reforms and open door policy was apparently accepted by conservatives as well as reformers. It made China take a more and more positive and pragmatic attitude toward South Korea.

Meanwhile, one month later, the bombing incident of a KAL jet by North Korean terrorists shocked the Chinese leadership. This incident made Beijing leaders more

concerned that North Korea's aggressive action could start a major conflict involving Beijing and the United States in Northeast Asia that would destroy China's economic development in the future. The bombing made China review its traditional foreign policy toward North Korea, departing from the often unquestioning support for North Korea.

Thereafter contacts between China and South Korea expanded, especially through sports and economic diplomacy. The most visible and dramatic breakthrough in Chinese relations with South Korea was China's participation in the 1988 Olympic Games in Seoul despite North Korea's boycott. The 1988 Olympic Games provided unofficial but increasingly lucrative trade and expanding contacts to both China and South Korea. This development greatly reduced Pyongyang's leverage in its efforts to keep diplomatic distance between China and South Korea. The Olympic Games apparently played an important role in promoting China's positive perception of South Korea.

Since the 1986 Asian Games and 1988 Olympic Games, the volume of trade between China and South Korea has grown by leaps and bounds. The rapid growth of

trade between the two countries has demonstrated that the desire to exchange goods could break down the most solid and longstanding political barriers. In a sense, bilateral trade has constantly raised the level of economic cooperation and has gradually facilitated the political rapprochement between Beijing and Seoul.

In Chapter 4, I will analyze the reasons why China finally changed to a “Two Koreas” policy during the period of 1989-1992. In 1989, China's Deng Xiaoping and Soviet President Mikhail Gorbachev normalized relations between the two Communist states after a 30-year rift. Sino-Soviet normalization heightened the expectation of peace and stability on the Korean peninsula. As a result of the Sino-Soviet normalization, Beijing had less need to compete with Moscow over Pyongyang and the latter could no longer play one against the other. Regardless of North Korea, China could expand its economic ties with South Korea more actively.

South Korea's Northern Policy brought about drastic and significant results in Sino-South Korean relations. The Northern Policy was aimed at giving top priority to establishing diplomatic ties with China, to reduce tensions on the Korean peninsula. Chinese leaders also reacted positively and backed Seoul's Northern Policy. As a result

of the Northern Policy, non-political interchanges between China and South Korea intensified to the degree that they played a large role in establishing diplomatic relations between the two countries in August 1992.

In September, 1990, South Korea and the Soviet Union set up full diplomatic relations. South Korean-Soviet normalization stopped the longstanding ideological and geopolitical Sino-Soviet rivalry over North Korea. For China the decisive Soviet tilt toward Seoul provided a convenient cover for its own shift to a "Two Koreas" policy in 1992. After witnessing the swift development of South Korea-Soviet relations, China quickened its pace, leading to the conclusion of the Beijing-Seoul normalization process.

South Korea had placed diplomatic priority on its UN entry since early 1990. North Korea consistently opposed separate UN membership of the two Korean states, saying that would perpetuate the division of the Korean Peninsula and would not promote reunification. But China needed economic help not only from the Western world but also from South Korea to carry out its Four Modernizations. Beijing was not in a position to totally neglect the economic role of South Korea in Northeast Asia. In

this respect, China played a very important role in pressuring North Korea to apply for UN membership together with South Korea. It was obvious that China took a “Two Koreas” policy when Beijing withdrew its former support to Pyongyang’s “One Korea” stand by refusing to cast its solo veto against Seoul’s accelerated entry to the UN in mid-1991.

The most impressive development in the Sino-South Korean relations has been in the economic sphere. Trade, which was virtually non-existent in the 1970s, increased steadily in the 1980s, reaching \$3 billion in 1988 and over \$5.8 billion in 1991, making South Korea China’s fourth largest trading partner. The establishment of trade offices in 1991 was the most remarkable and dramatic breakthrough in Chinese relations with South Korea. After that, South Korea and China signed a trade agreement giving most-favored nation status to each other’s exports and an investment guarantee pact granting each other MFN status on investment and business activities. Such institutional guarantees sharply facilitated bilateral commercial exchanges and boosted South Korea’s investment in China. Clearly, the trade offices served as a booster for the eventual Sino-South Korean normalization.

Moreover, the renewed policy of reform and opening directed by Deng in January 1992 prompted Beijing to further upgrade its relations with Seoul to an eventual normalization. The most decisive factor in establishing full diplomatic ties with South Korea was Deng Xiaoping's recognition of the value of the "South Korean connection" for stepping up China's "Four Modernizations" program. Therefore, China's economic diplomacy toward South Korea was the most important factor that made China change to "Two Koreas" policy. Finally China and South Korea established diplomatic relations in August 1992.

In Chapter 5, I will analyze the North Korea factor, official normalization talks between Seoul and Beijing, and Taiwan's response in the process of Sino-South Korean normalization. I will also examine the political and economic factors on China's historic decision to change to a "Two-Koreas" policy. Furthermore, to analyze China's "Two-Koreas Policy" on the Korean peninsula, I will also examine Sino-North Korean relations after Sino-South Korean normalization and historic Sino-South Korean summit talks.

In the spring of 1990 China had already declared that it would establish

diplomatic ties with South Korea. But China's plan was interfered with by its close relations with North Korea. Moreover, some top Chinese officials were reluctant to recognize South Korea, due to China's firm reunification policy, "one country, two systems."

Nevertheless, as the volume of economic cooperation increased rapidly, and as their diplomats had to have face-to-face encounters at multilateral conferences, Beijing and Seoul came to appreciate the need for direct official negotiation. Official normalization talks between Beijing and Seoul began in October, 1991. In the final stages of the negotiations between Beijing and Seoul, events developed rapidly. The negotiation proceeded with utmost secrecy at Beijing's behest. Finally, on August 24, 1992, China and South Korea set up diplomatic ties.

Taiwan became extremely embarrassed. Taiwan elected to sever all diplomatic, trade, and transport ties with South Korea. But in July 1993 South Korea and Taiwan agreed to establish informal ties and exchange a liaison office at the civilian level, similar to those in place between Taiwan and most other political entities.

Beijing's "Two-Korea Policy" deprived North Korea of its long-time privilege of enjoying one-sided support from Beijing. But North Korea did not publicly express as much displeasure toward China, mainly because it could not afford to alienate or antagonize China, who was its irreplaceable patron and guardian following the demise of the Soviet Union. After Sino-South Korean normalization, Beijing attached a great deal of importance to articulating a more balanced Korea policy. China's new diplomatic relations with South Korea was achieved without burning Beijing's bridge to Pyongyang. China tried not to hurt the feelings of North Korea, in a move to use the "Pyongyang card" in dealing with South Korea. Such an attitude of Beijing demonstrated that China has craftily played "double strategy" between South and North Korea.

In Chapter 6, to analyze China's "Double Strategy," on the Korean peninsula during the period of 1993-1999, I will address the following issues: China's policy toward North Korea's Nuclear Crisis and Four-Party Peace Talks.

In 1993, the outbreak of the North Korean nuclear crisis threatened a stable and peaceful Korean peninsula. During the North Korean nuclear crisis, Beijing played

“double strategy” deftly, extracting maximum payoffs at minimum cost. On the one hand, China advocated the principle of a denuclearization on the Korean peninsula, supporting South Korean and American position. On the other hand, China opposed the imposition of any international sanctions on North Korea. Finally, China’s opposition to international sanctions on North Korea gave Beijing a favorable position in the fight against the linkage of MFN and human rights by the US. After Washington indicated that the MFN would be extended unconditionally, China played a decisive, behind-the-scenes role in persuading North Korea to freeze its nuclear program. It meant Chinese foreign policy toward the Korean peninsula was flexibly guided by realistic and pragmatic considerations, not ideology.

In April, 1996, South Korea and the United States jointly proposed the four-party peace talks between representatives of the four countries, North Korea and China and themselves, to ease tension and promote peace on the Korean peninsula and to replace the 1953 Korean Military Armistice Agreement with a peace treaty. Despite North Korea’s opposition to Chinese participation in the four-party talks, China has tried to play the role of “constructive broker” between the DPRK on one side and the ROK and US on the other, using its “double strategy” proficiently, helping break the stalemate in

negotiations and keeping the process moving. China has striven to play a positive and pragmatic part in the “four-party talks,” because it needs peace and stability on the Korean peninsula, in order to continuously pursue its economic reforms and open door policy.

In Chapter 7, to analyze the upgrading of Sino-South Korean ties, I will address the changes of China’s Leadership in 1997. Also, to analyze how the new China’s leadership plays “double strategy” on the Korean peninsula, I will address North Korea’s Missile Program during the period of 1998-2000.

The 15th Chinese Communist Party Congress was convened in September, 1997. The 15th Party Congress was a major historical high-water point, as important as the 11th in 1978 when Deng launched his reforms. At the 15th Congress, Jiang’s re-election as Communist Party chief enabled China to more freely pursue a policy toward the Korean peninsula. After the 15th Congress, in November 1998, China and South Korea agreed to upgrade their bilateral relations to a “cooperative partnership” for the 21st century. This move clearly showed that China emphasized pursuit of national interest over ideological alliance. Meanwhile, China “downgraded” its ties with North Korea after

1992. However, China still maintained close military ties with North Korea and could not ignore North Korea because of its strategic importance on the peninsula, while further expanding economic relations with South Korea. It signified China has played “double strategy” on the Korean peninsula to maximize its national interest since Sino-South Korean normalization.

In August, 1998, North Korea launched a three-stage rocket over Japan. The test-firing caused immediate tension on the Korean peninsula. The launch prompted the US to sign an agreement with Japan in September 1998, to conduct joint research on developing a Theater Missile Defense (TMD) system. China was dismayed, and the issue has emerged as a new flashpoint in East Asian security. China took an ambiguous position, using its “double strategy,” on North Korea’s missile development program. China said it was willing to play a role in dissuading Pyongyang from raising tensions on the Korean peninsula by launching missiles or taking other provocative actions while China opposed TMD system and transferred missile components to North Korea.

China has been criticizing the United States and Japan for overreacting to North Korea’s missile threat, claiming they are using it as an excuse to contain China

militarily. China is concerned that the TMD program will include Taiwan. However, Beijing has little patience for its stubborn Communist ally's development of missile capabilities which has propelled Japan toward military buildup.

In Chapter 8, to analyze China's flexible and realistic foreign policy on the Korean peninsula, I will address China's position on Korean unification and the U.S. military presence on the Korean peninsula.

China officially supports Korean unification if it is achieved peacefully and orderly through the concerted efforts of the two Koreas. Openly supporting a peaceful unification of Korea in principle, Beijing clearly prefers the status quo on the peninsula. Beijing's dominant interest is a peaceful and stable but divided Korean peninsula. Beijing has a strong sense of uncertainty over the future of the US-ROK military alliance, the political fate of the DPRK, and the fallout of Korean unification. Considering the possibility of military alliance between a unified Korea and the United States, and fearing the political and economic consequences of rapid Korean unification, Beijing has clearly ranked the stability of the status quo higher than unification in its policy calculations about the Korean peninsula.

China maintains an ambivalent stance regarding the stationing of US Forces Korea (USFK). China officially opposes the stationing of troops in foreign territory, but in recent years has acknowledged the stabilizing presence of American troops in East Asia, while placing hopes on Washington to curb any resurgent militarism in Japan. After Korea's unification, however, China does not recognize the need for a USFK presence. Obviously China does not want to face US forces at the Sino-Korean border.

Chapter 9 is the Conclusion. As mentioned above, the two hypotheses of my research are: first, China's economic reform policy was the most conclusive factor and many political and strategic factors were a contributing factor which made China change from a "One Korea" policy to a "Two Koreas" policy; second, to maximize its national interest, since Sino-South Korean normalization China has deftly played "double strategy," keeping its traditional geo-strategic and military ties with North Korea, even as it has vigorously furthered new geo-political and economic ties with South Korea. In the Conclusion, I will argue that the two hypotheses are valid through empirical studies of China's Korean policy from December 1978 to 2000.

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Chapter 2: The Great Turning Point, December 1978-1984

China's policy toward the Korean peninsula underwent significant changes since Deng Xiaoping and his followers came to power in December 1978. Since 1978, Deng had regarded the "four modernizations" program and "open door" policy as the most important objectives of state work. To accomplish economic reform, China needed a peaceful and stable environment on the Korean peninsula because war on the Korean peninsula would clearly endanger the regional economy. Thus, Beijing began to modify its relations with Seoul after December 1978.

Moreover, in the early 1980s, unexpected and different opportunities and pressures persuaded China to assume a much more active stance in relation to Korea, although this role remained constrained by the extraordinary sensitivities of leaders in Pyongyang. Especially since the hijacking of a Chinese aircraft to South Korea in May 1983 and the Rangoon bombing in October, China was testing the possibilities of a more differentiated approach to the peninsula, despite the uncertainty and strain created for Beijing's relations with the North.

To analyze the reasons why China gradually began to modify its ties with South Korea during the period of 1978-1984, in this Chapter I will address the following issues: the Third Plenum of the 11th CCPCC, Determinants of Chinese Foreign Policy from 1976 to 1984, China's Policy toward North Korea, China's Flexibility toward South Korea, the Hijacking of a Chinese Aircraft to South Korea in May 1983 and China's Reaction, North Korea's Terrorism in October 1983 and China's Role as an Intermediary, and Sino-South Korean Economic Relations.

The Political Significance of the Third Plenum of the 11th CCPCC

Premier Zhou Enlai and Chairman Mao Zedong's deaths in 1976 precipitated a renewed power struggle that resulted in a victory for the "pragmatic" faction within the Politburo over the "radical" faction. After the rise of Deng Xiaoping as China's paramount leader in the Third Plenum of the 11th Chinese Communist Party Central Committee (CCPCC) in December 1978, Beijing started to readjust its foreign policy. Mao's death and the purge of many radical CCP elites signified the start of a new era in Chinese foreign policy and its policy toward the Korean peninsula.

China was suffering from chronic malaise by 1976. The country's economic growth rates had declined and patterns of consumption had stagnated.¹ China's per capita income ranked last among the socialist countries, and productivity lagged far behind Taiwan and Hong Kong. In 1976, the Chinese economy was on the verge of collapse because of long-term underdevelopment. Deng was convinced that the three-decade long "closed door" policy and the ten-year "Great Proletarian Cultural Revolution" had made the Chinese people lose all faith in Chinese Communism. Deng fully realized that unless the serious economic problems could be effectively addressed, the Chinese communists' credibility before the Chinese people could be significantly challenged. The Chinese leadership also understood the economic problems well enough to endorse a strategic policy shift. Consequently, at the Third Plenum of the 11th CCPCC, they announced a historic project of economic reform.² Deng Xiaoping and a small group of reform-oriented pragmatists within the party leadership formally shifted the focus of the CCP's work away from the Maoist emphasis on class struggle to the goal of developing the Chinese economy through the Four Modernizations.³ Moreover, Deng Xiaoping and his followers reached a consensus to adopt an open door policy as a strategy to speed up China's economic development. At the 12th National Congress of the CCP in September 1982, Deng Xiaoping stated: "We will unswervingly follow a

policy of opening to the outside world and actively increase exchanges with foreign countries on the basis of equality and mutual benefit.”⁴

After the Third Plenum, the new foreign policy orientations, i.e., pragmatism and open door policy, emerged in official statements and the actual behavior of Chinese foreign policy. Thereafter the Chinese leadership vigorously pursued the economic reforms and open door policy. The Third Plenum’s decision was a contributing factor that made China gradually change policy toward Korea.

Determinants of Chinese Foreign Policy from 1976 to 1984

The objectives of Chinese foreign policy were determined by a small group of top-level Chinese leaders who have reflected the broad interests of the Chinese state as well as their own parochial concerns. From 1976 to 1984, there was an increase in the number of officials involved in advising about Chinese foreign policy, but key decisions remained the preserve of a small group of leaders, especially Deng Xiaoping.

The primary concerns of Deng Xiaoping and a small group of reform-oriented

pragmatists had been to guarantee Chinese national security, maintain internal order, and pursue economic development. Especially since the death of Mao in 1976, the top priority of Chinese leaders had been to promote successful economic modernization. This development represented the linchpin determining the success or failure of their leadership. Thus, Chinese officials had geared China's foreign policy to help the modernization effort.⁵

But in order to accomplish economic modernization, as well as to maintain national security and internal order, Chinese leaders recognized the fundamental prerequisite of establishing a relatively stable strategic environment, especially around China's periphery in Asia. The alternative would be a highly disruptive situation requiring much greater Chinese expenditures on national defense and posing greater danger to Chinese domestic order and tranquility. Unfortunately for China, it did not control this environment. It influenced it, but the environment remained controlled more by others, especially the superpowers and their allies. As a result, China's leaders were required repeatedly to assess their surroundings for changes that could affect Chinese security and development interests. And they were compelled repeatedly to adjust Chinese foreign policy to take account of such changes.

Thus, China's top foreign policy priority had remained the pragmatic quest for a stable environment needed for effective modernization and development. Chinese leaders saw the main danger in the surrounding environment posed by the Soviet Union. At first, China saw Soviet power as an immediate threat to its national security. Over time, it came to see the USSR progressively as more of a long-term threat, determined to use its growing military power and other sources of influence to encircle and pressure China into accepting a balance of influence in Asia dominated by the USSR and contrary to PRC interests.

China's strategy against the Soviet threat was both bilateral and global. Bilaterally, China used a mix of military preparations and tactical political moves to keep the Soviets from attacking China, but without compromising China's basic security interests. Globally, China's strategy focused on developing—either implicitly or explicitly—an international united front designed to halt Soviet expansion and prevent the consolidation of Soviet dominance abroad.⁶

During the period of 1976-1984, the Sino-Soviet conflict continued to be a major

factor in determining China's foreign policy toward the Korean peninsula. China's strategic goals in Northeast Asia in the context of the Sino-Soviet conflict were defined as follows: to prevent the establishment of Soviet hegemony on the Korean peninsula by keeping North Korea leaning toward the PRC; to prevent war on the Korean peninsula; and to counterbalance Soviet influence and expansion in Asia in cooperation with the U.S. and Japan.⁷

As the most important international counterweight to Soviet power, the United States loomed large in Chinese calculations. Thus, the PRC started the process of Sino-American normalization. Finally diplomatic relations between China and America were established on January 1, 1979 by China's enhanced interest in pragmatic economic modernization, which emphasized the importance of technical and financial help from the West and access to Western markets.⁸

A shift in Beijing's policy toward Korea had become discernible as a result of signing a treaty of peace and friendship between China and Japan on August 12, 1978, the normalization of relations between the PRC and the US in 1979, and Beijing's earnest quest for economic modernization at home.

Inasmuch as the PRC leaders saw a peaceful international environment as crucial for China's modernization efforts, Beijing moderated its military and economic support for the DPRK. For example, Beijing cautiously provided North Korea with crude oil, fighter aircraft, and tanks, expressing fears that excessive military strength might prompt North Korea to make war. Beijing also encouraged the DPRK to hold dialogue with the South, and supported measures to lower tension on the Korean peninsula. Ever since the late 1970s, Beijing's perception of the ROK had also undergone significant modification. As the PRC improved its relations with the US and Japan, Beijing's hostility toward the ROK also decreased. Not only did the Chinese cease to see the ROK as an enemy, but also they began to recognize the advantages of economic ties with South Korea—as a valuable trading partner and as a source of capital and high technology.⁹

China's Policy toward North Korea

Beginning in late 1978, and particularly after China's rapprochement with Japan and the United States, the chief thrust of Chinese foreign policy stood in remarkable

contrast to that of North Korea. Thus, it became more difficult for Beijing and Pyongyang to harmonize their respective policy priorities. At the official policy statement level, China unquestionably continued to support North Korea's three major national priorities: national security, economic survival, and reunification policy. Yet, at the actual policy level, Beijing began to signal a change in its approach toward South Korea.

The highlight of Sino-North Korean relations in the last two years of the 1970s was Hua Guofeng and Deng Xiaoping's visits to North Korea in May and September 1978 respectively. When Chairman and Premier Hua Geofeng visited Pyongyang, he clearly stated that China supported North Korea's stand on the Korean issue.¹⁰ Vice Premier Deng Xiaoping, in his visit to Pyongyang in September 1978, reiterated Hua's statement of Chinese support for North Korea's unification formula.¹¹ Deng made it clear that Beijing had no intention to improve political relations with Seoul at the present time. Deng told a news conference in Tokyo in October 1978 that "withdrawal of US ground forces from the Korean peninsula is a necessary condition for the peaceful and independent unification of the peninsula."¹² Deng endorsed Kim Il Sung's demand for the complete pullout of US troops from South Korea. Therefore, officially, China

showed that there was no basic change in her support for North Korea's foreign policy issues.

But there were some signals of a softening on the part of China. Hua's and Deng's official visits to Pyongyang did not produce joint communiqués. At his press conferences in Beijing and Tokyo, Deng said that he did not think serious tensions existed in the Korean peninsula.¹³ This, in effect, indirectly denied Pyongyang's assertion that the US and South Korea were preparing for war and heightening tensions on the Korean peninsula.

During his visit to Washington in late January 1979, Deng Xiaoping denied China could exercise meaningful influence over Pyongyang. Deng gave a three-part response to President Carter's urging that China play a more active role in defusing tensions on the peninsula: the United States did not have to worry about instability on the peninsula, since the North posed no military threat to the South; China was not able to exercise significant influence over decision-making in Pyongyang; and if China should attempt to use its limited influence with Pyongyang, Chinese-North Korean relations would deteriorate.¹⁴

China's refusal to become more actively engaged in matters related to Korea reflected the three fundamental, if somewhat contradictory, Chinese policy objectives on the peninsula: the maintenance of close ties between leaders in Beijing and Pyongyang, thereby precluding major Soviet political inroads with the DPRK; the avoidance of serious instability or tension on the peninsula, thus reducing the possibility of renewed warfare that would again involve the United States and China on opposite sides of a major military conflict; and the encouragement of increased interaction between North and South Korea that would facilitate rather than complicate China's continuing efforts to regain sovereignty over Taiwan.¹⁵ However, in the early 1980s, different opportunities and pressures, especially the hijacking of a Chinese aircraft to South Korea in May 1983 and the Rangoon bombing in October, persuaded the Chinese to assume a much more active stance in relation to Korea, although this role remained constrained by the extraordinary sensitivities of leaders in Pyongyang.

Meanwhile, in the years between 1978 and 1981 there were a number of signs of growing strains between Beijing and Pyongyang. North Korea was unhappy with the foreign policy orientation of the Chinese leadership, the change in Chinese economic

policies, and the process of de-Maoification, all of which had serious implications for North Korean interests. In effect, China shocked and upset the North Koreans with a series of fast-moving policies. Alarmed by China's growing rapprochement with Japan in August 1978 and the United States in January 1979, Kim Il Sung saw the Chinese policies as a betrayal of North Korea's interests.

First, the signing of the Sino-Japanese peace and friendship treaty in August 1978. By signing the treaty, Japan had made a formal commitment to opposing "hegemony," thus abandoned its equidistant diplomacy in the Sino-Soviet dispute and tilted toward China. Therefore, Sino-Japanese friendship posed problems for North Korea, torn between the Soviets and China. Pyongyang was perplexed by the China-Japan peace treaty. The problem for Pyongyang was that it had a military alliance with both Moscow and Beijing, and both treaties demanded that Pyongyang did not engage in activities which were hostile to the co-signatory nation. This caused great headaches in the North Korean capital.¹⁶

Second, the normalization of Sino-American ties in January 1979 shocked North Korea. Pyongyang reacted coolly. In an early comment on China's normalization with

the United States, North Korean media wondered why the US should not abrogate the security treaty with the ROK just as it had abrogated the security treaty with Taiwan. And why didn't the US withdraw its troops from South Korea just as it was withdrawing its troops from Taiwan? In October 1980 this charge was made even more directly. Kim Il sung warned:

The socialist countries must make no unprincipled compromises with imperialism. They must not bargain with the imperialists on matters of principle or sell them the fundamental interests of revolution. They must not give up their anti-imperialist stance in order to improve their diplomatic relations with the imperialist countries nor must they sacrifice the interests of other countries in their own interests.¹⁷

Since Sino-American normalization, there were continuing signs of differences between Beijing and Pyongyang over the issues of Korean reunification and US troops withdrawal from South Korea. A *Renmin Ribao* editorial on September 9, 1979, North Korea's founding anniversary, significantly failed to call for the withdrawal of US troops from South Korea, an omission in stark contrast to Chinese practices on such occasions for many years. The Chinese Communist party newspaper also failed to include the usual criticism of South Korea, omitted the standard offer of Chinese "support" for Korean reunification, and noted only that unification would occur "eventually." Moreover, the editorial did not describe the Sino-North Korean relations

with the usual degree of warmth and there were no normal references to “revolutionary friendship” or “militant unity” between the two countries. The editorial also failed to characterize North Korean leadership as “wise,” a formula that had consistently appeared in Chinese editorials since 1971.¹⁸

A Hong Kong journal that often reflected the views of Deng Xiaoping carried an article objecting to Kim Il Sung’s grooming of his son, Kim Jong Il, as heir apparent. It claimed that this was a throwback to a feudal system rejected by history, that Kim Il Sung was following the feudalist monarchical system, and suggested that North Korea was going to be stuck in a stage of feudal socialism if it did not mend its ways. Implicit in this article was the suggestion that North Korea could only progress by imitating Deng Xiaoping’s course of action—make widespread economic reforms and open up relations with the West.¹⁹

In December 1981, however, China began to improve relations with North Korea as a political and strategic necessity, i.e. to repair the strains that emerged following the Sino-American normalization in 1979 and to dissuade North Korea from taking a Moscow option. North Korea also opted to pursue close ties with China as the

Pyongyang regime must have thought it an urgent task to overcome the internal and external dilemmas it faced. Internally, North Korea was confronted with economic difficulties since the early 1970's and with the problem of the leadership succession. Internationally, Pyongyang became increasingly isolated, while there was a growing pro-Seoul tendency in the international community. It was a particularly embarrassing situation for the North Korean regime when Seoul was selected as the venue for both the 1986 Asian Games and the 1988 Olympics.²⁰ The continued efforts by China to improve relations with North Korea were marked by a series of visits to Pyongyang by top Chinese leaders: Zhao Ziyang in December 1981, Deng Xiaoping and Hu Yaobang in April 1982.

In the spring of 1982, there was new development in China's policy toward North Korea. Deng Xiaoping and Hu Yaobang made a secret trip to Pyongyang in April 1982. That the two most powerful men in the world's most populous country found it necessary to set aside five days to make the journey underscored the weight the tiny North Korea carried in Beijing's foreign policy calculus. The visit enabled Deng and Hu to meet Kim's son and successor-designate, Kim Jong Il.²¹ During their visit, Deng and Hu expressed their willingness to recognize Kim Jong Il's political position.²² In

effect, North Korea was trying to obtain Chinese blessing for the succession of Kim's son to the leadership of the North Korean party and government.²³ That is why Kim Il Sung went to China in September 1982. The most important items on the agenda that Kim brought to China were: Beijing's support for the hereditary succession of power through his son, Kim Jong Il; economic and military assistance from China; assurance of North Korea's place in the growing Sino-American relations; and Pyongyang's concern about the slowly increasing Sino-South Korean contacts.²⁴

After Deng's visit, in an apparent move to have Pyongyang on her side in the Sino-Soviet rift, China supplied North Korea with a total of 20 A-5 fighter planes, the improved Chinese model of the MIG-21. Beijing cautiously provided North Korea with crude oil, AN-2 planes and T-62 tanks, expressing fears that excessive military strength might prompt North Korea to make adventurous moves. China extended economic aid amounting to \$100 million to Pyongyang in August 1982.²⁵ Finally, China took a much tougher line on the American presence in South Korea. All of this suggested that the Chinese was extremely keen to maintain North Korean support because of North Korea's strategic location. At the same time, however, China did not encourage Kim Il Sung or his successor to take any adventurous action on the Korean peninsula that could

lead to war with the United States at a time when China's principal preoccupations remained internal economic development and the external menace of Soviet expansionism. Beijing clearly had a much stronger interest than Pyongyang in maintaining peace and stability on the peninsula in order to devote all the resources to economic construction. Furthermore, despite Pyongyang's objections, China had shown a determination to establish unofficial ties with South Korea. China could not ignore the fact that it would benefit a great deal from relations with Seoul, both economically and strategically.

China's Flexibility toward South Korea

After the 3rd plenum of the 11th CCPCC in December 1978, China needed a peaceful, stable international environment to devote itself fully to the four modernizations and to accomplish political stability at home, and needed capital and technology from the outside, with which the modernization plan can be achieved. The open door policy required flexibility and pragmatism. Moreover, in the late 1970s Sino-American and Sino-Japanese rapprochement formed a new type of loose bipolar system in the Northeast Asia. China's strong interest in Northeast Asian stability was

reinforced by its desire to expand economic cooperation with America and Japan to promote modernization.²⁶ The shift in domestic policy priorities was the main and fundamental reason behind Beijing's change of policy toward South Korea. However, these political-diplomatic shifts in Northeast Asia served as a catalyst for China's new South Korean policy.

Ever since the early 1980s, China has adopted a considerably more flexible and conciliatory posture toward South Korea than it had in the past thirty years. And despite Pyongyang's strong objections, Beijing began to show a determination to start unofficial contacts with South Korea. Chinese economic and other non-political ties with South Korea reflected the Chinese leadership's willingness to separate economics from ideological and political considerations in pursuing a more pragmatic and independent foreign policy.

The Chinese leaders saw the Korean peninsula as the most dangerous flash point in Northeast Asia. They recognized that renewed conflict on the Korean peninsula would place China in the strategic dilemma of either supporting North Korea, thereby jeopardizing Sino-American/Japanese relations, or abandoning North Korea totally to

Soviet influence. To forestall such a possibility, China began to pursue a more practical course in its relations with South Korea. The key element of Chinese new policy was the maintenance of the status quo with an easing of tension on the Korean peninsula. On the one hand, China continued to maintain its long-established friendly relations with North Korea, while on the other hand, China had to develop friendly, cooperative relations with South Korea.

Beijing cautiously eased its hard-line attitude toward Seoul. According to Chu Sung-po's article,²⁷ Beijing's Foreign Minister Huang Hua in his speech on January 25, 1980, "The Situation and Policies in Foreign Affairs in the 1980s and Future Tasks," viewed Beijing's policy toward South Korea as "Guanmen bushang suo" (the door is closed, but not locked). Huang Hua revealed the regime's basic principles for dealings with the Korean peninsula in his 1980 report which said that: "first, the unification of North and South Korea must be accomplished through peaceful means, out of the free will of both sides and without outside intervention. Beijing would support North Korea's unification proposal, but would not approve and support North Korea's use of force for that purpose. As for the question of the US military presence in South Korea, Beijing had made it clear where it stood while expressing its understanding of the

American position. Second, China shared the viewpoint with the United States and Japan that stability on the Korean peninsula would help stabilize the situation in Northeast Asia. While maintaining friendly relations with North Korea, Beijing would also keep a close watch on the Soviet Union's influence there and continuously consult the United States and Japan so that it can readjust its policy toward North Korea. Third, Beijing would strengthen its contacts and exchanges with North Korea in order to neutralize Soviet influence. While trying to win further sympathy and understanding of the Chinese position from the people of North Korea, Beijing would try to enhance the strength of pro-Beijing elements there because this would not only favor improved mutual friendship but would also tend to weaken the putschist tendency of pro-Soviet elements in North Korea. Fourth, whereas North Korea has a 'Soviet card' in its hand, Beijing has a 'South Korea card.' If North Korea were to lean further to the side of the Soviet Union, China would cut off all kinds of assistance and turn to the side of South Korea. The door is ready to open at any moment to accommodate South Korea.²⁸ It was evident that China's major policy toward the Korean peninsula was mainly to check Soviet expansion, win U.S. sympathy, bring South and North Korea for peace talks, and ease the tension in the Korean peninsula as a whole.

The changes evident in Chinese policy reflected the confluence of four factors: South Korea's steadily widening advantage over North Korea in the long-term economic competition, i.e., South Korea's economic superiority; South Korea's increasing international visibility that North Korea has been unable to stymie or reverse; China's need to absorb technology and investment from South Korea; and China's policy to separate politics and economics in its foreign policy in order to improve ties with South Korea. These developments constituted a significant shift in the political and economic environment that China's leaders confront in Northeast Asia, providing Beijing with new incentives and opportunities for a more differentiated policy toward the Korean peninsula.²⁹

In a very brief period, the Chinese shifted from a position that would not countenance any ties at all with South Korea to an increasingly active, non-governmental relationship. Since 1981, Beijing's diplomats have been allowed to make contact with their South Korean counterparts at diplomatic gatherings in third countries. Both China and South Korea began to participate regularly in international sports games in third countries. The Chinese government permitted South Koreans in mainland China to visit their families or relatives and granted entry visas to people who hold

South Korean passports, to participate in meetings of international organizations held in Beijing and other Chinese cities.

The First Official Contact and a Surprising Thaw in Beijing-Seoul Ties.

There were no official contacts except for the ones from early 1981 on, in which diplomatic personnel of China and South Korea exchanged greetings at international gatherings. But, on May 5, 1983, a dramatic breakthrough in Beijing-Seoul relations unexpectedly occurred when a Civil Aviation Administration of China (CAAC) plane with 105 people aboard was hijacked by six armed Chinese youth during a flight from the Manchurian city of Shenyang to Shanghai and forced to land in Chunchon, South Korea.³⁰ The hijackers were taken into custody by South Korean authorities. The arrival of a CAAC plane from China certainly startled Seoul, but almost right away the South Korean leaders realized that this unexpected event had provided them with a long-expected opportunity in approaching Beijing. As a result, Seoul decided to use the incident to knock on China's "closed but unlocked door."

Beijing hardly hesitated. Shen Tu, director-general of CAAC and also a

member of the CCP Central Committee, issued a statement in Beijing immediately, asking to be allowed to visit Seoul to discuss repatriating the aircraft, its cargo and passengers in accordance with related articles of international and civil aviation conventions. When Shen Tu arrived in Seoul on May 7 as the head of a thirty-three-member official delegation, he saw plenty of evidence of South Korea's goodwill. At Kimpo Airport, he was welcomed by a group of high ranking South Korean officials, including the Assistant Foreign Minister. Talks between Shen and South Koreans started immediately, and the two sides addressed each other's country by its official title, using the term "Republic of Korea" for South Korea and the "People's Republic of China" for China for the first time since 1949. The two sides signed a nine-point memorandum on May 10. China signed the document in the name of the Civil Aviation Administration of the People's Republic of China, a gesture that was seen as Beijing's indirect recognition of the South Korean government. The accord provided a basis for further close cooperation between the two countries in dealing with similar emergencies in future.³¹

As a consequence of the hijacking incident, the covert inter-governmental negotiation between China and South Korea clearly demonstrated that, although Beijing

could not officially recognize South Korea, it implicitly acknowledged the existence of South Korea on the Korean peninsula. This incident led China to determine to start informal relations with South Korea and paved the way for more contacts of an informal nature between Beijing and Seoul. Since then, China had changed from a position that would not countenance any ties at all with South Korea to an increasingly active, non-governmental relationship.

The hijacking incident undoubtedly gave Beijing a pretext to change its South Korean policy and thus to develop direct contacts openly. Three months after the incident, China issued a visa for the first time to a South Korean official to attend a UN-sponsored seminar (August 14-September 1) on fisheries in Wuxi, China.³² China also allowed delegates from Seoul to take part in the International Telecommunications Union's seminar in Shanghai in October 1983. Later, two more South Korean officials attended the International Maritime Organization's training activity.³³ More important, in June 1983, it was revealed that South Korea, China, and Japan reached a final agreement on a new air route linking Fukuoka in Japan and Shanghai in China through the Korean Air Defense Identification Zone beginning August 4, 1983. The opening of the new air route eventually enabled flight control in Taegu, South Korea to communicate

directly with its counterpart in Shanghai.³⁴

In addition, in March 1984, a South Korean tennis team was allowed to compete in the Davis Cup competition in Kunming, China. This was the first time since the Korean War that China invited a ROK sports team to attend international games on its territory.³⁵ Reciprocally, in mid-April, 1984, the Chinese basketball team went to Seoul to compete in the Eighth Asian Junior Basketball Championships. In the same month, PRC swimmers attended the Second Asian Swimming Championships in Seoul, and in October a ROK women's basketball team participated in the Ninth Asian Women's Basketball Championships in Shanghai. Ten South Korean reporters were also allowed to accompany the team. What is more, for the convenience of news reports, for the first time the Chinese approved the setting up of a direct telephone line between Shanghai and Seoul.³⁶ In September 1984, a 12-member Chinese delegation, including a member of the International Olympic Committee and a vice-mayor of Beijing, visited Seoul to attend a general meeting of the Olympic Council of Asia. They successfully lobbied for the right to host the 1990 Asian Games in Beijing.³⁷

After the hijacking incident in May 1983, as mentioned above, there were many

signs of change in Sino-South Korean relations. More important, the new “sports diplomacy” between China and South Korea culminated eventually in Beijing’s decision to participate in Seoul’s Asian Games in September 1986 and Seoul’s Olympic Games in September 1988.³⁸ In other words, China’s policy toward South Korea began to change from a position of “no contact” to a policy of “Guanmen Bushangsuo.” This marked a watershed in relations between Beijing and Seoul. Thus, this hijacking incident was a contributing factor that made China gradually change policy toward Korea, and that the hijacking incident served as a catalyst for further contacts between China and South Korea.

The Cautious Chinese Reaction

Right after the hijacking incident, China was still sensitive to North Korea’s reaction to any move they made regarding South Korea. In a deliberate move to assuage North Korean apprehensions of a possible Sino-South Korean rapprochement, China dispatched its foreign minister, Wu Xueqian, to Pyongyang. Wu publicly reaffirmed Beijing’s long-standing opposition to any “two-Koreas” formula as well as China’s solidarity with and security commitments to North Korea.³⁹ It was indirectly reported

that South Korea had been asked by Beijing to keep the reconciliation process between the two sides discreet, for fear of provoking Pyongyang.⁴⁰

Meanwhile, even though Beijing officially condemned nepotism in its own ruling ranks, China invited Kim Jong Il to visit China in June 1983 in order to keep North Korea within Beijing's orbit and wanted to make sure that Kim Jong Il, who was born in Siberia and educated there in his early years, did not turn toward the Soviet Union.⁴¹ Therefore, the Chinese accorded a very special attention to Kim Jong Il's visit.⁴² Not a head of the state, Kim Jong Il received more high level attention from the Chinese leadership than any foreign dignitaries received in many years. It indicated that China endorsed the junior Kim as official heir designate.

Nevertheless, after the hijacking incident, the unprecedented official contact between Beijing and Seoul paved the way for further contacts in various athletic, scientific, and economic contexts.

North Korea's Terrorism: the Rangoon Bombing

On October 9, 1983, North Korean agents in Rangoon attempted to assassinate South Korean President Chun Doo Hwan during his state visit to Burma. Chun escaped but seventeen of his entourage, including four cabinet ministers, died.⁴³ On November 4, 1983, Burmese authorities released its investigation which found that three North Korean army officers were involved in the bombing. Rangoon accused Pyongyang of engineering the incident and severed diplomatic relations with the DPRK.⁴⁴

The Rangoon bombing apparently shocked Chinese leaders and baffled Beijing's endeavor to promote a more peaceful and stable environment on the Korean peninsula. Chinese leaders may well have felt betrayed and come to distrust the Pyongyang authorities, because, ironically, the bombing incident occurred only a day after China notified the U.S. embassy in Beijing that North Korea was ready to participate in tripartite talks with Washington and Seoul.⁴⁵ North Korean actions flew in the face of Beijing's repeated reassurances to the United States and Japan that North Korean intentions were entirely peaceful and oriented toward economic construction, not renewed conflict. North Korea broke a promise given to China that it would not use force against South Korea except in self-defense.⁴⁶

The incident made Chinese leaders more concerned that North Korea's aggressive actions could start a major conflict involving China and other major powers in Northeast Asia that would destroy China's prospects for substantial economic development in the future.⁴⁷ As a result, the bombing persuaded Beijing that a "do nothing" Chinese posture in relation to the peninsula would run very severe risks in the relation to China's need for regional stability and hopes for achieving a breakthrough in coordinating the reunification strategies of the two states.

Chinese leaders, especially Deng Xiaoping, privately expressed their disgust at North Korea's involvement in the bombing. During his visit to Japan in late 1983, the CCP General Secretary Hu Yaobang stated that China was against all kinds of terrorism.⁴⁸ Hu added that "China is genuinely and unswervingly in favor of enduring stability on the Korean peninsula and holds that whatever actions likely to aggravate tension there, no matter where they are from, should be avoided"—as close to a dissociation from North Korean actions as Beijing could issue under the circumstances.⁴⁹ Beijing's subsequent public comments to Pyongyang warned of extremely severe political consequences for Sino-North Korean relations if North Korea should act again in a manner grossly contrary to its repeated reassurances of peaceful

intent.

Pyongyang was firmly resolved to prevent contacts between China and South Korea at any level, but the Rangoon bombing incident set in motion political consequences very different from those that Pyongyang had anticipated. The world had not only strongly denounced the North Korean action but also imposed sanctions on Pyongyang.⁵⁰ The international opprobrium made Pyongyang even more dependent on political and economic support from Beijing for alleviating international sanctions and isolation and increased China's leverage over North Korea. The incident also cost North Korea considerably in its global competition with South Korea.

As a consequence, Beijing seemed to have decided not to allow North Korea a singular place in China's Korea policy, and to pursue unofficial relations with Seoul, regardless of Pyongyang's objections. After the Rangoon bombing, many unofficial activities in Sino-South Korean relations accelerated dramatically in diverse athletic, scientific, and economic areas, indicating a tacit means by which Beijing sought to punish Pyongyang for its actions. Chinese relations with South and North were no longer the same following the incident. The unofficial ties in Sino-South Korean

relations represented a door increasingly ajar. Therefore, the Rangoon bombing incident contributed to China's decision to shift from a One-Korea policy to a Two-Korea policy.

China's Role as an Intermediary

China masterfully turned the Rangoon bombing incident to its own advantage to increase its influence over Pyongyang and emerge as North Korea's principal intermediary vis-à-vis the West.⁵¹ During Zhao Ziyang's visit to the United States in January 1984, the Chinese premier informed President Reagan of North Korea's proposal for tripartite negotiations prior to Pyongyang's public disclosure of the offer.⁵² Regardless of the problematic nature of the tripartite offer, the call for renewed negotiations was deemed an obvious plus by the Chinese.

Beijing repeatedly made clear that it regarded the resumption of North-South contacts as a major breakthrough. First, it enabled the Chinese to more openly explore unofficial relations with South Korea. For example, in November 1984 interview with visiting Japanese correspondents, Party General Secretary Hu Yaobang asserted that the

further development of Sino-South Korean ties (in particular direct economic ties) would “depend on how things develop between South and North Korea.”⁵³

Second, China was able to use North Korea’s clear commitment to a confederate arrangement with South Korea to link their own calls for a “one country, two systems” approach to the unification of Korea. For example, when, in September 1984, the British and Chinese governments reached agreement over Hong Kong under the unique arrangement of “one country, two systems,” it was reported that Chinese leaders admitted that China did not completely support some of the paths that North Korea had taken. They had urged North Korea to accept a similar formula, in effect a Chinese version of the North Korean “confederated state” formula, which would “respect” the existing systems of the North and the South. China’s leaders have already suggested their principle of “one country, two systems” could also apply to the Korean peninsula’s two systems.⁵⁴ In February 1985, Deng Xiaoping asserted publicly for the first time that the “one country, two systems” concept was “the way to solve” both the Chinese and Korean questions.⁵⁵

Third, the onset of negotiations on the peninsula facilitated China’s pursuit of

regional stability—one of the most important items on the Chinese political agenda. Since the time of the issuing of the tripartite proposal, the Chinese have generally asserted that the situation on the peninsula has become less tense.⁵⁶ Although China voiced occasional criticisms of the annual “Team Spirit” exercises between US and South Korean forces, these criticisms were generally low-key, and were no longer accompanied by biting attacks on the legitimacy of the presence of US forces. For example, Vice-Premier Wan Li stated that “we hope that South Korean and American troops stationed in South Korea will not launch military actions.”⁵⁷ Thus, China tacitly acknowledged that they would not call for the withdrawal of US forces on the peninsula. By implication, the Chinese recognized that US forces remained a stabilizing element on the Korean peninsula, to which China no longer took strenuous exception.

It was also reported that the Chinese looked positively on military cooperation between the US, South Korea, and Japan as long as it provided a deterrent against the Soviet Union in East Asia.⁵⁸

China repeatedly depicted their role in defusing tensions as modest, limited, and indirect. As stated by Foreign Minister Wu Xueqian in April 16, 1984:

The present problem is to encourage the parties involved in the tension on the Korean peninsula to enter into talks about ways in which tension can be relaxed there...North and South Korea are parties directly involved in the tension...as is the US, which stations troops there. We are willing to help from the sidelines to encourage both the North and South Koreans to enter into talks for peaceful reunification and to discuss ways to relax tensions in Northeast Asia. In short, we are willing to do whatever is in our capability. But we cannot say that China can play a prominent role. China supported North Korea's proposal for tripartite talks and is willing to do something from the sidelines which is conducive to the peaceful reunification of Korea and to the relaxation of tensions in Northeast Asia.⁵⁹

Regardless of the understated quality of China's self-defined mandate to reduce tensions, China's role toward Korea was notably changing. The Chinese repeatedly sought to separate the issue of the US military presence on the peninsula from forward movement in the North-South dialogue. And the Chinese went beyond their repeated assurances about North Korean lack of aggressive intentions by setting explicit limits to China's prospective involvement in the event of renewed hostilities. In a meeting with a delegation from the Japan Socialist Party in June 1984, Zhang Xiangshan, an advisor to the CCP International Liaison Department, stated that "if the DPRK initiates war against South Korea, we cannot support it." He added that "we are most worried about another war in Korea."⁶⁰ Zhang's statement explicitly sought to disassociate China from any renewed hostilities initiated by North Korea. It indicated China's role to dissuade North Korea from undertaking further actions to destabilize conditions on the

Korean peninsula.

Sino-South Korean Economic Relations

One of the most explicit manifestations of Deng Xiaoping's pragmatic foreign policy was the significant shift in Beijing's position vis-à-vis Seoul from a "non-policy" to "economic diplomacy." Such a transformation "from enemies to partners" had important implications for the regional stability in East Asia as well as for the security of the Korean peninsula.

In the Third Plenum of the 11th CCPCC in December 1978, Deng Xiaoping and his reform-oriented pragmatists adopted a bold open door policy aimed at attracting foreign technology and capital to speed up the four modernizations. This open door policy, which was called by Deng Xiaoping as China's "Second Revolution,"⁶¹ laid an appropriate theoretical base for relations between the two countries resulting in the growing integration of economic relations between China and South Korea in East Asia.

After the Third Plenum, Deng continued to strengthen his power base in the most

important decision-making organizations of the CCP. Vice Premier Zhao Ziyang replaced Hua Guofeng as Premier of the State Council in September 1980. At the Sixth Plenum in June 1981 Hu Yaobang replaced Hua Guofeng as CCP Chairman and Deng Xiaoping took over Hua's powerful chairmanship of the Central Military Commission of the CCP. The leadership of Deng-Hu-Zhao reflected not only the open-mindedness of China's government but also the growing professionalism of foreign policy-making processes in Beijing and elevation of pragmatism and open door policies to the principal agenda of the four modernizations. Also the pragmatic reformists' victories laid the foundation for cooperation between China and South Korea during the 1980s.

Deng Xiaoping's much-vaunted commitment to economic pragmatism laid the basis of a new order of economic relations with South Korea. Sino-South Korean economic relations benefited from many factors in comparison with China's other economic partners. Several factors contributed to the success of trade between the two countries: Economic complementarity, geographic proximity and the consequent ease of sea-borne commerce, linguistic complementarity, historical familiarity with local conditions, and the South Korean focus on Government-Business coordination in the industrial sector.

China studied South Korea's successful economic strategies—such as the government's efficient intervention in economic affairs, utilization of foreign capital and technology, enterprise merger and reorganization, encouragement for study abroad, and labor force exportation. On September 7, 1978, an official of the New China News Agency said that the remarkable economic success of South Korea was worthy of attention. Subsequently, on December 18, 1978, PRC Minister of Foreign Trade Li Qiang mentioned in an interview in Hong Kong that “China may have to consider having trade with South Korea.”⁶² China was determined to know about and learn from South Korea. As early as late 1978 the Chinese Academy of Social Sciences established a small research group under its Institute of World Economics and Politics to study the developmental model of South Korea's economy. While, out of its concern for Pyongyang, Beijing continued to avoid visible contacts with Seoul, indirect trade was allowed beginning in 1979. China's initial goal was directed toward becoming another East Asian Newly Industrializing Countries (NICs, South Korea, Taiwan, Singapore, and Hong Kong) by following the path of South Korea. China even copied South Korea's targets of economic development: Deng Xiaoping's projection of reaching the per capita gross national product of one thousand US dollars by the year

2000 was allegedly molded after the former South Korean President Park, Chung Hee's figure by 1980.⁶³

The Chinese government was most interested in establishing special trading zones, along the lines of the successful free economic zones in South Korea. In doing this, China offered greater autonomy and incentives to managers; she decentralized management of foreign trade, established "Special Economic Zones" (SEZs) on the coast to attract foreign capital investment.⁶⁴

China's economic modernization primarily focused on the attraction of direct foreign investment under the terms of the Joint Venture Law, giving high priority to light industry and relaxing restrictions on individual entrepreneurs. At the Second Session of the Fifth National People's Congress in July 1979, China adopted the law on Joint Ventures and Foreign Investment in order to absorb foreign investments and expand international economic cooperation and technological exchange on the basis of equality and mutual benefit.⁶⁵

Meanwhile, China's favorable evaluation of South Korea's economic

advancement served as a basis for indirect trade between the two countries; the volume increased from \$19 million in 1979 to \$188 million in 1980 and \$280 million in 1981. Even though the latter amount constituted a meager share (0.34 percent) of China's total foreign trade, it was more than half the estimated volume (\$531 million) of Chinese-North Korean trade. In view of North Korean sensitivities, the Chinese adopted a policy of separating economic from diplomatic issues.

Although indirect trade started in 1979, neither Chinese nor South Korean officials publicly referred to it. In an effort to conceal its commercial contracts, the Chinese frequently removed trademarks from goods imported from South Korea. It was reported that third-country vessels, sometimes manned and owned by South Koreans but bearing flags of third countries, were required to camouflage their destinations through the use of two bills of lading, one of which was destroyed halfway through the journey. Ships from China were required to call on ports in Japan before proceeding to South Korean harbors. At times, however, the Chinese permitted the direct shipment of goods (such as coal) between China and South Korea.⁶⁶

Another development occurred on April 11, 1980 when South Korea and the

US agreed to grant each other traffic rights, during a three-day bilateral aviation conference held in Washington. South Korea authorized US commercial aircraft to fly to China via Seoul; South Korea was thus able to send goods directly to China without making U-turns in between destinations.⁶⁷ The trade between China and South Korea could therefore no longer be considered as any kind of secret. But such failures in maintaining secrecy typically resulted in complaints to China from North Korea. Pyongyang protested about the development of a sizable trade between China and South Korea in 1980 and 1981, and this was undoubtedly one of the factors involved in the sharp fall in trade from \$280 million in 1981 to \$139 million in 1982.

In an attempt to strain Beijing-Pyongyang relations, the Soviet newspaper *Izvestia* reported in March 1981 that China had betrayed North Korea's interests by promoting trade with South Korea on an official basis.⁶⁸ The Chinese Ministry of Foreign Trade issued a statement categorically denying the report and reaffirming China's disapproval of any "two Koreas" machinations and its non-recognition of the South Korean authorities. The Chinese countercharged that the Soviet Union was flirting with the South Korean regime, abetting the plot to create "two Koreas" and inviting South Korean government ministers, economic delegations, scholars, and

sportsmen as honored guests to Moscow.⁶⁹ The trade issue was presumably high on the agenda of Premier Zhao Ziyang's discussions with Kim Il Sung and Premier Li Jong Ok in December 1981. In public statements made in Pyongyang, Zhao emphasized China's rejection of the "two-Korea" policy pursued by the United States and South Korea.⁷⁰

Although South Korea's total imports increased annually from 1980 to 1984, exports to China suffered serious setbacks between 1981 and 1983. Two factors explained the setback of 1981-83. First, between 1981 and 1982 China rigorously sought to reduce imports to cool down its overheated economy, and second, between 1982 and 1983, despite the loosening of import controls, China restrained itself due to North Korea's 1982 complaint over Sino-South Korean economic contacts.⁷¹ Especially after Zhao's visit to Pyongyang in December 1981 and Kim Il Sung's visit to Beijing in September 1982, indirect trade between China and South Korea declined appreciably—\$ 139 million in 1982 and \$ 120 million in 1983. This downward trend was not only a result of pressure from North Korea and the Soviet Union but was also an extension of China's economic retrenchment policy, which scaled down its excessively ambitious Ten-Year Economic Plan (1976-1985) and imposed restrictions on foreign imports.⁷²

Due to the complaint from Pyongyang, Beijing detained fourteen merchant ships that carried South Korean goods in April 1982. But it also announced a ban on trade with South Korea, a move that indirectly acknowledged its trade with the country.⁷³ This set-back in economic relations between China and South Korea did not last long; exports to South Korea were temporarily reduced because of the pressures from conservative forces within the CCP, but the declared suspensions were never made permanent. As long as China's modernization had a high priority on the national agenda, they needed South Korea more than South Korea needed them.

In 1984, the amount of China's trade with South Korea climbed to \$434 million, approaching that of its trade with North Korea (\$498 million). This trend reflected China's decision to strengthen its open-door policy, enunciated at the Third Plenum of the Twelfth Central Committee in October 1984. Although China continued to affect official ignorance of its trade with South Korea, it was undeniable that from December 1978 the value of trade between Beijing and Seoul rose at a phenomenal rate, step by step with an unmistakable political thaw in Beijing-Seoul relations.

Conclusion

After Mao Zedong's death in 1976, Deng Xiaoping came to power at the Third Plenum of the 11th CCPCC in December 1978 and announced a historic project of economic reform at the Third Plenum. Deng Xiaoping and a small group of reform-oriented pragmatists regarded the "Four Modernizations" program and "Open Door" policy as the most important objectives of state work. In other words, the top priority of Chinese leaders was to promote successful economic modernization. To accomplish its "Four Modernizations" program, China needed peace and stability on the Korean peninsula. Under the influence of the "Open Door" policy, Beijing started to readjust its foreign policy toward the Korean Peninsula. That is, the Third Plenum's decision gave a new and crucial impetus to South Korea's contacts with China.

Beginning in late 1978, and particularly after China's rapprochement with Japan and the United States, the chief thrust of Chinese foreign policy stood in remarkable contrast to that of North Korea. Thus, it became more difficult for Beijing and Pyongyang to harmonize their respective policy priorities. At the official policy

statement level, China unquestionably continued to support North Korea because of North Korea's strategic location. At the same time, however, China did not encourage Kim Il Sung to take any adventurous action on the Korean peninsula that could lead to war with the United States at a time when China's principal preoccupations remained internal economic development and the external menace of Soviet expansionism. Furthermore, despite Pyongyang's displeasure and objections, China began to show a determination to establish unofficial ties with South Korea. China could not ignore the fact that it would benefit a great deal from relations with South Korea, both economically and strategically.

After the 3rd plenum in December 1978, China needed a peaceful, stable international environment to accomplish the Four Modernizations and political stability at home, and needed capital and technology from the outside, with which the modernization plan can be achieved. The open door policy required flexibility and pragmatism. Moreover, in the late 1970s Sino-American and Sino-Japanese rapprochement formed a new type of loose bipolar system in the Northeast Asia. China's strong interest in Northeast Asian stability was reinforced by its desire to expand economic cooperation with America and Japan to promote modernization. The

shift in domestic policy priorities was the main and fundamental reason behind Beijing's change of policy toward South Korea. However, these political-diplomatic shifts in Northeast Asia served as a catalyst for China's new South Korean policy.

The changes evident in Chinese policy reflected the confluence of four factors: first, South Korea's economic superiority; second, South Korea's increasing international visibility that North Korea has been unable to stymie or reverse; third, China's need to absorb technology and investment from South Korea; fourth, China's policy to separate politics and economics in its foreign policy in order to improve ties with South Korea. These developments constituted a significant shift in the political and economic environment that China's leaders confront in Northeast Asia, providing Beijing with new incentives and opportunities for a more differentiated policy toward the Korean peninsula.

The 1983 hijacking incident clearly gave Beijing an excuse to modify its South Korean policy and thus to develop direct contacts overtly. As a consequence of the hijacking of a Chinese jetliner, the inter-governmental negotiation between China and South Korea clearly demonstrated that, although Beijing could not formally recognize

South Korea, it tacitly acknowledged the existence of South Korea on the Korean peninsula. This incident led China to decide to inaugurate unofficial ties with South Korea and paved the way for further contacts of an unofficial nature between Beijing and Seoul. Since then, Beijing-Seoul relations had improved greatly at non-governmental levels. Thus, this hijacking incident was a contributing factor that made China gradually change policy toward Korea, and that the hijacking incident served as a catalyst for South Korea's contacts with China.

The Rangoon bombing apparently shocked Chinese leaders and frustrated Beijing's effort in promoting a more peaceful and stable environment on the Korean peninsula. The incident made Chinese leaders more concerned that North Korea's aggressive actions could start a major conflict involving China and other major powers in Northeast Asia that would destroy China's prospects for substantial economic development in the future. As a consequence, Beijing decided not to allow North Korea a singular place in China's Korea policy, and to pursue unofficial relations with Seoul, regardless of Pyongyang's displeasure. After the Rangoon bombing, many unofficial activities in Sino-South Korean relations accelerated dramatically in various athletic, scientific, and economic areas, indicating a tacit means by which Beijing sought to

punish Pyongyang for its actions. Chinese relations with South and North were no longer the same following the incident. The unofficial ties in Sino-South Korean relations represented a door increasingly ajar. Therefore, the Rangoon bombing incident contributed to China's decision to shift from a One-Korea policy to a Two-Korea policy.

One of the most explicit manifestations of China's pragmatic foreign policy was the remarkable change in Beijing's position toward Seoul from a "non-policy" to "economic diplomacy." China's economic pragmatism put the basis of a new order of economic relations with South Korea. Meanwhile, China's favorable evaluation of South Korea's economic advancement served as a basis for indirect trade between the two countries. In 1984, the amount of China's trade with South Korea climbed to \$434 million from \$19 million in 1979. This trend reflected China's decision to strengthen its open-door policy. Although China continued to affect official ignorance of its trade with South Korea, it was undeniable that from December 1978 the value of trade between Beijing and Seoul rose at a phenomenal rate, step by step with an unmistakable political thaw in Beijing-Seoul relations.

Since China's leaders saw a peaceful and stable environment on the Korean peninsula as crucial for China's modernization efforts, Beijing's perception of the ROK had undergone significant modification. As the PRC improved its relations with the U.S. and Japan, Beijing's hostility toward the ROK also decreased. Not only did the Chinese cease to see the ROK as an enemy, but also they began to recognize the advantages of economic ties with South Korea—as a valuable trading partner and as a source of capital and high technology. On balance, China could not ignore the fact that South Korea was an emerging power in East Asia. Beijing had a strong security interest in the Korean peninsula. China had a vital, long-term interest in positive relations with the capitalist states. China's ambitious economic agenda for the 1980s could not be accomplished without stable and moderately amicable ties with its non-communist neighbors, including the ROK. Therefore, I argue that The Third Plenum's decision in December 1978 and political-diplomatic shifts in Northeast Asia in late 1970s served as a catalyst for China's new South Korean policy, and that Deng's pragmatism and open door policy made China gradually change to "Two Koreas" policy.

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Chapter 3: De Facto “Two Koreas” Policy, 1985-1988

During the period of 1985-1988, international situation surrounding the Korean Peninsula was changing rapidly. Relations between Beijing and Moscow were improving drastically after 1985. Sino-Soviet Détente greatly lessened tensions on the Korean peninsula and allowed the Chinese leaders the freedom to pursue a de facto “Two Koreas” policy. In March, 1985, the Chinese navy torpedo boat incident occurred. Through the Chinese torpedo boat incident, Seoul and Beijing, for the second time in less than two years, engaged in official negotiations. This incident provided both China and South Korea with an opportunity to develop new relations.

China’s 13th National Party Congress in October 1987 was a victory for reformists. This signified that China would continue to take a pragmatic and positive attitude toward South Korea. Meanwhile, China was supremely embarrassed by the bombing of Korean Air (KAL) flight 858 by North Korean terrorists, in November, 1987. This incident made Beijing leaders more concerned that North Korea’s aggressive action could start a major conflict involving Beijing and the United States in Northeast Asia that would destroy China’s economic development in the future.

Relations between China and South Korea in nonpolitical fields were improving rapidly. The most visible and dramatic breakthrough in Chinese relations with South Korea was China's participation in the 1986 Asian Games and the 1988 Olympic Games in Seoul despite North Korea's boycott. These two Games played an important role in promoting China's positive perception of South Korea. After these two Games, many Chinese and South Korean businessmen and athletes visited Seoul and Beijing respectively. Bilateral trade also increased at a phenomenal rate. Moreover, in 1988, the establishment of permanent trade office in Seoul, representing Shandong Province in China, was an important breakthrough toward normalization between China and South Korea.

What caused China to go ahead toward a de facto "Two Koreas" policy? To analyze the reasons why China changed to a de facto "Two Koreas" policy during the period of 1985-1988, in this Chapter I will address the following issues: Sino-Soviet Détente, Chinese Torpedo Boat Incident, Seoul Asian Games, Changes of Chinese Political Leadership, China's Policy toward North Korea, China's Response to North Korea's Terrorism, Seoul Olympics, and China's Economic Diplomacy with South

Korea.

Sino-Soviet Détente

Relations between the People's Republic of China (PRC) and the Soviet Union have been of crucial importance to the prospects for peace and stability in East Asia, especially on the Korean peninsula. Since the establishment of the PRC in 1949, drastic shifts in the Sino-Soviet relationship (e.g., the formation of a Sino-Soviet alliance in 1950, the split between the two countries from 1960 to mid-1980s) have affected not only the interests of the two countries, but also the global power structure.

There was no real breakthrough in Sino-Soviet negotiations until after the emergence of Mikhail S. Gorbachev as General Secretary of the Communist Party of the Soviet Union in March 1985. The Chinese insisted on the Soviet fulfillment of the removal of "Three Obstacles" as prerequisite for normalization of Sino-Soviet relations, because the Soviet Union refused to discuss "Three Obstacles," to avoid Chinese demand for withdrawal of Soviet troops from Afghanistan, reduction of the forces stationed along the Chinese border and withdrawal from Mongolia, and withdrawal from Cambodia.¹

With regard to Sino-Soviet relations, Mr. Gorbachev made his famous "Vladivostok speech" on July 28, 1986. Though Mr. Gorbachev avoided the Cambodia issue in his speech, he said the Soviet Union was prepared to withdraw part of its forces from Afghanistan, reduce the size of the force stationed along the Chinese border, and withdraw from Mongolia.² These were concessions of considerable importance. Clearly, Gorbachev's Vladivostok speech signaled Moscow's new approach to China. In addition, Gorbachev activated the Soviet presence in the Asia-Pacific region by reducing tensions and resolving conflicts through improving relations with all the countries, including South Korea. This was clearly spelled out in his Vladivostok speech.³

Although China remained dissatisfied on the Cambodian issue, Chinese leaders welcomed Gorbachev's Vladivostok speech. Deng Xiaoping reacted positively remarking: "I myself will be ready to meet him" provided the Soviet Union intended to remove the "Three Obstacles."⁴ In an interview with Mike Wallace of CBS in September 1986, Deng Xiaoping stated that he would be ready to meet Gorbachev if the Soviet Union would persuade Vietnam to withdraw its forces from Cambodia.⁵ At the

13th CCP congress, which met in late October, 1987, the party reordered China's foreign policy in three important ways: it reaffirmed China's "independent foreign policy"; it restated the five principles of "peaceful coexistence" as the guide for China's relations with all countries, including the Soviet Union; and it put an end to the long-standing campaign against Soviet "hegemonism."⁶

From 1987, Sino-Soviet relations began to improve significantly. In May 1989, as the Soviet Union was able to satisfy virtually all of China's demands on removing "Three Obstacles" to normalization of Sino-Soviet relations, the state was set for a Sino-Soviet summit meeting for the first time since 1959 when Mao Zedong and Nikita Khrushchev met in Beijing.

What were the implications of the Sino-Soviet rapprochement for the Korean peninsula? It was clear that both China and the Soviet Union desired the reduction of tension in the Asia-Pacific region, including the Korean peninsula. In order to implement domestic reforms and economic development, Beijing and Moscow needed a peaceful international environment in the Northeast Asia for a considerable period of time. Neither China nor the Soviet Union wanted to be dragged into a major conflict on

the Korean peninsula which might be triggered by North Korea's military adventurism, for such a conflict could have a devastating impact on their economic reforms and development programs. It was therefore not unrealistic to expect that both Beijing and Moscow would exert pressure on North Korea to restrain Pyongyang from embarking on a dangerous military venture toward South Korea.⁷

Sino-Soviet détente meant that Beijing and Moscow ceased their competition over Pyongyang. As the result of the Sino-Soviet rapprochement, neither China nor the Soviet Union provided economic or military assistance to North Korea purely to counter the other's influence. At the time of Sino-Soviet split, North Korea was always able to play the "China card" against the Soviet Union and the "Soviet card" against China. Such maneuvering was significantly reduced as a result of the Sino-Soviet rapprochement. At the time of Sino-Soviet détente, North Korea had little leverage, and found itself with less room for maneuver to prevent China from developing her relations with South Korea than at any time since the Korean War.⁸

At the time of Sino-Soviet détente, the economic and political reforms in China and the Soviet Union and their open door policy were under way and the two



communist giants participated actively in the regional economic cooperative organizations. But North Korea did not follow the path of reform and open door policy. Therefore it had to endure further political isolation and economic stagnation.

The Sino-Soviet rapprochement enhanced the successful implementation of South Korea's "Northern Policy" which sought to improve its relations with the communist bloc nations. Both China and the Soviet Union had expressed their desire to promote economic exchanges with South Korea.⁹ There was every indication that Chinese policy makers, especially Deng Xiaoping, had an accurate and realistic assessment of the momentous economic transformation that has been accomplished in South Korea, a transformation from which they hoped to learn as well as to turn to their advantage. They were equally aware that this transformation has had its impact on the configuration of power in Northeast Asia where South Korea was an important actor.¹⁰ In addition, in his speech at Krasnoyarsk in September 1988, Gorbachev spoke about the South Korean economy and desired South Korea to be helpful in alleviating his economic crisis through direct investment, joint ventures, and trade.¹¹ These developments clearly indicated that both China and the Soviet Union were pursuing a de facto "Two Koreas" policy. Both China and the Soviet Union began to take a more

positive approach toward South Korea and to view South Korea as a vital player in a new and more stable security structure for the Northeast Asian region based on economic cooperation rather than conflict.

China had more stake in maintaining stability in the Korea peninsula than either the US or the USSR, and this was reflected in China's growing economic ties with South Korea. China became increasingly aware of South Korea's growing strategic and economic importance in Northeast Asia. The developing relations between China and South Korea could proceed without Chinese concern about North Korea.¹²

Sino-Soviet détente led to political isolation of North Korea from the rest of the world, allowing the Chinese leadership the freedom to pursue a de facto "Two Koreas" policy, and also led to competition between China and USSR regarding economic relations with South Korea. Therefore, Sino-Soviet détente served as a catalyst for China's new Korean policy, and Sino-Soviet détente was a contributing factor that made China gradually adjust from a "One Korea" policy to a de facto "Two Koreas" policy.

Chinese Contacts with South Korea

The gradual improvement of relations between China and South Korea was ironically spurred ahead by sudden crises, such as the 1983 hijacking incident and the 1985 torpedo boat incident.¹³ On March 22, 1985, the Chinese navy torpedo boat incident occurred and it provided both South Korea and China with an opportunity to develop new relations. The Chinese navy torpedo boat, adrift in the Yellow Sea after a mutiny, was rescued by a South Korean fishing boat and towed by a South Korean Coast Guard vessel to the port of Kunsan on the west coast. The next morning, three Chinese naval ships intruded into South Korean territorial waters in search of the missing torpedo boat, but withdrew after being warned off by ships of the South Korean navy. The following day South Korea strongly protested the intrusion into its territorial waters through its consul general in Hong Kong, demanding an apology and an assurance against the recurrence of such behavior. The Foreign Ministry in Beijing issued a mild public statement, admitting that Chinese vessels had "inadvertently entered South Korean waters," but said that they had withdrawn as soon as they had realized their mistake. The statement appealed for South Korean cooperation in returning the ship and crew.¹⁴ The Chinese reaction was unusually conciliatory and forthcoming.

Through this incident, Beijing and Seoul, for the second time in less than two years, engaged in official negotiations. Negotiations began between South Korean Consul General in Hong Kong and Xu Jiatun, a member of the CCP Central Committee and director of the Hong Kong office of Xinhua.¹⁵ China was apparently prepared to ignore any objections from its ally, North Korea.

The incident was resolved on 26 March. A memorandum addressed to the “Consul General of the Republic of Korea in Hong Kong” signed by the deputy director for diplomatic affairs of Xinhua’s Hong Kong office and authorized by the foreign ministry in Beijing apologized for the intrusion, said that the PRC would make efforts to prevent future violations of South Korean territorial waters and would take the necessary action against those responsible. China referred to South Korea by its formal name once again. The memorandum “expressed appreciation for the decision of the Republic of Korea to return the torpedo boat and its crew at an early date.”¹⁶

Moreover, China’s readiness to deal visibly with South Korean consular officials in Hong Kong underscored the lengths to which Sino-South Korean

relationship had progressed since the hijacking of a Chinese civil airliner in May 1983. -

This torpedo incident, coupled with the hijacking incident signaled to China that it could expect South Korea to act in an even-handed manner in regard to Chinese interests and added to South Korea's image as a nation with firm resolve and sophisticated diplomatic skills.¹⁷ This incident led to another dramatic step forward in Beijing-Seoul links. It also could be seen as indicating a de facto recognition of Seoul by Beijing. Hence, the torpedo boat incident was a contributing factor which induced China gradually to take a more positive attitude toward South Korea, and this incident served as a catalyst for China's new Korean policy.

One month after the torpedo boat incident, China granted visas to two South Korean diplomats so as to enable them to attend a U.N.-sponsored seminar on the Palestine question in Beijing.¹⁸ It was the first time China has granted visas to South Korean diplomats to visit China since 1949. In October, 1985, South Korean Prime Minister Roh, Shin Young exchanged greetings with Premier Zhao Ziyang at two UN-related functions. This was the first time that the Prime Ministers of these two countries met. It is important that Zhao did not deliberately avoid or rebuff Roh.¹⁹

Contacts between China and South Korea have increased at a remarkable pace since 1985. The proximity of the two countries, the complementarity of their economies, their easy access to each other through Hong Kong, and the participation of both in the proliferating network of Asian-Pacific organizations of all kinds have made this trend inevitable.

The decline in North Korea's ability to prevent China from expanding contacts with South Korea could be explained in large part by the increasingly important roles played by China and South Korea in the world, in everything from trade to athletics. Beijing was no longer willing to refrain from useful international activities in order to avoid irritating North Korea. The North Koreans have been compelled to acquiesce in a level of contacts between China and South Korea, almost seeming to give their blessing to such contacts by appearing alongside South Koreans at meetings and sports events in China.²⁰

Many contacts between China and South Korea continued. In April 1985, two other South Korean officials attended a Beijing conference on women, population, and development sponsored by the UN Fund for Population Activities. South Korea sent

three persons representing Buddhist and Christian organizations to the World Conference on Religion and Peace held in Beijing in June 1986. The previous week five Chinese attended the third Asian Conference on Religion and Peace in Seoul. In 1985, China and South Korea, for the first time since 1949, opened parcel post service between them via Hong Kong, supplementing the mail service that had been available for some time. During 1985 sport exchanges gathered momentum. The deputy Prime Minister of South Korea reported to the National Assembly that Korean athletes took part in 19 sports events in China during the year and that Chinese athletes had come to South Korea for 10 events. At the 17th Asian Weightlifting Championships in Hangzhou, in April 1985, won by China, South Korea placed second and North Korea placed fourth. South Korean divers took part in the 4th World Cup International Diving Championship in Shanghai, and a Chinese men's handball team competed in the preliminary round of the 11th World Men's Handball Championships in Seoul.²¹ These growing sports exchanges increased the probability that China would compete in the 1986 Asian Games in South Korea.

The 1986 Seoul Asian Games and China's "Double Strategy"

In July 1984, China formally indicated that it would participate in the 1988 Seoul Olympics. Lu Jindong, vice-president of the Chinese Olympic Committee, reportedly said, "We will no doubt attend the next Olympics in the Olympic spirit." On April 12, 1985, Beijing officially announced its intention to participate in the Seoul Asian Games.²² But, North Korea tried to prevent China from participating in the Asian Games and adding to South Korea's prestige; nevertheless, China sent a 515-member contingent to the Games. China also sent various delegations to Seoul to participate in the National Olympic Committee and the Olympic Council of Asia. Beijing's decision to participate in the Seoul Asian Games was a confirmation of what had been going on steadily since 1983-increasing rapport between China and South Korea.

At last, the 10th Asian Games opened at Seoul on September 20, 1986. South Korea diplomatically helped Beijing secure the right to host the 1990 Asian Games. The new relationship between China and South Korea was publicly demonstrated at the Games by the slogan "See you in Beijing 1990."²³

No doubt, China, through "sports diplomacy" in the Seoul Asian Games has

made a contribution toward promoting peace and stability in Northeast Asia. The Chinese participation in the Games set a precedent for future relations between China and South Korea in both the political and the sporting arenas. China began to use the official name of South Korea, "Han-kook," rather than "Nan-chaoxian." Thus South Korea was referred to as "Han-kook" in a qualifying round for the Seoul Olympic Volleyball Games in Beijing in June 1987.²⁴

Meanwhile, in order to assuage North Korean concerns and irritation over the Asian Games (Pyongyang boycotted the Seoul Asian Games), Chinese President Li Xiannian flew to North Korea for a four-day visit (October 3-7, 1986). Ironically, Li's visit coincided with the participation of Chinese athletes in the Asian Games being held in Seoul. Li's Pyongyang trip was obviously aimed at offsetting the favorable publicity surrounding the Seoul Asian Games.²⁵ The *Beijing Review* reported that Li Xiannian said that Sino-Korean friendship could withstand any kind of trial and would develop in the future. "Our peoples will benefit and our friendship will contribute greatly to peace in Asia and the world," he added. But, regarding North Korean proposals to end military exercises by both sides during north-south talks, to hold tripartite talks between the military authorities of North and South Korea and of the US forces stationed in

South Korea, and to establish a peaceful nuclear-free zone in the Korean peninsula, Li only said that the US government and the South Korean authorities must respond “actively” to these proposals.²⁶

Also, it was noteworthy that China’s decision to send the 77-year-old ailing conservative figurehead rather than Communist Party chief Hu Yaobang who was previously reported as having been invited was a deliberate snub to its longstanding ally, North Korea. China’s decision to send Li, who revealed he had a heart ailment, marked Beijing’s displeasure with Pyongyang over the cancellation earlier that year of an official trip to China by Kim Il Sung and with North Korea’s increasingly closer relations with the Soviet Union. North Korea shelved the Kim’s visit before it had been formally announced because Beijing refused to sign a joint communique condemning “U.S. imperialism” in Asia.²⁷

Beijing repeatedly claimed that China and North Korea maintained excellent relations, and China continued to pretend close ties with North Korea in order to prevent North Korea leaning too far towards Moscow. Simultaneously, however, China continued its attempt to form new links with South Korea. That is to say, the Chinese

have adopted a “double strategy.” In terms of government-to-government ties, China continued to deal exclusively with North Korea, enabling senior Chinese officials to maintain the public fiction that “there is no change whatsoever in our policy toward South Korea...[and] there will be no change in the future.”²⁸ The Chinese continued to voice full support for North Korean overtures to the South—a necessary but essentially cost-free means of maintaining a credible political relationship with the North. In terms of actual practice, however, there was an increasing, if tacit, Chinese acceptance of the reality of South Korea—a divergence in actions and policies between China and North Korea that China cultivated and North Korea has been unable to prevent.²⁹

Shortly after the Asian Games concluded, politburo member Hu Qili told a visiting Japanese labor delegation: “The dispatch of the PRC sports delegation does not mean the establishment of diplomatic relations between the two countries. We cannot say that our attitude toward Korea has changed.” But the Asian Games went a long way toward proving that—and so did related visits by Beijing municipal officials to study how to go about the organization of the same sports festival in 1990. But the more tangible evidence lay in the two-way trade between China and South Korea, which grew to US\$1,161 million in 1985, \$1,289 million in 1986. In particular, the volume of trade

between the two countries has grown by leaps and bounds since the Seoul Asian Games. Furthermore, since 1986, or the approximate time of China's participation in the Seoul Asian Games, businessmen noticed a gradual change in China's tolerance of open relations. By this time it was commonplace for South Korean vessels to call on Chinese ports. Later, China and South Korea inaugurated regular container ship services between Shanghai, Qingdao and Pusan. As much as 20 percent of the total China-South Korean trade began going through direct channels.³⁰ Thus, the Asian Games clearly played an important role in fostering China's positive perception of South Korea and that the Asian Games was a contributing factor that made China gradually change from a One-Korea Policy to a Two-Korea Policy.

The Changes of Chinese Political Leadership

From the beginning, Deng Xiaoping viewed the economic reform program not only as a necessity for national well-being but as a survival kit for the Chinese Communist Party and a means of ensuring his own personal imprint on history. Deng and his chosen successors, Hu Yaobang and Zhao Ziyang, used every opportunity to speed up changes in policy, personnel, and institutions in order to expand their political

coalition and cement its hold on power by the time of the 13th Party Congress in 1987.

At the 5th Plenum of the 12th Central Committee in September 1985, the personnel and institutional issues at the conference were paramount. The conference format allowed for a turnover of Central Committee membership and a reorganization of senior power organs several years earlier than the norm. (The 13th Party Congress, according to the party constitution, was scheduled for 1987.) In 1955, Mao had used the conference of delegates, who exceeded in number the delegates to a normal congress, to stack the decks against several rivals. Deng and his proteges hoped to do the same in 1985. More than one-half of the 12th congress Central Committee members were replaced. One outstanding feature of these changes was the mass retirement from senior party positions of prominent military figures, thus symbolizing the demilitarization of Chinese politics under Deng.³¹

More importantly, Deng Xiaoping promoted a group of well-educated and technically competent junior leaders as their replacements. The membership of the new politburo reflected the emphasis on economic reform spelled out by Deng Xiaoping. The proposal for China's 7th Five-Year Plan for 1986-90, approved by the national party

conference on 23 September 1985, was a victory for the reformists who have consolidated their power within the leadership of the CCP.³²

Suddenly, however, the Xinhua News Agency released the startling news of General Secretary Hu Yaobang's resignation on January 16, 1987.³³ In effect, alarmed or threatened by Hu Yaobang's liberal orientation and radical reformism, a group of conservative senior leaders and military leaders persuaded Deng Xiaoping to demote his heir-apparent and to appoint Zhao Ziyang as Acting General Secretary. Thus, Hu was forced to hand in his resignation at an "enlarged meeting" of the CCP politburo on January 16, 1987. Hu Yaobang was denounced for his encouragement of "bourgeois liberalization" at the enlarged meeting.³⁴

But during the US Secretary of State George Shultz's meeting with Deng Xiaoping on 3 March, 1987, Deng Xiaoping assured Shultz that the anti-bourgeois liberalization campaign was over, and that China would continue its economic reforms and open door policies to the outside world. Shultz also stated that China's economic reforms have worked, and that China would not abandon what has worked. He added that China was irrevocably launched on a course of modernization.³⁵

Furthermore, the opening of China's 13th National Party Congress on 25 October 1987 was a victory for reformists. Acting party General Secretary Zhao Ziyang's report reaffirmed the policies of economic reform and opening up to the outside world, and outlined a more ambitious than expected program of political reform. This indicated that the importance of the open door policy and China's need for continued access to foreign technology and capital were apparently accepted by conservatives as well as reformers.³⁶

In particular, this signified that China would continue to take a pragmatic and positive attitude toward South Korea. For example, when Deng Xiaoping met a Japanese politician on June 4, 1987, Deng Xiaoping said that China was paying attention to "stable and peaceful environment on the Korean Peninsula," and that China would not support a North Korean invasion into South Korea. Deng Xiaoping added that Beijing was also pursuing a better relationship with Seoul because it would contribute to promoting world peace.³⁷ Deng's remarks clearly meant that China was pursuing a "Two Koreas" policy and adopted a "double strategy" on the Korean peninsula. Hence, we can conclude that the victory of the reformists in the process of

pursuing economic reforms and open door policies was another important factor in the more pragmatic attitude China took toward South Korea.

China's Policy toward North Korea

China's domestic economic plans in the 1980s suggested a more passive security orientation. As the threat from Moscow began to wane, Beijing's foreign policy has been less preoccupied with China's security problems. At a time of Sino-Soviet rapprochement, the leverage that North Korea once had on its communist patrons, playing the Soviet Union off against China to maximize their support, was declining. As a consequence, China's policy toward North Korea since the 1986 Seoul Asian Games has exhibited the long-term objective of maintaining Chinese influence through a combination of "carrots and sticks."

The most remarkable change in China's policy toward North Korea concerned the economic sector. In economic terms, China's relations with North Korea have become truly insignificant. Moreover, because of its own domestic economic needs and priorities, China faced difficulties to render satisfactory aid to North Korea. Until the

early 1980s, China had tried very hard to offer its economic and technical assistance to North Korea. Since 1985, however, the situation began to change. China has become less and less forthcoming in supporting North Korea's economic difficulties. In January 1985, in his conversation with visiting North Korean Vice-Premier Kong Chin-Tae, Secretary General Hu Yaobang made it clear for the first time that the PRC would continue to render international assistance to North Korea within our ability. This indicated for the first time publicly that China would not extend additional economic assistance to North Korea.³⁸

Between 1986 and 1988, there were plenty of signs that China was reluctant to make any new economic commitments to North Korea beyond its ability. In 1987, Beijing-Pyongyang negotiations on China's use of the North Korean port of Chongjin for a transport channel between three northeastern Chinese provinces and Japan was suspended.³⁹ When Kim Il Sung visited Beijing on May 21-25, 1987, Deng Xiaoping turned down Kim Il Sung's request for crude oil supply. China decided to shift the character of its oil supply to North Korea from virtual aid to trade and not to increase the volume of its oil supply because North Korea had failed to pay back its existing crude oil debt to China.⁴⁰ In January 1988, China also decided to further reduce its

arms supplies and cut electricity supplies to North Korea, and virtually ignored the fact that “North Korea is very unhappy with these unilateral decisions made by China.”⁴¹ China began to adopt an increasingly hard-line policy in terms of its economic ties with North Korea and insist on balanced trade, repayment of North Korea’s debt, and cash payments in all bilateral transactions.

During Kim Il Sung’s visit to China in 1987, instead of promising any additional aid, Deng Xiaoping suggested that Kim Il Sung should make an inspection of Shenzhen, China’s most successful Special Economic Zone (SEZ). Apparently, Deng Xiaoping hinted to Kim Il Sung that China was not ready to increase its dwindling economic assistance and North Korea should institute similar economic reforms and open door policy to cope with its worsening economic conditions.⁴²

The Chinese leadership attempted to convince Kim Il Sung that China’s relations with South Korea would also benefit North Korea. The Chinese leaders also offered some real “carrots” to Kim Il Sung. Among them, one of the most important items was Beijing’s continuing effort to help North Korea establish contacts with the United States. In fact, Pyongyang has strongly desired contact with the United States

and ultimately to trade with the West. China was in a position to help “broker” an opening to the West—a role that was critical to North Korea given its past track record, its dismal economic prospects, and the widespread suspicions in the West of North Korean intentions. China was instrumental in initiating North Korea-US rapprochement to discourage North Korean designs on the Korean peninsula, and Kim was asked to consider the cross-recognition option.⁴³ With China’s help, on March 9, 1987, the United States finally informed the North Koreans that it was prepared to take some steps to improve ties if North Korea resumed talks with South Korea. The US Department of State also authorized American diplomats to talk with North Korean diplomats when they met at diplomatic receptions and in neutral areas.⁴⁴ China tried very hard to bridge Pyongyang’s efforts to have direct negotiations with Washington. Deng Xiaoping, in a meeting with a Japanese political leader on June 4, 1987, made it clear for the first time that China had asked the U.S. to contact North Korea.⁴⁵

Meanwhile, the Chinese have used the leverage through “sticks” over North Korea. If North Korea moved too far toward the Soviet Union, the Chinese were perfectly capable of adjusting both the speed and scope of their opening to South Korea. This was something the North Koreans understood and, given their inherently

disadvantageous position relative to Beijing, wanted to prevent. For this reason, the Chinese were not overly concerned by the improvement in Soviet-North Korea relations.⁴⁶

China's policy toward North Korea has been characterized by a mixture of "carrots" and "sticks" policy. That is to say, China's leverage through a combination of "carrots" and "sticks" over North Korea indicated that China has apparently adopted a "playing double" strategy on the Korean Peninsula, attempting to exercise a positive influence over North Korea and to maintain a friendly relationship with North Korea, and developing extensive economic and unofficial ties with South Korea.

China's Response to North Korea's Terrorism

Since Deng Xiaoping began to pursue economic reforms and open door policies in 1978, Beijing has had a stronger interest than Pyongyang in maintaining peace and stability on the Korean Peninsula. China recognized unqualifiedly that the resumption of hostilities on the Korean Peninsula would seriously threaten its interest in maintaining a peaceful and stable international environment in Northeast Asia and in

pursing economic reforms and open door policies, and that renewed warfare on the Korean Peninsula would again involve China and the United States on opposite sides of a major military conflict. Thus, the Chinese have given clear indications to Pyongyang that Beijing would oppose any North Korean use of force against South Korea.⁴⁷

China was supremely embarrassed, however, by the bombing of Korean Air (KAL) flight 858 by North Korean terrorists, killing all 115 people aboard in midair near Burma on November 29, 1987.⁴⁸ This incident made Beijing leaders more concerned that North Korea's aggressive action could start a major conflict involving Beijing and the United States in Northeast Asia that would destroy China's economic development in the future.⁴⁹

China, concerned over South Korea's threat to retaliate against North Korea for sabotaging a Korean Air jetliner, urged both sides to remain calm. In its first reaction to a North Korean agent's confession that Pyongyang ordered the jet blown up, the Chinese Foreign Ministry took an unusually conciliatory tone and refused comment on the charges, departing from often unquestioning support for North Korea.⁵⁰ When asked to comment on the allegations that Kim Il Sung's son and heir apparent, Kim

Jong Il was responsible for the explosion, the Chinese Foreign Ministry spokesman said: “Both North and South Korea have issued their respective statements on this incident and we are not going to make any comments on this. But we hope the situation on the Korean Peninsula will become relaxed and stabilized and will not be further intensified as result of the incident.”⁵¹

China was disillusioned at North Korea’s terrorism. In January 1988, China had promised the United States it would not send support troops to North Korea, even if North Korean forces marched into South Korea.⁵² Furthermore, China did not support Pyongyang’s denials that it was responsible for sabotaging the KAL jet, nor did China refute allegations by Seoul, Washington, and Tokyo that North Korea was responsible. In an official statement released by the Chinese Ministry of Foreign Affairs, the Chinese government made it clear that “China has always opposed international terrorist activities in any form.” Beijing’s attitude in the incident clearly suggested that China was irritated at what it saw as “dangerous and senseless” political adventurism.⁵³

Thus, China declined to criticize Washington and Tokyo for imposing sanctions against North Korea for the bombing of a South Korean airliner. In reality, China was

not in a position to offer objections to Western sanctions against North Korea. Asked to comment on the sanctions, a Chinese Foreign Ministry spokesman said: "We hope that all the parties concerned will take more actions which are conducive to the relaxation of the situation in the Korean peninsula."⁵⁴

China had long played an active role in attempting to moderate North Korea's positions, promoting contacts between Pyongyang and Washington and inter-Korean dialogue. But all China's efforts were in vain. When the bombing incident was discussed at the UN Security Council in 1988, a spokesman for the Chinese Foreign Ministry declined to criticize Washington's decision to rescind its earlier decision to permit contacts between American and North Korean diplomats. The United States banned its diplomatic contacts with North Korea, and moreover, it added North Korea to the list of "terrorist nations." Tokyo also limited contacts with Pyongyang.⁵⁵

Chinese leaders, especially Deng Xiaoping, must have been disgusted at Kim Jong Il's involvement in the bombing of KAL jet like the Rangoon bombing. In fact, Kim Jong Il was far from popular with Chinese leaders who looked askance at his bizarre behavior and what has been derisively referred to as "hereditary socialism."

China regarded with distaste Kim Il Sung's efforts to transfer power to his son, Kim Jong Il, disparaging the North Korean succession arrangements as an attempt to create the world's first "socialist monarchy." Moreover, Beijing has criticized the "individual worship" surrounding North Korean President Kim Il Sung since this incident."⁵⁶

This bombing incident profoundly unsettled the Chinese and led China to review her approach to the Korean Peninsula. China increasingly moved far away from its traditional policies vis-à-vis North Korea and therefore reacted strongly to the North Korean terrorist action. In addition, at that time, China agreed to take part in the Summer Olympics in Seoul despite Pyongyang's objections.

The 1988 Seoul Olympics

The games of the 24th Olympiad, held in Seoul from September 17 to October 2, 1988, provided the first opportunity in 12 years for world-class athletes from both communist and non-communist countries to compete in the Olympic games.⁵⁷ Also the Games have provided unofficial but increasingly lucrative trade and expanding contacts to both China and South Korea. This development greatly reduced Pyongyang's

leverage in its efforts to keep diplomatic distance between China and South Korea.

North Korea's position on co-hosting the Olympics was supported by both China and the Soviet Union, and in fact caused the delay of the two countries in announcing their participation. But, at last, three days after the Soviet Union announced that it would send a large delegation to the Seoul Olympics and two days after North Korea decided to boycott the Games, on January 14, 1988, China officially accepted invitation to the Olympics. The Chinese were encouraged to learn that the Soviets planned to send a sizable Olympic delegation to Seoul for the Games and intended to utilize the world athletic meetings there for some consular-level discussions with South Korea's government. The Chinese, then, felt free to send their athletic team direct to Seoul on CAAC (China's national airline) with great public fanfare.⁵⁸

As the 24th Seoul Olympics had attracted the world's attention to South Korea, Beijing did not forget its political ally, North Korea. In answer to a reporter's query on whether China's participation in the Seoul Olympics violated Chinese position on the Korean Peninsula, the PRC State Physical Culture and Sports Commission Chairman Li Menghua insisted: "The decision is perfectly consistent with China's position. We

consistently support the DPRK's just position on the independent, peaceful reunification of the motherland. This position will not change under whatever conditions."⁵⁹

To prove this "consistency," in March 1988, Beijing decided to send its new Premier Li Peng to visit North Korea in April. New Chinese premiers have usually made their first trip to North Korea, a staunch ally since the 1950's. But, surprisingly, in early April, the Chinese Ministry of Foreign Affairs announced that instead of Premier Li Peng, China had decided to send a lower-level delegation to North Korea, headed by Tianjin Mayor and a Politburo member Li Ruihuan. On the other hand, Chinese Premier Li Peng broke with tradition by scheduling his first foreign trip to Pakistan.⁶⁰ It seemed that Sino-North Korean relationship was more strained than was apparent to the outside world. In the light of a series of Chinese decisions concerning the Korean Peninsula, including increasingly open and direct trade with South Korea, the decision to participate in the Seoul Olympics, and not defending North Korea in the KAL bombing incident, it was clear that the differences between China and North Korea were quite serious and unsettling.

Still, China needed a stable and peaceful international environment on the

Korean Peninsula to successfully carry out its economic modernization and open door policy. Therefore, China was seeking to prevent any unfortunate act by Pyongyang which has suffered a major diplomatic upset after most communist nations agreed to participate in the Seoul Games. Because of these points, a trip to North Korea by a high-level Chinese delegation had been planned to precede the Seoul Olympic Games beginning in September. In June 1988, Beijing announced that the delegation, headed by Chinese President Yang Shangkun, would attend the celebrations of the 40th anniversary of the founding of the DPRK in September. Once again, as in the case of the 1986 Asian Games, while a Chinese President was being entertained in Pyongyang, a huge Chinese sports delegation arrived in Seoul.⁶¹ This suggested that China has cunningly pursued a "double strategy" on the Korean peninsula.

Although Yang Shangkun, during his stay in Pyongyang, repeatedly emphasized that "China and [North] Korea are two countries are as mutually dependent as lips and teeth," and "the Chinese and [North] Korean people are carrying on and developing their friendship under new historical conditions,"⁶² there was considerable evidence that the Sino-North Korean relationship was unsatisfactory. Clearly, growing differences on many specific domestic and foreign policy issues from both sides

adversely affected the Sino-North Korean relations. For example, the same day that Yang Shangkun departed for Pyongyang, *Ta Kung Pao* (a Hong Kong newspaper sympathetic to Beijing), published an article entitled, "It Is a Pity That Pyongyang Is Not Taking Part in the Olympic Games." Reflecting Beijing's view on Pyongyang's decision, it openly criticized North Korea's unreasonable position by insisting that the Olympic Games should be held jointly by the North and the South. The article stated:

From Pyongyang's viewpoint, it seems that the DPRK has full reason to condemn the obstruction of the United States and South Korea because it holds a different opinion and position from them. However, from the angle of the international community, it is hard for other countries to support the viewpoint of North Korea on this issue. According to the needs of their own policies, the Soviet Union, the East European countries, and China will send large delegations to participate in the coming Olympic Games. South Korea also plans to take advantage of this opportunity to conduct new exchanges with these countries. This demonstrates the flexibility of South Korea's foreign policy after its economic development. In general this shows that South Korea is changing in keeping up with the main trend of the world.

In conclusion, *Ta Kung Pao's* article advised the North Korean leaders that

The world situation in recent years has been developing very quickly, and the general tendency is détente. The Korean peninsula is no exception. Even though Pyongyang is not participating in the Olympic Games, this should not affect the efforts of the people on both sides to seek peaceful reunification in the future. Anyhow, détente represents the common wish of the people.⁶³

Meanwhile, in the mid-1980s, the expression of Chinese nationalism provided

the first key to understanding the Chinese foreign policy. Deng Xiaoping and the reformers revealed their pride in China's national heritage and their dedication to making China a major actor in world affairs.⁶⁴ Therefore, China had strong motivations to participate in the Seoul Olympics. For the first time in modern Chinese history, Chinese athletes won 15 gold medals at the 23rd Summer Olympics in Los Angeles in 1984—a major breakthrough for a country that had been denied the right to participate in the Olympics for 35 years.⁶⁵ The Chinese people took extraordinary pride in their achievements in the Olympics. In terms of historical viewpoint, ever since the Opium Wars of 1839-1842, the Chinese people had been called “sick man of East Asia” (*dongya bingfu* in Chinese)—a name that many Chinese believed to be extremely humiliating and insulting. Therefore, to the Chinese leaders, the 1984 Olympics and the 1986 Asian Games were successful enough to boost the morale of the Chinese people. The 1988 Seoul Olympics were surely another important occasion for China not only to assert its prowess in international sports, but to promote national self-respect and self-confidence among the Chinese people—an important psychological prerequisite for achieving the country's modernization programs.

There were substantial non-political exchanges between China and South Korea.

For example, as the time of the Seoul Olympics drew closer, Beijing permitted Korean Airlines to fly over Chinese territory on their way to destinations in Pakistan and India. The two countries subsequently agreed to start tourist exchanges, making the special ferry between Weihai and Inchon a regular service. It was also reported that the South Korean Electric Telecommunication Corporation signed contracts in September 1988, with the China Asia Satellite Telecommunications Company Ltd. for the lease of three transponders on AsiaSat 1 which was to be launched in 1990 using China's Long March 3 Rocket, from the Xichang Launch Site in Sichuan province in southwestern China.⁶⁶

The Seoul Olympics provided a convenient excuse for Beijing to come into direct contact with Seoul through the Chinese Olympics office in Seoul. It gave Beijing a valuable opportunity to begin face-to-face discussions with Seoul regarding a wide range of issues. Prior to, during, and after the Olympics, the Chinese and South Korean officials had a series of meetings in Seoul. The Chinese representatives began discussions with South Korea's KOTRA (Korea Trade Promotion Corporation) for establishing permanent Chinese trade missions, in South Korea, representing several Chinese provinces. Also during these meetings, China agreed to arrange for a number of key South Korean governmental leaders to visit Beijing, including Moon Hi Gab

(economic chief of staff for South Korean President), Lee Sun Ki (president of KOTRA), and Lee Kyu Sung (minister of finance). With these steps, China had decided to ignore North Korea's veto power over their policy toward the Korean peninsula.⁶⁷

It was clear that China was considerably confident of its ability to maintain its relations with the two Koreas in pursuing "double strategy." Obviously, the 1988 Seoul Olympic Games played a practical and useful role in promoting face-to-face contact and direct trade between China and South Korea. Also China's participation in the Olympic Games was indicative of a de facto recognition of South Korea by China. After the Olympic Games, China took a more positive and active approach toward South Korea. Hence, we can conclude that the 1988 Seoul Olympic Games was a contributing factor that made China gradually change to a "Two Koreas" policy.

China's Economic Diplomacy with South Korea: Across the Yellow Sea

One of the most dramatic developments in Northeast Asia during the 1980s was the burgeoning trade between China and South Korea. Trade began on an informal, almost secretive basis with most transactions routed through Hong Kong, but within a

few short years it was being conducted openly with Korean ships carrying cargo directly from South Korea to ports in northern China.

According to Jae Ho Chung's analysis, three perspectives can be offered to comprehend China's decision to initiate and maintain economic cooperation with South Korea: (1) a "learning model" that focuses upon China's determination to correct past mistakes of "putting politics in command" and "self-reliance"; (2) a "cultural model" that stresses China's reassertion of Sinocentric nationalism that is now directed toward the goal of economic modernization; and (3) an "emulation model" that emphasizes China's envy for its East Asian Newly Industrializing Countries (NICs, South Korea, Taiwan, Singapore, and Hong Kong) and its zeal to follow their paths of success.⁶⁸

The Learning Model: Socialist regimes were, at least initially, designed to bring about transformation. One of the most fundamental goals of such transformation was the creation of a system of production and distribution oriented toward meeting the basic needs of the majority of the population.⁶⁹ China was no better, and worse, than other socialist states. The extreme politicization and the omnipresence of ideological standards in the making and implementation of economic policy were compounded by

successive phases of movements and campaigns to generate serious economic crises for the nation as a whole. China's new leadership after the death of Mao and the arrest of the Gang of Four was highly aware of the scale of the crisis it was facing. Its remedy was two-fold: restructure the economy through reform and open to the outside world in search of capital and technology. Various radical measures were introduced to reduce the scope of state planning, and to revive local initiatives and enterprise and individual entrepreneurship in both rural and urban areas. China has become increasingly receptive to a variety of patterns of international exchange.⁷⁰

In short, China's reaching out to the outside world was an inevitable consequence of the painful realization on the part of the new leadership of the limitations of the Maoist model of economic development based on politics in command and self-reliance. Once the Chinese leadership was freed from the constraints imposed by the "flawless" Maoism and rewarded by the growing contacts with the outside world, there was no return to the old system of autarky. Through engaging in trade and allowing foreign investment, China was able to alleviate the problems of capital shortage and technological backwardness which were so detrimental to its domestic development programs. Initial success in turn reinforced the leadership's confidence in the path of

development it had chosen. Consequently, China approached almost any country, with which it considered beneficial to do business, whether it was South Korea, Israel, or South Africa. It is in this context that the initiation of Sino-South Korea economic rapprochement was made possible.⁷¹

The Cultural Model: Nationalism is a cultural phenomenon, a state of mind, and a “group consciousness that serves to hold together the largest groupings of people that have ever formed.”⁷² Such a feeling of identification or loyalty is considered crucial to political integration and nation-building. Nationalism as a “we-feeling” against “they” also has a sense of self-esteem. Low self-esteem of a nation provides it with a great incentive to change the status quo. In short, nationalism as the gauge of a nation’s self-esteem constitutes an important instrument in facilitating changes in its foreign policy. China has long been known for its obstinate insistence on its place as a “middle kingdom” or the “center of the world.” China’s Sinocentric view of the world was not simply a symbolic image of its own but it was consistently manifested in its foreign policy behavior. When the middle kingdom was constantly harassed by imperial powers and eventually degraded into a state of semi-colony in the first half of the twentieth century, China’s self-esteem reached its nadir. The painful humiliations

imposed on China by the outside world in general and imperial powers in particular. help explain why the foreign policy of the People's Republic of China has by and large been more of a nationalistic reaction to these memories than a communist manifestation of an ideological commitment, as testified by its obsession with the principle of self-reliance in building its economy, its pretentious posture as a tutelary state in the Third World, and its intentional aloofness from various forms of international exchange. It was only when the post-Mao leadership articulated the nationalistic goal of economic advancement in terms of promoting cooperation with the outside world that the tricky dilemma between autonomy and dependence was at least partly resolved.⁷³

The Emulation Model: While the learning and cultural models explain how China came to value various forms of international economic exchange as a crucial means to reform its domestic economy as well as to enhance its national self-esteem, the emulation model explicates how South Korea was chosen as one of China's important partners of economic cooperation. "Diffusion" comes before emulation. Diffusion, defined as the spread of behaviors, attitudes, and information within and between societies, is an increasingly crucial factor of the present world that gets smaller everyday due to the fast advances in transportation and communication technology.

Once diffusion of information occurs, it is up to the individual, the group, or even the nation-state to decide whether or not and how to emulate the successful (or useful) behavior.⁷⁴

China's decision to cooperate with South Korea can be explained by the emulation model. The success of the East Asian NICs in their quest for economic advancement was remarkable enough to attract the attention of China's post-Mao leadership. As one analyst pointed out, "The economic success of East Asia derived from its open economic policy has influenced many nations to rethink how they ought to go about achieving economic development...Nowhere is the resulting change in thinking more apparent than in China."⁷⁵ Among the four East Asian NICs, South Korea may have been a useful model China considered worth emulating. As the emulation model assumes, emulation requires close contacts and communications for the speedy relay of information and experiences. Once China decided on emulating South Korea, bilateral contacts grew.⁷⁶

China looked on South Korea as an increasingly attractive economic partner for a variety of reasons. As part of its Northern Policy, South Korea was eager to

accommodate China's economic preferences to the extent of sacrificing its own short-term financial interests; China indeed enjoyed a lion's share (85.2 percent) of South Korea's total trade with socialist countries during 1989. Even though the volume of trade between the two countries fluctuated widely from 1979 to 1988, South Korea's imports from China via Hong Kong registered a steady increase, suggesting that South Korea had an underlying political purpose for continuing to purchase Chinese goods even when the Chinese were unable or unwilling to reciprocate.⁷⁷

China found the intermediate technology of South Korea more suitable to their practical needs than the expensive high-technology of the United States, Japan, and Western Europe. Therefore, China was eager to learn the intermediate technologies in which South Korea has become so proficient. Even though China has always preferred to import original technology, its managerial teams have not always been competent to handle the final processing of the semi-finished products it purchased. China continued to import some consumer goods, but wished to move toward the import of parts and components which would be assembled into finished goods at domestic factories. Thus, China has sent technicians to South Korea to learn how best to assimilate some of the sophisticated Japanese steel production technology it imported. South Koreans, of

course, have mastered these intermediate technology processes and have become skilled at making production quicker and more efficient. China hoped its industrial leaders would learn from South Korea and therefore was especially eager to encourage joint ventures with South Korean firms.⁷⁸

China felt more comfortable with the sociable and outgoing South Koreans than with the Japanese, who were still under close scrutiny because of their past colonial ambitions and who frequently assumed airs of economic superiority.⁷⁹ China feared its own increasing dependence on Japanese technology and capital and was also concerned by the huge imbalance in Sino-Japanese trade. From 1985 onwards China started to express dissatisfaction at the mounting trade deficit with Japan.⁸⁰ Moreover, China found that Japan was only interested in exporting industrial products and consumer goods to China and in importing resources and raw materials from China, but it was not active in technology transfers and its investment in China was very small. In addition, Chinese leaders began to take a more critical view of the increase in the Japanese defense budget as well as Japan's closer business links with Taiwan.⁸¹ Therefore, China viewed South Korea in a more favorable aspect as a trade partner for modernization.

The geographic proximity between China and South Korea reduced transportation costs and made the two-way trade convenient, allowing the use of small vessels, which were able to enter shallow harbors at both ends of the transaction. South Korea was particularly well situated to assist China's developmental plans, which focused on its coastal regions such as Shandong Province and northeastern provinces such as Liaoning Province. Direct shipping from the Chinese Eastern seaboard to South Korea's port cities had the capacity to make traffic relatively fast and predictable. As ferry service, air flights and communications improved between South Korean cities and the major ports in Shandong and Liaoning Provinces, one could imagine a future of bustling activity, a network of trade links and the reinforcing economic momentum which could be generated around the Bohai Gulf area.⁸² Meanwhile, to avoid direct political confrontation between Beijing and Pyongyang, a convenient face-saving device was adopted: decentralizing economic decision-making authority to the provincial governments, coupled with enterprise autonomy. The South Koreans devised the Yellow Sea Development Project, which called for utilizing their southwestern coastal areas as an outlet for economic cooperation with China.⁸³

Their traditional culture affinities reduced barriers to communications. Many South Koreans can read Chinese characters. An increasing number of South Koreans are able to speak Mandarin. Moreover, sizable groups of ethnic Koreans (about two million) live in such cities as Harbin, Jilin and Shenyang in China. China made use of the highly educated and professionally competent Koreans residing in China who were ready to interact with their South Korean counterparts. These bilingual, bicultural citizens have already proven to be an indispensable asset in smoothing Chinese correspondence with South Korean businessmen.⁸⁴

Complementarity between the Chinese and South Korean economies made the two countries natural trading partners. China has exported large quantities of natural resources, raw material, and food products; it became South Korea's main supplier of maize in 1985 and it also has exported feed grains, raw cotton, and vegetables. In return, South Korea exported primarily electrical goods including television sets and refrigerators. This pattern reflected the fact that China had few products other than natural resources or food that it could sell on the international market. The success of agricultural reform in China during the 1980s led to surpluses in a number of crops and these were the products being exported. Both governments seemed satisfied with this

pattern of trade. South Korea was a resource-poor country that viewed China as a source of natural resources and agricultural products, and as a growing market for its manufactured goods. China, on the other hand, has pushed its primary exports and imported large quantities of manufactured products from South Korea. Furthermore, the most important complementarity was that China was a labor-abundant, low-wage country whereas South Korea was increasingly a medium- to high-wage country with an abundance of skilled labor and a growing shortage of semi-skilled labor.⁸⁵ Thus, the benefits accruing from increased economic exchange were mutual.

Sino-Soviet Détente in the mid-1980s and the reconciliation between China and the Soviet Union as indicated by the Deng-Gorbachev summit meeting in May 1989 removed a thorny political impediment to Sino-South Korean economic cooperation.⁸⁶

As Pyongyang's relationship with Moscow in the mid-1980s visibly improved, Beijing was either willing to use the South Korean card or found more room to actively deal with South Korea in economic terms. Especially this factor facilitated the transition of Sino-South Korean economic cooperation from an experimental phase to an expansion phase.⁸⁷

At the Third Plenum of the Twelfth Central Committee in October 1984, the CCP adopted accelerated and comprehensive reform policies of the nation's economic structure and institutions and decided to strengthen its open-door policy. Reforms undertaken in 1984 were basically an attempt to further decentralization. The focus was on foreign trade enterprises and companies. According to the State Council, "the foreign-trade enterprises would conduct independently the import or export business, keeping their own accounts and assuming responsibilities for their own profits and losses." And an agency system for foreign trade was introduced, which theoretically allowed every economic unit in China to take part in foreign trade through an established agent, and removed any administratively defined specialization or monopoly in foreign trade.⁸⁸

Consequently, since the Third Plenum in 1984, the amount of China's trade with South Korea rapidly increased. In 1985, it grew to \$1,161 million by leaps and bounds as compared with \$434 million in 1984. Growth also occurred when the Chinese attended the Asian Games (1986) and the Summer Olympic Games (1988) in Seoul, which North Korea boycotted. In 1986, it grew to \$1,289 million, in 1987, \$1,679

million, and in 1988, \$3,087 million. There was no doubt that the 1988 Seoul Olympic Games provided a very convenient opportunity for China to expand its economic cooperation with South Korea and for South Korea to bring China closer away from its northern counterpart. The positive effect of the event was clearly shown in the almost doubling of the bilateral trade from 1987 to 1988.⁸⁹

Trade has so far been the most important area of bilateral interactions between South Korea and China. South Korea-China trade has already reached a point where any reverse direction was clearly not in the interest of either party and the mutual benefit was highly appreciated. The proportion of South Korea-China trade in China's total trade has risen from 0.06 percent in 1979 to 0.3 in 1983, to 2.2 in 1986, and to 3.8 in 1988; and that in South Korea's total trade was 0.05 percent in 1979, 0.3 in 1983, 2.0 in 1986, and 2.7 in 1988. In comparative terms, South Korea became China's eighth largest trade partner in 1989.⁹⁰

On various occasions during the formulative year of 1988, PRC authorities have let it be known that the official position in China was to allow more direct ties to ensure that China remained attractive to South Korean investors. On 4 November 1988,

Chu Baotai, deputy director of the Foreign Investment Bureau of China's Ministry of Foreign Economic Relations and Trade, said, "So long as the two sides intend to develop economic and trade ties, it is necessary and natural for them to set up representative offices." Rong Yiren, chairman of the China International Trade and Investment Corporation (CITIC) told reporters in Beijing in November 1988, "We prefer direct exchanges, including trade and investment." Rong, who was also a vice-chairman of the standing committee of the National People's Congress, said CITIC had company-to-company relations with South Korean firms.⁹¹ The Chinese government decided to make public its covert economic ties with South Korea: The Chinese side welcomed South Korean businessmen to invest in China. South Korean businessmen were given the same preferential treatment as businessmen from other countries.⁹² This showed Beijing's multidirectional open door policy, which was flexible as well as active, without any discrimination against South Korea.

The most fruitful development in the trend toward greater ease in trade, travel, marketing and investment research was the establishment of permanent trade offices by South Koreans and Chinese in each other's country. The PRC extended permission for provincial and city officials to begin these permanent, semi-diplomatic facilities while it

continued to resist any idea of a nation-wide representative office. Consequently, China Council for the Promotion of International Trade (CCPIT) Shandong sub-council and a private delegation from South Korea had signed a memorandum in June 1988 on developing sea freight links and setting up non-official representative offices. The first such PRC office, representing Shandong Province, was opened in Seoul in 1988. This greatly benefited the economic development of the two countries. The Chinese were now prepared to forgo the cumbersome, inefficient methods of clandestine negotiations and indirect trade and conduct open, direct commercial transactions with South Korea. Thus, by 1988 “the economic exchange between the PRC and the ROK traveled the route from being a closed secret, then an open secret, and finally no secret whatsoever.”⁹³

Conclusion

During the period of 1985-1988, China sought to lower tensions on the Korean peninsula and reduce the risk of renewed military conflict. It tried to get North Korea involved in more productive internal activities and external relations. As mentioned above, China pursued a de facto “Two Koreas” policy by playing “double strategy” on

the Korean peninsula. China continued to publicly support North Korean positions in an effort to maintain a viable relationship with Pyongyang. In practice, however, it evinced an increasingly growing acceptance of South Korea.

Since 1985, there were affirmative and substantial improvements in Sino-South Korean relations politically, strategically, and economically. Sino-Soviet détente has provided a stable and peaceful environment on the Korean peninsula, giving the Chinese leadership the freedom to pursue a de facto "Two Koreas" policy. At a time of Sino-Soviet détente, China no longer felt constrained from pursuing its own long-term policy goals and strategies, including implied limits to its economic, political, and defense obligations to North Korea. North Korea could not play the "Soviet card" against China any longer and exert leverage to prevent China from developing her relations with South Korea. Thus, the developing relations between China and South Korea could proceed without Chinese concern about North Korea.

The Chinese torpedo boat incident in March 1985 paved the way for the second thaw in Sino-South Koreans relations. This incident could be seen as indicating a de facto recognition of Seoul by Beijing. Since then, there have been a variety of other

developments: a continuing dialogue between Chinese and South Korean scholars in third countries, Chinese attendance at conferences in third countries where South Koreans were present, South Korean participation in international meetings and sporting events held in the PRC.

At the Chinese 13th National Party Congress in October 1987, the victory of the reformists made China take a more and more positive and pragmatic attitude toward South Korea. Meanwhile, one month later, the bombing incident of KAL jet by North Korean terrorists shocked the Chinese leadership and made China review its traditional foreign policy toward North Korea, departing from often unquestioning support for North Korea.

The most visible and dramatic breakthrough in Chinese relations with South Korea was China's participation in the 1986 Asian Games and the 1988 Olympic Games in Seoul despite North Korea's boycott. These two Games apparently played an important role in promoting China's positive perception of South Korea. Especially the Seoul Olympics provided a convenient excuse for Beijing to begin direct discussions with Seoul through the Chinese Olympics office in Seoul regarding a wide range of

issues.

Since these two Games, the volume of trade between China and South Korea has grown by leaps and bounds. The rapid growth of trade between the two countries has demonstrated that the desire to exchange goods could break down the most solid and longstanding political barriers. In a sense, bilateral trade has constantly raised the level of economic cooperation and has gradually facilitated the political rapprochement between Beijing and Seoul. Moreover, in 1988, the establishment of permanent trade office in Seoul, representing Shandong Province in China, was an important breakthrough toward normalization between China and South Korea. Therefore, I argue that China's economic priority was the determining factor and Sino-Soviet Détente, Chinese Torpedo Boat Incident, Seoul Asian Games, North Korea's Terrorism, Seoul Olympics were a contributing factor that made China gradually change to "Two Koreas" policy.

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Chapter 4: Toward Sino-South Korean Normalization, 1989-1992

During the period of 1989-1992, Northeast Asia underwent great changes. Numerous important affairs in international politics shaped the turning point of the post-Cold War era and affected the international environment in Northeast Asia, especially on the Korean peninsula. These changes were the disintegration of East European Communist regimes, Chinese-Soviet normalization, German unification, South Korean-Soviet normalization, Moscow-Tokyo rapprochement, the collapse of the Soviet Union, the relaxation of the U.S.-Russian confrontation, the downfall of political ideology in world politics. With the end of the Cold War, the bi-polar system was replaced with a multi-polar system. The concept of the national interests of the major powers also changed from political and military interests to economic interests. In other words, economic factors became the most important determinants of the relations of the countries and the international order in the post-Cold War period. Such changes pushed China to reevaluate its policy toward the Korean peninsula.

This chapter will set the background and context for normalization in 1992 which

is the final recognition of a "Two Koreas" policy. That is, I will put great emphasis on analyzing what factors caused China to make such a move. I will also examine China's policy toward North Korea by means of Kim Il Sung's visits to China in 1989, 1990, and 1991, respectively. I will also analyze Beijing's position toward Seoul's UN entry bid.

Sino-Soviet Normalization

As mentioned in Chapter 3, since 1985 the Soviet Union began to change its basic strategy toward China. From 1987, Sino-Soviet relations improved rapidly. China had its own reasons for seeking improvement in its relations with the Soviet Union. China's desire for an improved relationship with the Soviet Union was motivated by a wish to avoid unnecessary tension and conflicts. In order to implement its "Four Modernizations" program, China was clearly in need of a peaceful international environment. Another basic motivation of China for the rapprochement with the Soviet Union was the desire to secure even greater economic benefits. China also wanted to enhance its national security by removing "Three Obstacles." Therefore, the Chinese leaders put forward "Three Conditions" for reconciliation with the Soviet Union:

withdrawal of Soviet troops from Afghanistan, reduction of Soviet forces on the Chinese border and pullout of Vietnamese forces from Cambodia. By the spring of 1989, when the Soviet Union satisfied virtually China's demands on removing "Three Obstacles," the stage was set for a Sino-Soviet summit meeting.¹

On May 16, 1989, China's Deng Xiaoping and Soviet President Mikhail Gorbachev normalized relations between the two Communist states after a 30-year rift. During his visit to Beijing, Gorbachev announced his plan to reduce 200,000 Soviet troops from Asia, including 120,000 in the Soviet Far East bordering China.² This was a vital step toward a new *détente* in Asia and the Pacific, greatly heightening the expectation of peace and stability on the Korean Peninsula.

The changes in the communist world and the global trend toward *détente* had a number of more specific implications for North Korea and its strategic relations. Sino-Soviet normalization worked against North Korea. Gorbachev expressed support for North Korean peace initiatives, but the Sino-Soviet reconciliation might be a burden to North Korea. In a step to strengthen the Soviet position in Northeast Asia, Gorbachev put forward his concept of collective security in the region, stressing that this would

provide a means of settling regional conflicts, including the Korean question. Gorbachev's intention hidden behind the idea of collective security was that an international forum composed of South and North Korea and powers surrounding the peninsula would lead to Pyongyang's renunciation of a closed, isolated society, eventually reducing tension there. Namely, Gorbachev's proposal for "collective security" was a veiled attempt to have Kim Il Sung open up North Korea and pursue dialogue with South Korea.³

But China had been cool to Gorbachev's concept of collective security in Asia because of its suspicion of an underlying attempt to increase Soviets' strategic influence in the area. The Seoul government was wary of the Soviet proposal for the Asian consultative body to comprise both South and North Korea, China, the United States, Japan as well as the Soviet Union but Seoul did not register an outright objection to the plan.⁴ South Korea generally deemed the Sino-Soviet normalization as a positive step to peace and stability in Northeast Asia and hoped that the normalization would ease tension on the Korean peninsula. It has particularly been encouraged by the commitment shown by the Chinese and Soviet leaders to the "supreme value of peace" and mutual development.⁵ On the contrary, the Pyongyang regime had been unhappy

with the Gorbachev initiative, apparently because the creation of the forum virtually meant the cross recognition of the entities of two Korea by the neighboring powers.⁶

Sino-Soviet normalization brought about a considerable change in North Korea's policies toward Beijing and Moscow. During the period of Sino-Soviet ideological and border disputes, North Korea was able to make an advantageous deal with its two supporters. Sino-Soviet normalization deprived North Korea of such chances and instead made both Beijing and Moscow further their efforts to persuade Pyongyang to refrain from provoking any action leading to tensions in the region.⁷ That is, Sino-Soviet normalization reduced their inclination to compete actively for Pyongyang's favor. North Korea's leverage and ability to manipulate Sino-Soviet tensions to its advantage diminished. The global relaxation of tensions decreased North Korea's role as a fulcrum of Cold War hostility and hence lessened North Korea's centrality to the communist powers as a factor in global strategic competition.⁸

Since the Sino-Soviet normalization, China has assumed a more activist posture on Korean issues, pursuing a range of "unofficial contacts" with South Korea, urging the United States and Japan to begin similar contacts with North Korea to help draw it

into the world community, and encouraging North Korea to pursue dialogue with South Korea as well as undertake domestic and foreign policy reforms that would help end its international isolation.⁹ Obviously the Sino-Soviet normalization greatly contributed to the relaxation of tension on the Korean peninsula. Beijing had less need to compete with Moscow over Pyongyang and the latter could no longer play one against the other. Regardless of North Korea, China could approach South Korea more easily as a result of the normalization and continue to develop economic ties with South Korea. The normalization gave both China and South Korea a good chance to normalize official ties in the near future.

Kim Il Sung's Sudden and Secret Visit to Beijing in 1989

On November 5-7, 1989, Kim Il Sung clandestinely and suddenly visited Beijing. During Kim Il Sung's secret visit to Beijing, the Convention of the 5th Plenary Session of the 13th Chinese Communist Party Central Committee started on November 6. It was unexpected that Deng Xiaoping invited Kim Il Sung at a time when China was occupied in an important policy-making Communist Party conference, because customarily China has not invited foreigners, even very friendly ones, during such an

important session.¹⁰ What was so important to force Kim Il Sung to make such a visit?

In 1989, many East European Communist countries plunged into a maelstrom of political and social change. The communist regimes were collapsing. Especially, East Germany threw open its borders to the West, breaking down the Berlin Wall on November 9, 1989. Furthermore, following Hungary which established diplomatic relations with South Korea on February 10 1989, Poland normalized relations on November 11, 1989. Yugoslavia, Czechoslovakia, Bulgaria, and Rumania were likely to follow suit. All these countries also increased trade with Seoul. The rapid rapprochement between South Korea and communist countries in the East surely added to the uneasiness of the North Korean leadership. The surging current in the bloc no doubt irritated Kim Il Sung, who felt threatened by the pro-democracy movement in the Communist bloc.¹¹ This became one of the main reasons Kim decided to visit Beijing. That was why Kim Il Sung had unpublicized talks with Chinese leaders, expressing concern about Pyongyang's increasing isolation as South Korea improved relations with communist countries.¹² Therefore, Seoul interpreted Kim Il Sung's clandestine visit to Beijing to be the result of swiftly changing international relations around the Korean peninsula, affected by the changing relations within the communist bloc.¹³

The Soviet Union also increased trade, scholarly and cultural exchanges with South Korea, causing concern that Pyongyang's most important ally might normalize relations with Seoul.¹⁴ The apparent change in the Soviet attitude toward the Korean question at the United Nations was the immediate motivation for Kim Il Sung's visit to Beijing. Moscow came up with a policy change of non-opposition to South Korea's admission into the United Nations, meaning that it would refrain from exercising its veto right against the Seoul proposal. With the atmosphere in the world body growing in the South's favor, Pyongyang must have been impelled to ask for China's help to block Seoul's UN entry by use of its veto right in the UN Security Council. Beijing had explicitly backed the Pyongyang position at the United Nations but it noticeably lessened the intensity of its support in the General Assembly.¹⁵

Kim Il Sung showed several signs of change in its relations with Western countries. Former US Assistant Secretary of State Gaston Sigur said, after his Pyongyang trip late in October 1989, that North Korean officials showed much interest in developing dialogues with Western countries, especially the United States. The fifth contact between US and North Korean diplomats in Beijing resuming after a five-month

deadlock also indicated changes in North Korea, which was the world's most isolated and authoritarian state. This event indicated that North Korea knew that it could not remain sealed-off forever in a world of détente. Kim Il Sung's secret visit to Beijing was related to Pyongyang's new efforts to adapt itself to the changing international environment.¹⁶

The changing environment around the Korean peninsula forced Kim to reaffirm Pyongyang's relationship with China, which remained North Korea's strongest supporter. Pyongyang demonstrated its own comradeship with Beijing by publicly supporting China's bloody crackdown on the pro-democracy demonstrators in Tiananmen Square in early June, 1989, amid world wide censure and protests against the Chinese bloodbath. Beijing and Pyongyang, willingly or unwillingly, were clinging to conservative Communist doctrines, fearful of the collapse of their leaderships. Notwithstanding, as far as economic reform was concerned, China already took a progressive step toward a free market economy, as opposed to Pyongyang's policies.¹⁷

Now that former CCP Secretary Zhao Ziyang was ousted, Kim Il Sung also needed to make contact with the new leadership in Beijing and renew his, albeit

outdated, calls for the victory of socialism and struggle against "imperialism."¹⁸

During their summit talks on November 7, Deng and Kim showed a clash of opinions on such key issues as political reforms and opening up to the outside world. South China Morning Post reported:

Kim Il Sung argued strongly that rapid developments in Eastern Europe sounded a serious warning to all socialist countries that too much of an open door and reform policy was detrimental to the socialist cause. Kim said Pyongyang and Beijing should draw a lesson from that experience and clampdown, or at least slow down reforms. But Deng was determined that the reforms he pioneered should go on.¹⁹

Chinese financial aid to North Korea was also discussed, but Deng declined Kim's request for \$270.3 million in military assistance.²⁰

South China Morning Post said Kim was also concerned about China's increasing contacts with South Korea.²¹ But, it was reported that Deng Xiaoping told Kim Il Sung that "China must further develop economic relations with South Korea."²² Deng's remarks meant China adopted a much more flexible and pragmatic attitude toward the Korean peninsula. China fully realized that it would need much economic support from South Korea at the 1990 Asian Games in Beijing, and that it would come in the inevitable direct government-to-government and businessman-to-businessman contact with South Korea at the 1990 Asian Games. Also, China could not ignore the rapidly

changing international situation in which the Soviet Union and Eastern European countries were attempting to constructively establish diplomatic ties with South Korea.

South Korea's Northern Policy [Nordpolitik]

The term of "Nordpolitik" was used for the first time on June 29, 1983, as former Foreign Minister Lee Bum Suk gave a speech at the Graduate School of National Defense of Korea. "Nordpolitik" was similar to the Ostpolitik of West Germany initiated by Chancellor Willy Brandt.²³ The genesis of South Korea's Nordpolitik could be traced back to the South Korean government's decision of June 1973 in which it decided to pursue ties with all countries regardless of ideological differences but based on the principle of reciprocity. South Korea's rationale for expanding foreign relations was based on the need to improve ties primarily with China and the Soviet Union in order to reduce the ever-present tension on the Korean peninsula.²⁴

The Northern policy had been pursued by successive ROK administrations since 1973. But full-scale implementation with concrete results only began to become

possible during the Sixth Republic, the government of former President Roh Tae Woo, as the internal will of South Korea to establish relations with China, the Soviet Union, and the Eastern European countries coincided with significant changes in that bloc and indeed the entire world order. These changes in the world order directly impacted on the environment surrounding the Korean peninsula, and thus created an atmosphere conducive to the successful implementation of "Northern Policy." China's experimentation with economic reforms launched in 1978 was accompanied by the pursuit of glasnost and perestroika in the Soviet Union under Mikhail Gorbachev. Gorbachev's reforms together with other factors brought about the collapse of the cold war system, a bipolar balance of power system characterized by the confrontation between the United States and the Soviet Union. In this context, South Korea's Northern Policy could be seen as a response to the rapidly changing international environment.²⁵

In early December 1987, at the height of the presidential campaign, former South Korean foreign minister Park Tong Jin flew to Tokyo for a private meeting with Japanese Prime Minister Noboru Takeshita. He handed over a personal message from ruling Democratic Justice Party candidate Roh Tae Woo. Roh said in his message that

he needed Tokyo's help in getting his position across to China. It was Roh's first foreign-policy initiative: building a stronger bridge from South Korea to China. This objective also represented the cornerstone of an election pledge by Roh to develop South Korea's Yellow Sea coast in an effort to heal anti-government resentment which had grown in the southwestern Cholla region. Roh outlined proposals to turn the region's seaports of Mokpo and Kunsan into China-orientated trading centers.²⁶

Which country had been given priority in South Korea's pursuit of the Northern Policy? Mr. Roh, the ruling-party victor in the 1987 presidential election, said that he would give top priority to establishing diplomatic ties with China with a view to reducing tensions in Northeast Asia.²⁷ Beginning in 1988, Beijing-Seoul ties became more concrete. In his inaugural speech delivered on February 25, 1988, Roh Tae Woo expressed hope that Beijing and Seoul would open trade offices following the 1988 Seoul Olympics, and he said he would try to establish diplomatic relations during his five-year term.²⁸ On many occasions, Roh also expressed the need to actively develop trade between the ROK and China, and called for "bold investment" in developing western South Korea into an industrial base, so as to expand trade with China. In late 1987, South Korea worked out a large-scale development plan to develop its west coast,

which faces China's open coastal cities, so that it could make use of the favorable geographic conditions to develop trade with China on a long-term basis and could better compete with other countries in China trade.²⁹

On July 7, 1988, Roh declared South Korea's new Northern Policy. Announcing the government's new six-point declaration on reunification and foreign policy, Roh made it clear he would seek improved relations with China in order to create an atmosphere conducive to durable peace on the Korea peninsula. In Seoul's view, improved relationships between South Korea and China, including other socialist countries not only could contribute to enhancing Seoul's international status, but also might induce Pyongyang to open its society to the outside world and to positively respond to the inter-Korean dialogue.³⁰

Several of President Roh's special envoys made clandestine visits to Beijing in order to sound out the possibility of developing closer political and economic ties between the two countries. Former Foreign Minister Park Dong Jin, the President's Special Adviser for Policy, Park Chul On, and Kim Woo Jung, Chairman of the Daewoo Group, visited Beijing to convey private letters from the President. In these letters

President Roh outlined South Korea's intention to promote economic exchanges with China and to establish mutual trade offices in Beijing and Seoul and expressed the hope that Beijing would play a role in preventing war on the Korean peninsula.³¹

Meanwhile, South Korea asked US Secretary of State George Schultz to carry Seoul's message for better ties to Beijing. When Schultz visited China, he explained Roh's July 7 special declaration in detail to Deng Xiaoping and requested that China play a positive role in promoting the inter-Korean dialogue. Deng Xiaoping reacted positively, saying that Roh's declaration would contribute to stability and peace on the Korean peninsula.³²

China for the first time explicitly backed a South Korean initiative for dialogue between Seoul and Pyongyang, breaking from its traditional alignment with North Korean positions. Chinese Premier Li Peng told visiting Japanese counterpart Noboru Takeshita that China supported Roh's July 7 declaration aimed at easing Korean tensions. Li said that China favored peace on the Peninsula. "If the July 7 special declaration is beneficial for the stability of the Korean Peninsula, then we would also support it," Li said.³³ In the past China had been careful to back peace initiatives by its

North Korean ally or at least maintain a prudent silence. Li's remarks were even more striking since North Korea had already rejected Roh's proposals. Also, his words indicated that China was obviously interested in improving relations with South Korea and taking a pragmatic posture toward South Korea.

In April 1989, Foreign Minister Choi Ho Joong stressed the need for improved economic ties with China. He said cooperation with China should be distinguished from that with East European countries because of its impact on Seoul's relations with its allies. In February, 1990, Choi's offer to hold a meeting with his Chinese counterpart was also accepted as an expression of the Seoul government's desire for a more active approach toward improving relations with China. It also indicated a switch in the government's strategy toward China—from behind-the-scenes diplomacy to open diplomacy. The switch stemmed from the confidence the government had acquired in the course of pursuing improved ties with China.³⁴

The three fundamental principles of South Korea's Northern Policy—the separation of politics and economics, the pursuit of mutual benefits, and private sector leadership—closely mirrored China's policy of separating politics from economics in

order to pursue mutually beneficial economic ties. Economically, China accounted for the bulk of South Korean trade with socialist countries (87.5% in 1989). Sino-South Korean trade was the backbone of South Korea's Northern Policy.³⁵ As a result of the Northern Policy, many Chinese and South Korean businessmen visited each other's capitals to seek areas of economic cooperation and to talk about investment and trade. Non-political interchanges between South Korea and China intensified to the degree that they played a large role in making the establishment of diplomatic relations between China and South Korea in August 1992. South Korea's Northern Policy indeed brought about drastic policy shifts and significant results in relations between China and South Korea. This demonstrates that South Korea's Northern Policy served as a booster for China's pragmatic policy toward South Korea, and that it was a momentous factor that made China change to "Two Koreas" policy.

South Korean-Soviet Normalization

South Korea-Soviet Normalization was indeed a benchmark for the Northern Policy since the Soviet Union had played a most critical role in constructing and strengthening the Cold War structure on the Korean peninsula. Normalization reflected

the termination of the Cold War as it had existed in Northeast Asia, reducing tensions between the two different ideological camps. Normalization of ties between the two countries brought about fundamental changes in their bilateral relations which had remained hostile for over four decades. The new relationship also heralded a significant change in international politics in East Asia, especially the balance of power surrounding the Korean peninsula, and Sino-South Korean relations.

Through Gorbachev's speeches in Vladivostok in July 1986 and in Krasnoyarsk in September 1988, the Soviet Union disclosed changes in their Far East policy by expressing its willingness to join Asia as a legitimate member and to improve relations with a significantly influential regional power such as South Korea. Since September 1988, the USSR allowed South Korean businessmen and Soviet trade officials to exchange visits. The high regard for South Korea's economic development and latent power was a most compelling reason for the Soviet Union to consider making South Korea one of its own partners. In April 1989, the Soviet Union opened an office in Seoul, and three months later Korea Trade Promotion Corporation (KOTRA) opened a similar office in Moscow. To facilitate economic cooperation, South Korea and the Soviet Union agreed in November 1989 to open "consular departments" within their

respective semi-official trade offices as the first step toward the establishment of full diplomatic relations. These departments, which began operation the following month, were staffed by diplomats and functioned as embassies.³⁶

Seeing the breakthroughs in Seoul's relations with the Soviet Union before and after the Seoul Olympic games, China might have complicated feelings and might be encouraged to develop further cooperation with South Korea in the economic field. There was a hint that China linked Beijing's approach to Seoul to the development of Moscow's relations with the Seoul government. At a seminar held at the Rand Corporation in Santa Monica in April 1989, Hu Qiaomu, honorary president of the Chinese Academy of Social Sciences and former Politburo member, who still wielded considerable influence within the party said, "Beijing will consider political relations with South Korea once the Soviet Union improves diplomatic relations with the Seoul government."³⁷

On June 4, 1990, President Roh Tae Woo and Soviet leader Mikhail Gorbachev held summit talks in San Francisco and agreed to normalize diplomatic relations between Seoul and Moscow.³⁸ On September 30, 1990, South Korea's Foreign

Minister Choi Ho Joong and his Soviet counterpart Eduard Shevardnadze signed historic document instantly effecting full diplomatic relations between the two countries in a meeting at the United Nations headquarters.³⁹ On December 13, 1990, Roh and Gorbachev issued a "Moscow Declaration" at the Kremlin in which they pledged joint efforts for elimination of the Cold War in Asia, relaxation of tension on the Korean Peninsula and eventual reunification of South and North Korea.⁴⁰

Pyongyang expressed its displeasure toward Moscow by recalling Son Song Pil, North Korean ambassador to Moscow, prior to the San Francisco summit talks. North Korea hit out at what it said was an international scheme to perpetuate "two Koreas," a day after the Roh-Gorbachev summit in San Francisco. The North Korean Workers' Party newspaper lashed out at "splittists" trying to keep North and South Korea divided. On the contrary, the Soviet Union abruptly stopped oil supply to North Korea shortly before the San Francisco summit. This meant the Soviet Union and North Korea entered a severe confrontational phase both in diplomatic and economic fields following Moscow's unilateral cut-off of oil supply. The Soviet action, which was received by Pyongyang as the worst crisis between the two nations in history, had much to do with its move to have diplomatic ties with Seoul soon.⁴¹

But Pyongyang suddenly offered to resume talks with Seoul. The proposal came just a week after North Korea announced the suspension of all channels of dialogue with South Korea. North Korea watchers agreed that the about-face was related with recent developments on and around the Korean Peninsula, particularly following the Roh-Gorbachev summit. They said North Korea might have made the surprise move out of desperate efforts to avoid international diplomatic isolation and to head off pressure to open up. North Korea watchers said North Korea might have judged that it could no longer disregard increasing pressure to open up, especially from its allies, China and the Soviet Union. They said there were signs that North Korea had been urged by Beijing and Moscow to resume dialogue with South Korea.⁴² Pyongyang might also have been prompted to reconsider its position toward South Korea, after witnessing some developments, including the Roh-Gorbachev meeting and the visit to Seoul in late May 1990 by Chinese senior leader Deng Xiaoping's second son.⁴³ This indicated the new relations between South Korea and the Soviet Union would bring significant changes in future international politics around Korean peninsula and inter-Korean relations.

China signaled its approval of the establishment of diplomatic relations between the Soviet Union and South Korea, Western diplomats in Beijing said. Diplomats noted China's official media reported Roh-Gorbachev summit including Roh's comments to reporters that they had agreed in principle to establish diplomatic relations and Gorbachev's remarks that the Soviet Union wanted to improve ties with all countries. "China is not discouraging this process," commented a Western diplomat. The diplomat added Beijing would be happy for Moscow to test the waters with Pyongyang before itself venturing to set up formal relations with Seoul. "They will let the Soviets take the flak from North Korea," he commented.⁴⁴

The rapid progress in Moscow-Seoul relations took the sting out of the long-standing ideological and geopolitical Sino-Soviet rivalry over North Korea. For China the Soviet shift from a one-Korea policy to a two-Koreas policy provided an almost perfect example and almost perfect excuse for its own shift from a one-Korea policy to a two-Korea policy in 1992, while at the same time forcing Pyongyang to be more dependent upon Beijing for economic and political support. As a result, Beijing acquired the distinction of being the only country in the world with leverage on Pyongyang's international comportment.⁴⁵

The political situation in Northeast Asia gave China an advantageous position as the single major power that was both maintaining close relations with Pyongyang and developing new ties with Seoul. This situation was partially the result of the deterioration of North Korea-Soviet links since the late 1980s, which served to allay China's enduring concerns about Moscow's influence in North Korea and, accordingly, gave Beijing more room to maneuver in the regional power game. It prompted Pyongyang to tilt toward China and made it easier for Beijing to justify its position of developing relations with Seoul. Finally, Beijing was also compelled to speed up the pace of its relations with South Korea.⁴⁶

Beijing followed the Soviet example, but proceeded in a more careful and calculating way. Some observed that Beijing showed the tendency of letting Moscow set the diplomatic pace.⁴⁷ It had been China's practice to let Moscow take the lead in approaching Seoul while it avoided lagging too far behind. To placate North Korea, China had delayed establishing diplomatic relations with South Korea, but it showed flexibility in handling Sino-South Korean ties by conducting a "dual track" approach and "separating economics from politics." After witnessing the swift development of

South Korea-Soviet relations, China quickened its pace, leading to the conclusion of the Beijing-Seoul normalization process.⁴⁸

South Korea-Soviet normalization portended a new political order in Northeast Asia befitting the sea-change in the world political scene. The foundation of the envisaged new order was the cross-recognition of South and North Korea by their respective superpower allies. The normalization represented a definite turn in the Soviet Union's policy on South Korea toward the recognition of two Koreas on the Korean peninsula. This change in Moscow's stance prompted China to review its traditional pro-North Korea policy. Beijing had maintained a substantial degree of trade with Seoul. On the other hand, conscious of Pyongyang, it had shied away from improving political ties with Seoul. But the normalization stimulated Beijing to expand relations with Seoul and brought about rapid improvement in Sino-South Korean relations. Consequently, China could afford to pursue a policy toward South Korea that paralleled Moscow's, without any fear that the Soviet Union might drive a wedge between itself and Pyongyang. Therefore, South Korea-Soviet normalization helped foster a favorable atmosphere to lead to establishment of Seoul-Beijing diplomatic relations. It was a contributing factor that made China adjust to "Two Koreas" policy.

Kim Il Sung's China Visit in 1990

On September 11, 1990, Kim Il Sung secretly met Chinese leaders including Jiang Zemin, chief of the CCP, in the northeastern Chinese city of Shenyang. Kim's clandestine visit to China was seen as his desperate effort to keep his hermit kingdom from further diplomatic isolation through an alliance with China. The secret visit itself was not new. Yet it drew keen political attention as it came on the heels of the unprecedented meeting between prime ministers of South and North Korea in Seoul on September 4-7 and Soviet Foreign Minister Eduard Shevardnadze's visit to Pyongyang on September 2-3.⁴⁹

There were several reasons why Kim Il Sung decided to make another secret visit to China between September 11-13. During his visit to Pyongyang, Shevardnadze notified Kim Il Sung of South Korea-Soviet normalization and urged Pyongyang to move toward reforms and openness. But the fact that Kim did not meet Shevardnadze in Pyongyang revealed the extent of Kim's distress.⁵⁰ Such a rapid change in the Soviet attitude toward Seoul was the immediate motivation for Kim's visit to China. With the

atmosphere of the world growing in Seoul's favor, Pyongyang was impelled to ask for China's help.⁵¹ That was why the utmost focus during the talks between Kim and Chinese leaders was placed on the strategies to cope with rapidly improving ties between South Korea and the Soviet Union.⁵²

Kim asked for China's commitment to veto the South Korean bid for UN membership when he met Jiang Zemin, but his request was turned down. Despite Kim's anxiety about Seoul's UN entry bid, Beijing did not yet give a definite promise to North Korea on that matter. This indicated China took a low-key stand in relations with North Korea and reserved its veto against a possible application for a UN seat by South Korea. In fact, China's veto power at the UN Security Council was regarded as the only serious obstacle to Seoul's joining the world body now that South Korea entered into diplomatic relations with the Soviet Union.⁵³

The development in Seoul-Beijing relations was also disturbing to Kim Il Sung. Bilateral trade between Beijing and Seoul amounted to \$3 billion in 1989. Furthermore, a Korean consular team had been already dispatched to Beijing to take care of Korean athletes and tourists during the Beijing Asian Games opening September 22. These

developments in Seoul-Beijing relations must have compelled Kim to decide the sudden visit to China⁵⁴ while Beijing declined Kim's offer to visit the Chinese capital and meet Deng Xiaoping. In a step seen as calculated to avoid provoking South Korea, CCP General Secretary Jiang Zemin instead pointedly chose the northeastern city of Shenyang, and not Beijing, to welcome Kim on September 11.⁵⁵ Also, Chinese leaders were reluctant to accept foreign leaders in Beijing, the site of the Asian Games, for fear of unpleasant political side effects.⁵⁶ Moreover, Kim could not meet Deng or other top Chinese leaders, except Jiang, a rare "pointed slight" to the head of Chinese longtime ally.⁵⁷ Furthermore, Jiang rejected Kim's request to prevent the South Korean national flag being flown at the Asian Games site, limit the number of athletes and cultural performers from Seoul and restrict billboards advertising South Korean products. China also downplayed the three-day policy consultation by not officially announcing it.⁵⁸

China, suffering from a chronic budget deficit, made it clear that it would no longer be able to provide economic aid to North Korea because of Pyongyang's failure in economic reform.⁵⁹ CCP chief Jiang Zemin told Kim that although the "as-close-as-lips-and-teeth" relationship of the two nations would continue, China would not be putting its money where its mouth is. Instead of bailing out North Korea, China advised

the nation to save itself through economic reform and by opening up to foreign investment. China also said it would continue fixing its own troubled economy by forging closer relations with—and luring investment from—South Korea.⁶⁰

Although China dealt with North Korea in a cautious fashion for fear that it should hurt Kim Il Sung's ego and interests, it wanted to be closer to South Korea, pursuing economic pragmatism and playing double strategy cunningly. China had urged North Korea to follow China's example since 1979. In essence, Jiang's message was that China and North Korea must use capitalism to save socialism.⁶¹ Chinese leaders must have made a fine calculation of its economic self-interests and balanced the overall strategic situation on and around the Korean Peninsula. Because China was benefiting from increasing exchanges with South Korea, and mutual trade in particular, it prodded North Korea to get its act together. Obviously, China knew any attempt to create a joint front against the worldwide trend of openness and reform would prove futile as an anachronistic bid that would serve neither China nor North Korea any good.

Beijing's Position Toward Seoul's UN Entry Bid

China had long opposed the admission of South Korea into the United Nations, which suggested that it would use its veto power in the Security Council to keep South Korea out. Beijing's firm stance on this issue was based on its own reunification policy—Deng Xiaoping's formula of "one country, two systems"—in dealing with the Taiwan question.⁶² In November 1989, the Chinese Foreign Ministry had still publicly reaffirmed its support of the Pyongyang line by opposing simultaneous entry into the UN, but a year later Beijing began to project an indeterminate line, stating that the international community should encourage both Koreas to settle this issue properly through consultation.⁶³ There were hints of flexibility in Beijing's stance. On March 28, 1990, Chinese Foreign Minister commented on the Korean question, "Reunification between South and North Korea need not be identical to the plan that China favors for its own reunification." This statement was noteworthy in the sense that a Chinese leader of such high rank publicly acknowledged possible differences between Korea and China toward reunification.⁶⁴

South Korea had placed diplomatic priority on its UN entry since early 1990, encouraged by its successful Northern Policy—normalized Seoul-Moscow ties in September 1990 and improvement in relations with China and East European countries.

China, in response to Seoul's dogged pursuit of its UN membership, had refrained from openly supporting either South or North Korea. While urging the two Koreas to settle the issue by themselves through dialogue, China asked South Korea to postpone its application for UN membership until 1991, implying that China would not oppose such an entry when South Korea had to apply separately in 1991 because China would be unsuccessful in persuading North Korea to accept the joint entry. South Korea did not submit an application in 1990 but did not stop trying to persuade China through various channels.⁶⁵

In the spring of 1991, South Korea decided to apply for membership in the UN regardless of whatever action North Korea might take on the issue. It became quite clear by then that negotiations with North Korea were futile, and that international environment was becoming more favorable to South Korea's application for UN membership. First, the Soviet Union declared its intention to support South Korea's bid for UN membership at the Soviet-South Korean summit meeting held in Cheju, a southern island in South Korea in April 1991. Second, China had indicated its intention not to veto South Korea's application for UN membership by the spring of 1991. Since North Korea counted heavily on China's veto power in blocking South Korea's bid for

UN entry, the Chinese unwillingness to cast a veto against South Korea's membership application was quite encouraging to Seoul. Third, in the 1990 session of the UN General Assembly, over 70 member nations spoke in favor of South Korea's plan for the simultaneous but separate admission of the two Koreas to the UN, while no UN member spoke in favor of North Korea's proposed plan for the joint entry of the two Koreas on a combined seat to the UN.⁶⁶

Thus, on April 8, 1991, South Korea announced it would formally seek membership in the United Nations that summer and called upon rival North Korea to also seek its separate membership in the world body. On the other hand, North Korea consistently had opposed separate UN membership of the two Korean states, saying that would perpetuate the division of the Korean peninsula and would not promote reunification. It had called for sharing one seat with South Korea, rotating chief delegates and abstaining from votes in case of disagreements. South Korea had rejected that idea as unworkable. South Korean government said, "the unification of East Germany and West Germany and of North Yemen and South Yemen, all of which held separate UN memberships, disproves North Korea's view that membership of both Korean states would hinder reunification."⁶⁷

After the South Korean government statement on April 8, South Korea stepped up its diplomatic maneuvers to enter the UN. But Beijing maintained an equivocal stand, expressing a clear commitment to neither Seoul nor Pyongyang. Obviously put into an awkward situation, the Chinese leaders repeatedly stressed a basic stance calling for dialogue and compromise to settle the issue, with the apparent aim of not getting involved in the Korean tangle. China had told South and North Korea to exclude it from their dispute over Seoul's plan to apply for separate membership at the UN.⁶⁸

Meanwhile, President Roh Tae Woo held summit talks with Soviet President Mikhail Gorbachev in Cheju on April 20, 1991. During his summit talks, Gorbachev expressed support for Seoul's bid for UN membership in view of the universality principle of the world body. He said the Soviet Union consulted China over Seoul's bid to enter the UN. He added that even China considered North Korean offer for the two Koreas to share a single seat at the UN as "unrealistic, irrational, and unacceptable." This signified such an attitude on the part of the Soviet Union was expected to affect Beijing, another close ally of North Korea, who could frustrate Seoul's application for UN membership with its right of veto, observing that Beijing used to follow Moscow's

examples.⁶⁹

Although China had to pay attention to North Korea's strong appeal not to follow the Soviet model, China was fully aware that the Soviet recognition of South Korea meant "time favors South Korea rather than North Korea."⁷⁰ China reacted favorably to Seoul-Moscow ties. A Chinese Foreign Ministry spokesman said, "China hopes that the strengthened relations between Moscow and Seoul will help ease tension on the Korean Peninsula." China showed the unusual reaction to the summit between Seoul and Moscow. It was significant that the comment came at a time when Chinese Premier Li Peng was scheduled to visit North Korea May 3-6 to discuss Seoul's bid for entry to the UN. The comment was also aimed at encouraging North Korea to take a flexible attitude toward Seoul's move for joining the world organization. It also hinted the positive attitude of Beijing officials toward the establishment of diplomatic relations with Seoul.⁷¹

Then China needed economic help not only from the Western world but also from South Korea to carry out its Four Modernizations. In fact, Beijing was under constant pressure from the United States and Japan to improve relations with Seoul.

But the more important fact was that Beijing was not in a position to totally neglect the economic role of South Korea in North East Asia. In this respect, China played a very important role in pressuring North Korea to apply for UN membership together with South Korea.⁷²

Beijing's position was made clear on May 2, 1991, the day before Premier Li Peng was to start his Pyongyang visit, when Zhu Liang, director of the Party External Liaison Department, emphasized that the two Koreas should be admitted to the UN simultaneously. Judging from Zhu's remarks, it could be assumed that Premier Li must have emphasized the same idea when he met Kim Il Sung in Pyongyang the next day.⁷³ Moreover, a Chinese Foreign Ministry briefing on May 9, 1991 revealed that Premier Li Peng during his visit to Pyongyang on May 3-6 refrained from making positive remarks in support for the Pyongyang's position, instead he expressed a flexible view, saying that the UN question should be solved through bilateral negotiations between South and North Korea.⁷⁴ Furthermore, Li Peng told North Korea that its idea of sharing a UN seat at the UN with South Korea was "unrealistic" and advised it to seek another method during his visit to Pyongyang.⁷⁵ Li Peng advised Pyongyang to apply for a UN seat, pointing out that the UN atmosphere had already turned out to favor the South

Korean entry and under these conditions Beijing would not exercise its veto. Li Peng clarified Beijing's plan for not exercising veto power on Seoul's application to the UN.⁷⁶ At the same time, Li Peng advised North Korea to seek a separate seat in the UN along with South Korea, for such a move would not only enhance North Korea's international position but also strengthen its security against possible South Korean attempts to "absorb" North Korea. China's new decision in the matter eliminated North Korea's last hope of blocking South Korea's entry into the UN.⁷⁷

There were several reasons why China found it difficult to cast a veto, especially a solo veto, in the service of Pyongyang's untenable stand. Despite its principled opposition to a wide range of issues in the Security Council, China had consistently expressed its opposition in the form of abstention. In over two decades of participation, China cast only two vetoes: one on the Bangladesh membership issue, and one on the Middle East question in 1972. Since September 1972, the veto has vanished from Chinese voting behavior. Seoul banked on the notion that China would not dare repeat its embarrassing solo performance in vetoing Bangladesh's UN membership application in 1972. Given its habitual assault on the Soviet use of veto as an expression of hegemonic behavior, China would do its utmost through behind-the-

scenes diplomacy to prevent itself from being maneuvered into a corner in which it would have no escape option but to cast a veto. In short, Beijing learned the hard way that the utility of veto power, like nuclear weapons, lies more in its deterrent value of a threat than in actual use. More importantly, Beijing realized that there were some ways of reunifying divided nations in the postwar era: by war, as in the case of Vietnam model, and by peaceful evolution and absorption, as in the case of German model. Both scenarios were unattractive, even threatening, to post-Tiananmen China with its own acute identity/legitimacy crisis. In the wake of the German unification (this was the accession of East Germany to the Federal Republic of Germany), the Chinese leadership began to realize that the worst possible scenario of Korean reunification would be via South Korea swallowing up North Korea. To China, the possibility of the German model on the Korean peninsula was rather threatening.⁷⁸

After numerous secret meetings, Beijing finally persuaded Kim Il Sung to shift to a “two countries, two systems” strategy and jump on the UN bandwagon supporting Seoul’s UN membership bid following the logic of “if you can’t beat them, join them.” By May 1991 the encirclement of Seoul’s Nordpolitik had left Pyongyang with only two escape options: one, to have a showdown with its near certainty of defeat, missing the

last chance of joining the UN, or two, to initiate a move of its own UN bid.⁷⁹ On May 28, 1991, North Korea's decision to apply for separate UN membership was made public shortly after Li's Pyongyang visit. This proved that Beijing played the most decisive role in influencing North Korea over the UN membership question because China remained the only supporter of North Korea.⁸⁰

The simultaneous UN entry of South and North Korea provided the momentum for Beijing to untie one important knot, that is, its obligatory burden to support Pyongyang's stand regarding the UN question. As mentioned above, North Korea's decision to enter the world body could be attributable, first of all, to the Soviet reluctance to support Pyongyang's position and then to Beijing's attitude to pursue pragmatic foreign policies. China's unwillingness to veto South Korea's membership application was a decisive factor. Pyongyang was also compelled to adapt itself to changes in the international atmosphere favoring the simultaneous entry.⁸¹ In the light of China's response, China's approach to South Korea was based upon the consideration that the old stand would not only hurt its relations with South Korea, but would also isolate China vis-à-vis the pro-Seoul position of all other permanent members of the Council. Beijing's shift left Pyongyang no choice but to make an about-face turn and

apply for separate membership.⁸² Beijing demonstrated officially that it supported Pyongyang's stand, but in the behind-the-scenes talks with Pyongyang, Beijing's leaders emphasized the need for opening and reforms and for the improvement of inter-Korean relations.

China welcomed separate UN entry by two Koreas. A Chinese foreign ministry spokesman said, "China always have maintained that the question of Korea joining the UN should be settled properly through negotiations between the two Koreas. North Korea's decision to apply for a separate UN membership is of positive significance and is beneficial to promoting talks between South and North Korea and enhancing peace and stability on the peninsula."⁸³ Also, Li Ruihan, a member of the CCP Standing Committee, said, "Simultaneous UN entry by South and North Korea is realistic and will help stabilize the Korean Peninsula and profit entire Asia, including China." This was the first time that a ranking leader of the CCP publicly expressed a support for the simultaneous UN entry by the two Koreas.⁸⁴ In June 1991, during Foreign Minister Qian Qichen's Pyongyang visit, he said that the North Korean decision to enter the UN would generate far-reaching effects in the international community, and that the Chinese government fully supported the important and positive measures taken by North

Korea.⁸⁵ The North Korean decision on the UN question relieved China of its psychological burden to comply with Seoul's aggressive approach, coupled with ever-growing trade volume, in Beijing's favor. It also further eased China of a burden in deciding whether to normalize ties with South Korea.

Kim Il Sung's China Visit in 1991

Kim Il Sung paid his 10-day official visit to China from October 4 to 13, 1991 to discuss the future of the socialist countries in the wake of the collapse of communism in the Soviet Union, the matter of North Korea's possession of nuclear weapons, international inspection of North Korea's nuclear facilities, economic and military aid, the establishment of diplomatic relations between China and South Korea, and power succession.⁸⁶ Unlike his previous visits to China, this visit was announced beforehand and was unusually long. The hospitality shown by the Chinese to the aging visitor was really impressive during his stay in Beijing, but Kim failed to achieve the main purposes of his visit.

The Chinese government showed a cool attitude toward Kim and his proposals

on political matters. Particularly the reactions shown by Chinese leaders concerning nuclear issue were notably realistic. The Chinese leaders urged North Korea to accept the international nuclear inspections it had refused, since China was trying to restore relations with the West and cooperate with the international community, such as by joining the Nuclear Non-Proliferation Treaty.⁸⁷ North Korean negligence of the duty required under the Nuclear Non-Proliferation Treaty which it signed in 1985 was a great stumbling block in its normalization talks with Japan and vigorous pursuit of improved ties with the United States.⁸⁸ General Secretary Jiang Zemin had urged North Korea to abandon its nuclear development project, with far more pressure than what he put on North Korea when persuading North Korea to enter the UN along with South Korea. Jiang had stated that “even if the US takes measures against North Korea, including military action, with regard to North Korea’s nuclear facilities, China has no intention to interfere in it.”⁸⁹ In the first round of talks with Kim, Jiang applied pressure on the nuclear issue, saying that “China is highly concerned about the development of the situation on the Korean peninsula, because relaxation and stability in this particular region has a direct bearing on the overall situation in Northeast Asia.”⁹⁰ Chinese Foreign Minister Qian Qichen said, “China does not want a nuclear presence in either part of the divided Korean peninsula.”⁹¹ Qian’s remark was interpreted as a strong

warning against nuclear proliferation to North Korea. Moreover, Qian opposed the North Korean attempt to link its acceptance of the international inspection of its nuclear facilities to the removal of US nuclear arms in South Korea.⁹² But Kim said while he understood China's actions, he expressed concern several times the US would instigate an attack by South Korea across the 38th parallel. Kim said because of this, Pyongyang would like to develop nuclear weapons and China to provide assistance. In response, President Yang Shangkun told Kim that China holds firmly to its policy regarding nuclear weapons of "no transfer, no cooperation, no assistance, and no proliferation."⁹³

As revealed by Chinese Foreign Ministry spokesman Wu Jianmin, China's stance included three main points: China hoped that peace and stability would be maintained on the Korea peninsula; it wished to see the Korean peninsula turned into a nuclear free zone; and it hoped that all the parties concerned would help South and North Korea settle the issue through talks, rather than adding fuel to the flames.⁹⁴

In his meeting with Chinese leaders, Kim Il Sung hoped for some kind of economic aid but was left instead with suggestions and advice on economic development. In a meeting with Chinese Premier Li Peng on October 5, Kim Il Sung

explained to him the serious economic situation of N. Korea in detail, but Li Peng refused his request. Instead, Li urged Kim to follow China's openness policy. Also, Li Peng clearly explained to Kim the difficult economic situation of China. Li Peng said:

It is expected that 25 million tons of crops will be damaged owing to the floods sweeping through China this year. The large population is a difficult problem to China. The population which increases by 17 million people every year makes it difficult for the Chinese government to provide food and clothes for the people. China is transforming its backward economy into a developing stage through gradual reforms but it has no ability to compensate for the Soviet Union cutting off of aid to North Korea, and oil and arms supplies at much lower comrade prices. Quite a few China's state-owned large- and medium-size enterprises are a heavy burden for the central government, with many piling up huge losses and operating at low economic efficiency.⁹⁵

Meanwhile, Li Peng gave pointed advice about a market-oriented economy without assuring Kim of any substantial assistance and pointed out the unwise economic direction in which Kim had led his country.⁹⁶ Market-style reforms introduced in China a decade ago led to relative prosperity in many parts of the country and Chinese leaders urged North Korea to follow a similar course. Li urged Kim to introduce reforms and liberalization to the North Korean economy, which had been dealt a serious blow by the evaporation of aid from Moscow.⁹⁷

Beijing's official media had also made it known to the outside world that the

Chinese leadership no longer regarded North Korea as an “ally” even at a time when the sphere of socialism had shrank rapidly.⁹⁸ Jiang Zemin told Koshiro, secretary general of Japan’s opposition Komeito Party, of his October 8 meeting with Kim, saying, “There are strong bonds between China and North Korea, but we are no longer allies.”⁹⁹ It seemed that China was trying to change the alliance with North Korea into “an extremely general, good neighborly” relationship.¹⁰⁰

China rejected Kim’s request that Beijing delay normalization of its relations with South Korea. Jiang Zemin made it clear that the establishment of relations between China and South Korea was “China’s internal problem,” rejecting Kim’s request.¹⁰¹ Jiang even informed Kim of the date China would establish diplomatic relations with South Korea “independently” of North Korea.¹⁰² China also strongly urged that North Korea pursue an open door policy and promote personnel and material exchanges with South Korea. Deng Xiaoping advised Kim to adopt a correct policy by concentrating on economic development and engaging in a peaceful emulation of South Korea.¹⁰³ Beijing’s refusal to delay normalization of ties with Seoul at Kim’s request indicated a “major change” in the traditional alliance between China and North Korea. This meant a “diplomatic failure” for Pyongyang. In effect, it seemed that China tried

to change the traditional blood ties between the two countries into “friendly and goodwill relations.” Moreover, conspicuously missing was any communique spelling out concrete future forms of cooperation which were expected in view of the official nature of the visit. There was no such statement either when Kim wrapped up two days of discussions with Chinese leaders and went on a tour of the provinces to observe economic reform in China October 6.¹⁰⁴ It signified the relations between China and North Korea were strained politically and diplomatically. Kim Il Sung “only got lectures for reforms” from Chinese leaders.

China's Economic Diplomacy with South Korea

The Tiananmen Incident in June 1989 left China in a difficult position in its international economic relations as well as international political relations. Foreign investments and loans declined, and the number of visitors significantly dropped. In 1990 the US Congress threatened to suspend China's Most-Favored-Nation (MFN) status, which helped Chinese exports in the 1980s. Given China's limited financial resources and technology, it could not resort to the closed-economy policy of the past.¹⁰⁵

The primary goal of Chinese foreign policy after the Tiananmen massacre was to improve the international environment in China's favor and bring back support for its economic reform. The need was dictated by the crisis of legitimacy engendered and exacerbated by the crackdown on the democratic movement. Since the Tiananmen incident, Chinese leaders had been haunted by the nightmare of renewed social unrest, a fear intensified by the downfall of the communist system in the Soviet Union and Eastern Europe largely caused, in the Chinese leadership's view, by economic breakdown. The absence of prosperity coupled with runaway political reform could only fuel discontent and, ultimately, rebellion. The lesson of the communist demise in Europe convinced the CCP leaders that a communist regime could be saved only by economic prosperity.¹⁰⁶ Deng Xiaoping firmly believed the economic outcomes of the past decade would enable China to survive in spite of the collapse of communism in Eastern Europe and the Soviet Union. The fall of these countries stemmed from their inability to manage the economy. Thus, economic construction became a vital source of legitimacy for communist rule in China.¹⁰⁷ This helped to explain China's changing attitude toward South Korea and the downgrading of ideology in its foreign policy.

After the Tiananmen Incident, China imposed import restrictions on many

consumer goods. South Korean exports to China also were hit hard. Furthermore, from late 1989 Beijing began to apply new customs regulations according to which all imported goods of neutral packing—which then applied to most South Korean goods exported to China—were to be exempted from preferential duties. The result was a drop in South Korea's export to China for the first time since 1983, thereby slowing down the growth of the total trade between the two countries. As the impact of the Tiananmen Incident demonstrated, South Korea-China economic relations were highly susceptible to various domestic and foreign factors. Such limitations induced South Korea to reevaluate its policy toward China. That is, South Korea came to put increasingly heavier stress on the principle of *quid pro quo*, which included its tough bargaining position on a variety of issues including those of establishing trade offices and acquiring the most-favored-nation status. China also seemed to have concluded that maintaining and expanding economic cooperation with South Korea was in its best interests. In 1989, China's trade surplus with South Korea was \$267 million; and that for 1990 rose to \$715 million.¹⁰⁸ Besides, South Korea was much less vocal about the tragic event at the Tiananmen Square and more willing to resume business with China than either the United States or Japan.

The Beijing Asian Games were held on September 22-October 7, 1990. Both China and South Korea sought to use the Beijing Asian Games as a stepping stone in their efforts to speed up closer ties with each other. China agreed to South Korea's request for an "Olympic attaché" to be sent from Seoul during the Asian Games in Beijing. It was the first official diplomatic contact, albeit temporary, between the two countries.¹⁰⁹ Especially, South Korea used the Beijing Asian Games as an opportunity to move toward normalizing ties with China. China depended heavily on Seoul for the successful staging of the Asian Games. South Korea provided substantial financial and technological assistance for the Asian Games. Apart from about \$15 million in revenue from commercial billboards rented by South Korean companies, Hyundai and other automobile makers donated 400 cars to help transport athletes and officials during the Games. In addition, hotels in Beijing overflowed with South Korean tourists.¹¹⁰ Also four months before the opening ceremonies of the 11th Asian Games in Beijing, Seoul had agreed to offer China \$1 million for television coverage of the Asian Games.¹¹¹

The total amount of financial assistance from South Korea government and companies to China ran to \$100 million—ranging from cars, minibuses, medical equipment, copy machines, computer software, sports wear, boxing equipment, to

washing machines.¹¹² All the major South Korean firms, which made hefty donations to the Asian Games, hoped that their foothold in China would expand toward the end of the year. At least 15 Seoul-based corporations had already set up permanent office in Beijing,¹¹³ with dreams of striking it rich in the world's largest market. Chun Jin Hwan, executive vice president of the LG Corporation told *The New York Times* in July 1990, "China wanted more, without South Korean support, China could not hold the Asian Games."¹¹⁴ This background explained the rationale behind China's decision in late 1990 to establish trade offices with South Korea.

During his visit to Beijing for the opening ceremony of the Asian Games, Park Chol On, a key architect of Seoul's Northern Policy and former First Minister for Political Affairs met Chinese Premier Li Peng and other high-ranking Chinese officials to exchange views broadly on issues such as Sino-South Korea and inter-Korean relations. He indicated trade offices would be opened soon after the end of the Asian Games and the functions of the offices would include visa issuance and other consular work.¹¹⁵ Park added that "when Kim Il Sung visited Shenyang on September 11-13, China informed Kim that South Korea and China would exchange trade offices, and China obtained Kim's consent."¹¹⁶ Meanwhile, at a news conference with only one day

left before the end of the Asian Games, for the first time in public, Zhang Baifa, vice major of Beijing and a CCP Central Committee member, predicted a rapid improvement of relations between South Korea and China. He said, "China will take more liberal and open policy toward the outside world." He also expressed thanks to South Korea for extending material help for the Beijing Asian Games.¹¹⁷

In return for Seoul's financial and technical cooperation extended to the hosting of the Beijing Asian Games, the cooperative bond between China and South Korea was strengthened. After the Asian Games on October 7, 1990 were over and after the Soviet Union normalized relations with South Korea on September 30, 1990, Beijing and Seoul finally signed an agreement to exchange trade offices in each other's capitals on October 20, 1990. The accord was signed by the representatives of the Korea Trade Promotion Corporation (KOTRA) and the China Council for the Promotion of International Trade (CCPIT). Under the accord, the trade offices' business included affairs usually reserved for government missions, particularly consular affairs such as issuing visas, in addition to trade, commerce, scientific and technological business.¹¹⁸

These roles, which the offices could play, combined with their commercial-related functions, could mean significant progress in the two countries' relations. The offices

engaged in negotiating an investment guarantee accord for their countries' business executives and firms interested in or seeking trade with each other's area. Such institutional guarantees facilitated the trade of the two countries.¹¹⁹

The Korean side pushed for the establishment of government-level organizations from the start of the bilateral talks but assented to the Chinese call for opening private-level offices as Beijing did not want to offend Kim Il Sung. In fact, the slow tempo with which Seoul and Beijing had been moving to evolve their relations was attributed to China's ties with Pyongyang.¹²⁰

Another reason for China's reluctance to answer South Korea's zeal for warmer relations was that recognition of the South Korean government would run counter to its policy of not recognizing two governments in one nation. China has refused to recognize the government in Taiwan and argued that it should be unified with China as "one country, two systems."¹²¹

Meanwhile, China reaffirmed its traditional friendly relations with North Korea following a decision to exchange trade offices with Seoul.¹²² It meant China's Korea

policy was directed to maintaining existing political and military relations with Pyongyang on the one hand and on the other hand to seeking the expansion of economic relations with Seoul in pursuing “double strategy” cunningly. Such an attitude of Beijing derived from its need to expedite the founding of an economic basis to carry out its economic development program.

To demonstrate the importance it was placing on the new trade office, Seoul appointed former Vice Foreign Minister Roh Jae-won as the first head of the Korean office. The appointment of Roh Jae-won to head the office demonstrated Seoul's fervor.¹²³ Seoul opened its trade representative office in Beijing on January 30, 1991. Half the 20 Koreans working there were diplomats though the office was officially named the trade representative office of the KOTRA. Meanwhile, the Chinese trade office opened in Seoul on June 10, 1991. Beijing appointed Xu Dayou, Vice President of CCPIT as the first head of the trade representative office in Seoul. Obviously, the failure to choose a higher official was mainly because of Beijing's concern of strong complaints from Pyongyang.¹²⁴

The opening of the trade representative office in Beijing provided major impetus

to Seoul's efforts to expand economic and trade ties with China. The newly opened office with consular functions worked to reduce risks for Korean firms doing business in China. The exchange of the trade offices helped pave the way for stepped-up cooperation in trade and investment as well as for full diplomatic relations between the two countries as seen in the case of the Soviet Union. In fact, since the termination of the Cold War, many countries increasingly emphasized their economic interests in relations with other countries, rather than ideological commitments and other political factors. China also had no choice but to open relations with South Korea for its own economic interests.

Meanwhile, in 1989, bilateral trade between China and South Korea remained at about the same level (\$3.1 billion) as that of the previous year (\$3 billion); in 1990 it reached \$3.8 billion. South Korea's export to China suffered serious setbacks in 1989-90 due to Tiananmen Incident and China's retrenchment policy. But, after establishing trade offices, the volume of bilateral trade jumped by 51.9 percent to \$5.8 billion in 1991. On December 31, 1991, South Korea and China signed a trade agreement giving MFN status to each other's exports. The accord was effective as from February 1992. The agreement sharply increased South Korea-China trade, which had been hampered

by high Chinese surcharges on South Korean products.¹²⁵ In May 1992, South Korea and China signed an investment guarantee pact in Beijing granting each other most-favored-nation status on investment and business activities. The implementation of the treaty facilitated bilateral commercial exchanges and boosted South Korean investment in China. The pact also provided for both sides to work out legal steps to guarantee investments, and called for regular meetings to discuss ways to promote investment.¹²⁶

Indeed, 1992 was a watershed year for the two countries both witnessed a remarkable growth of bilateral trade. South Korean imports from China stood at \$3.73 billion while exports to China amounted to \$4.49 billion. The volume of bilateral trade jumped by 41.4 percent from \$5.8 billion in 1991 to \$8.22 billion in 1992.¹²⁷ South Korea ranked as China's eighth largest trading partner. China became South Korea's third largest trading partner. In addition, China already became the third largest country for investment by South Korea. The comparatively faster growth of exports in relation to imports was due to Deng's monumental tour around southern China in January 1992: it touched off an accelerated pace for economic reforms and the widening in scope of China's open-door policy, which in turn revitalized import demand that had been repressed during the September 1988 to 1990 period.¹²⁸

Since early 1992, Deng Xiaoping was actively campaigning in the southern provinces and other parts of China to revive his open door and reform programs, most of which had been slowed in the wake of the Tiananmen Square massacre in 1989. Deng made a month-long trip to Guangdong and Shanghai in January 1992. It was a high-stakes political journey. The trip was called the Guangdong Inspection, in which Deng visited the Special Economic Zone. Since then, there were renewed efforts for deepening the reforms in China's modernization. His southern trip involved the direction and goal toward which China should move in the near future. Though many uncertainties remained, Deng anticipated economic prosperity. During his trip, Deng called for "fast-paced reforms" and "making quicker steps."¹²⁹ Deng also pointed out that "the economies of some neighboring countries and regions have been developing more rapidly than China's, and that if China develops very slowly, people will compare their situation with that in neighboring countries and become dissatisfied."¹³⁰

In the political arena, however, approaches for economic development still differed among leaders. Deng noticed active resistance from "leftist" (conservative) leaders and felt seriously threatened politically. Deng had experienced political defeat

by leftist leaders: in 1933, by Wang Ming; in 1969, by Lin Biao; in 1976, by the Gang of Four. After the Tiananmen Incident, Deng's popularity was weakened and side-lined, at least by the propaganda organs influenced by the leftists. Deng had to wage an important battle against his adversaries. Thus, the preparation of the 14th National Congress of the CCP, which was scheduled for October 1992, weighed heavily with Deng Xiaoping. As the Congress would set national priorities and concrete policies for the next five years, Deng attempted to eliminate the major barrier of his reform policies¹³¹ and tried to mobilize all the support he could to gain ascendancy at the Congress so that the CCP convention would formally approve and legitimate his reform and open door policies. Apparently Deng saw the value of the "South Korean connection" in his crusade to step up China's modernization, rightly or wrongly. Deng believed that the South Korean government and Korean business community would be willing and able to provide capital and technology.¹³²

Deng was interested in learning from South Korea's experience of economic development and dynamism as a member of "Si Xiaolong" (Four Little Dragons). According to Harding, the Chinese believed South Korea to be a potential market for their products, a source of capital and technology, and a channel for information about

one of the most successful of the East Asian NICs.¹³³ Moreover, Deng saw South Korea's developmental strategy as a practical model for his own dualistic idea of reform and opening policy, that is, "cautious political reform and bold economic reform." For him, political freedom and democratization could be sacrificed for the economic development, as happened in South Korea throughout the 1960s and 1970s.¹³⁴

Deng Xiaoping saw South Korea as an economic model. Hence, instead of siding with many of the conservatives who remained opposed to the normalization of Sino-South Korean relations, Deng switched his position and supported the opening to Seoul. With Deng's blessing, the Chinese government moved quickly, in late July, to negotiate and formalize the establishment of full diplomatic relations, which was made public on August 24, 1992.¹³⁵

Conclusion

During the period of 1989-1992, China's foreign policy toward the Korean peninsula was that, first, China wanted to maintain a peaceful and stable security

environment by deterring any countries from seeking hegemony on the Korean peninsula and by standing firm in pursuing its persistent anti-hegemony principle. Although China, bound by a treaty to defend North Korea, has given Pyongyang verbal support to its commitment of reunification, in reality China has held back North Korea from using military means to that end, for fear of provoking large-scale, armed conflict that could involve China in direct military confrontation with the US, which is tied to South Korea's defense by a treaty.¹³⁶ Moreover, since the sudden collapse of North Korea and the resultant disorder could also break peace and stability on the Korean peninsula, Beijing's policy toward North Korea aimed at the reduction of tension as well as the redress of its military adventurism against South Korea.¹³⁷ Maintaining a "Two Koreas" policy, China neither wanted to be blamed by either Korea, nor support one side at the expense of the other. Putting the utmost importance on being more influential both on South and North Korea and never being excluded from the major players on the Korean peninsula, China has taken its realistic policies.¹³⁸ Second, the most important reason why China has strived to promote peace and stability on the Korean peninsula was to aid China's "Four Modernizations" program which has become Beijing's topmost priority since the 1980s. China wanted to use capital, machinery, technology, and expertise from South Korea.¹³⁹

Sino-Soviet normalization heightened the expectation of peace and stability on the Korean peninsula. As a result of the normalization, Beijing had less need to compete with Moscow over Pyongyang and the latter could no longer play one against the other. Regardless of North Korea, China could expand its economic ties with South Korea more actively. Therefore, Sino-Soviet normalization served as a catalyst for China's Two Koreas policy.

South Korea's Northern Policy brought about drastic and significant results in Sino-South Korean relations. The Northern Policy was aimed at giving top priority to establishing diplomatic ties with China with a view to reducing tensions on the Korean peninsula. Chinese leaders also reacted positively and backed Seoul's Northern Policy. As a result of the Northern Policy, non-political interchanges between China and South Korea intensified to the degree that they played a large role in establishing diplomatic relations between the two countries in August 1992.

South Korean-Soviet normalization stopped the longstanding ideological and geopolitical Sino-Soviet rivalry over North Korea. For China the decisive Soviet tilt

toward Seoul provided a convenient cover for its own shift to “Two Koreas” policy two years later. Consequently, South Korea-Soviet normalization helped foster a favorable atmosphere to lead to establishment of Seoul-Beijing diplomatic relations.

Since early 1990, South Korea had placed diplomatic priority on its UN entry. China needed economic help not only from the Western world but also from South Korea to carry out its economic reforms. Especially, Beijing was not in a position to totally neglect the economic role of South Korea in North East Asia. In this respect, China played a very important role in pressuring North Korea to apply for UN membership together with South Korea. Beijing finally persuaded Kim Il Sung to shift to a “two countries, two systems” strategy and jump on the UN bandwagon supporting Seoul’s UN membership bid.

China adopted a “two countries, two systems” approach for Korea, while maintaining a “one country, two systems” approach for Taiwan. But this was a major contradiction in China’s foreign policy. According to Samuel S. Kim’s analysis, the reason for China’s “two countries, two systems” approach to Korea was that China’s Korean policy in the post-Mao era has constantly been adjusted to the Realpolitik logic

of the rapidly changing domestic, regional, and global situations. Namely, China's Korean policy has shifted from an ideological policy to a realistic and pragmatic policy. It evolved through several phases, shifting first from a One-Korea policy to a One-Korea de jure/Two-Korea de facto policy, and then again to a Two-Korea de facto and de jure policy. China's Korean policy was guided by the realist strategy of maximizing its national interests defined in many different ways, while minimizing its costs and responsibilities as a great power. Beijing adopted a multi-tasking approach on the Korean peninsula of emphasizing different, but mutually complementary priorities in different issue areas. It was obvious that China took a "Two Koreas" policy when Beijing withdrew its former support to Pyongyang's "One Korea" stand by refusing to cast its solo veto against Seoul's accelerated entry to the UN in mid-1991.¹⁴⁰ North Korea's decision to enter the UN relieved China of its psychological burden to support North Korea's stand and to comply with South Korea's aggressive approach, coupled with the rapidly growing trade volume. It also further eased China of a burden in deciding whether to normalize ties with South Korea.

Meanwhile, South Korea used the 1990 Beijing Asian Games as an opportunity to move toward normalizing ties with China. Seoul's financial and technical cooperation

for the Beijing Asian Games explained the rationale behind China's decision in late 1990 to establish trade offices with South Korea. The establishment of trade offices was the most remarkable and dramatic breakthrough in Chinese relations with South Korea. After that, South Korea and China signed a trade agreement giving most-favored nation status to each other's exports and an investment guarantee pact granting each other MFN status on investment and business activities. Such institutional guarantees sharply facilitated bilateral commercial exchanges and boosted South Korean investment in China. Clearly, the trade offices served as a booster for the eventual Sino-South Korean normalization.

The Tiananmen Incident in 1989 put China in a difficult position in its international economic relations as well as international political relations. After the Tiananmen Incident, Deng noticed active resistance from conservative leaders and felt seriously threatened politically. Therefore, Deng attempted to eliminate the major barrier of his reform policies and tried his best to gain ascendancy in the CCP so that the CCP would formally approve and legitimate his reform and open door policies, most of which had been slowed since the Tiananmen Incident. The renewed economic reform and opening directed by Deng in January 1992 prompted Beijing to further upgrade its

relations with Seoul to an eventual normalization.

The most decisive factor in establishing full diplomatic ties with South Korea was Deng Xiaoping's recognition of the value of the "South Korean connection" for stepping up China's "Four Modernizations" program. Deng saw South Korea's developmental strategy as a practical model for his own dualistic idea of reform and opening policy. Finally, despite many conservative leaders' opposition, Deng supported full diplomatic relations with South Korea in August 1992. Therefore, I argue that China's economic diplomacy toward South Korea was the most important factor and Sino-Soviet Normalization, South Korea's Northern Policy, and South Korean-Soviet Normalization were a contributing factor that made China change to a "Two Koreas" policy.

Notes

1. Hong Nack Kim, "Sino-Soviet Rapprochement and Its Implications for South Korea's Northern Policy," Korea and World Affairs, Vol. 13, No. 2, Summer 1989, pp. 302-307.
2. In addition, China and the Soviet Union agreed that after the complete withdrawal of Vietnamese troops a civil war should be prevented in Cambodia. Both sides favored "national reconciliation with the participation of four parties in Cambodia." Furthermore, after ten long years' (1979-1989) futile attempts to conquer Afghanistan, the Soviet Union was forced to withdraw its troops from Afghanistan

- in the face of fierce resistance by the Afghan freedom fighters. *Ibid.*, pp. 303, 308-310. Korea Herald, May 17, 1989, p. 1. Korea Times, May 18, 1989, p. 1 and May 20, 1989, p. 6.
3. Korea Herald, May 19, 1989, p. 1.
 4. Korea Times, May 20, 1989, p. 6.
 5. *Ibid.*, p. 2.
 6. *Ibid.*, p. 6.
 7. Chung Chongwook, "International Situation Surrounding Korean Peninsula and Its Impact on South Korea-China Relations," East Asian Review, Volume 1, Number 4, Winter 1989, p. 33.
 8. Norman D. Levin, "Global Détente and North Korea's Strategic Relations," The Korean Journal of Defense Analysis, Vol. II, No. 1, Summer 1990, p. 41.
 9. *Ibid.*, p. 43.
 10. Hong Kong Standard, November 7, 1989, p. 7, in FBIS Daily Report: China, November 7, 1989, p. 6. Hong Kong Hsin Wan Pao, November 7, 1989, p. 1, in FBIS Daily Report: China, November 7, 1989, p. 7.
 11. Korea Times, November 7, 1989, p. 6.
 12. Korea Herald, November 7, 1989, p. 1.
 13. *Ibid.*, p. 2. Shindonga, December 1989, pp. 412-413. Donga Ilbo, November 6, 1989, p. 3 and November 13, 1989, p. 2. Chosun Ilbo, November 8, 1989, p. 3.
 14. Chosun Ilbo, November 7, 1989, p. 3. Korea Herald, November 7, 1989, p. 1.
 15. Korea Times, November 7, 1989, p. 6.
 16. Korea Herald, November 7, 1989, p. 2.
 17. Korea Times, November 7, 1989, p. 6.
 18. Korea Herald, November 8, 1989, p. 8.
 19. South China Morning Post, December 7, 1989, p. 1.
 20. FEER, November 23, 1989, p. 14.
 21. South China Morning Post, December 7, 1989, p. 1.
 22. Hankyore Sinmun, February 21, 1990, p. 4. Chosun Ilbo, February 21, 1990, p. 2.
 23. About 30 years ago, West Germany took advantage of the first détente to address grave foreign policy problems with the celebrated Ostpolitik, which contributed a great deal to reconciliation between East and West in Europe as well as rapprochement between East and West Germany. Byung-Chul Seo, "Nordpolitik of Korea and Eastern Europe," Korea and World Affairs, Winter 1989, pp. 747-748 and 750. Korea Herald, December 8, 1990, p. 2.
 24. Another factor contributing to the formulation of such a policy was the Sino-

American rapprochement of the early 1970s. In addition, as South Korea's economic development gained momentum, there was the economic incentive to expand into areas other than the market economics of the West. Jung Ha Lee, "South Korea's Policy toward Socialist Countries," Korea and World Affairs, Winter 1989, p. 735.

25. In Joung Whang, "Korea's Northern Policy: A Response to a Changing World Order," Korea in a Turbulent World: Challenges of the New International Political Economic Order and Policy Responses, Edited by Il Yung Chung, The Sejong Institute, Seoul, Korea, 1992, pp. 421-422.
26. FEER, January 7, 1988, p. 15.
27. FBIS Daily Report: China, December 23, 1987, p. 7. Korea Herald, August 30, 1988, p. 2.
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Chapter 5: Sino-South Korean Normalization on August 24, 1992

Traditionally, political, military, and ideological concerns had been the most important factors in determining China's policy toward the Korean peninsula. China saw its relation to Korea as close as lips and teeth. As we saw in previous chapters, China has always attached special importance to the Korean peninsula. China regarded solidarity with North Korea as essential, not only because it directly served China's security interests and ideological considerations, but also because it gave Beijing greater geopolitical leverage in dealing with other major powers and with South Korea. But since 1978, while pursuing economic reform and open door policy to the outside world, China began to readjust its external relations by asserting its peaceful and independent foreign policy. China's new policy toward the Korean peninsula was to promote peace and stability in the region to aid China's Four Modernizations program. Since then, this has become Beijing's topmost priority.

To realize this, China has subtly played a "double strategy": on the one hand, strengthening its strategic, military, and ideological ties with Pyongyang, and on the other hand, actively but cautiously facilitating its political and economic relations with

Seoul. China's economic development program and the removal of dangers to its strategic security contributed to China's decision to shift from "One Korea" policy to "Two Koreas" policy. Finally, on August 24, 1992, China and South Korea established full diplomatic relations, putting an end to almost four decades Cold War hostility, and restoring their formal ties for the first time in 82 years after the Chosun dynasty was deprived of its sovereignty due to the Japanese occupation.

In this chapter, I will analyze the North Korea factor, official normalization talks between Seoul and Beijing, and Taiwan's response in the process of Sino-South Korean normalization. I will also examine the political and economic factors on China's historic decision to change to a "Two-Koreas" policy. Furthermore, to analyze China's "Two-Koreas Policy" on the Korean Peninsula, I will also examine Sino-North Korean relations after Sino-South Korean normalization and historic Sino-South Korean summit talks.

North Korea Factor

The possible establishment of diplomatic ties between China and South Korea

had been discussed for more than two years. In the spring of 1990 Chinese Foreign Minister Qian Qichen had already declared in a foreign affairs report that the establishment of diplomatic ties between China and South Korea was scheduled to be completed after China established diplomatic ties with Saudi Arabia. But this was not realized. A main reason for this was that China's plan was interfered with by its relations with North Korea which were usually described to be "as close as lips and teeth."¹ According to Parris H. Chang, at least some top Chinese officials were reluctant to recognize South Korea, due to the following considerations. China's reunification has been one of the topmost leadership priorities—they did not wish to initiate a "two Koreas" policy by recognizing South Korea officially, lest other nations would use it to justify a "two Chinas" policy by restoring diplomatic ties with Taiwan. When Grenada in July 1989, Liberia in October 1989, Belize in October 1989, Niger in June 1992, and other states established formal ties with Taiwan, Beijing terminated diplomatic relations with them immediately.² Senior China's leaders attached great importance to North Korea. Some of them saw the normalization of Sino-South Korean relations as China's betrayal of North Korea. What worried the Chinese leadership most was that such a diplomatic move could deepen Pyongyang's sense of isolation and vulnerability and might contribute to the collapse of North Korea.³

In early March 1992, Kim Il Sung sent a special envoy to visit China. The special envoy held talks with General Secretary Jiang Zemin and State President Yang Shangkun. He handed to Jiang Zemin a personal letter that Kim Il Sung wrote to Deng Xiaoping. As revealed by an authoritative source,⁴ the main purpose of Kim's letter was to request that China put off its schedule for establishment of diplomatic relations with South Korea till the signing of a non-aggression treaty between South and North Korea, the withdrawal of US troops from South Korea, and the establishment of diplomatic ties between North Korea and Japan; use its influence for the establishment of diplomatic relations between North Korea and Japan; provide more economic and military aid, including supply of advanced naval vessels and anti-aircraft weapons systems; and consider signing a Sino-North Korea friendship, mutual aid, defense, and security treaty to counterbalance the US-Japan Security Treaty and the US-South Korea Treaty on Defense Cooperation.

But China declined alliance with North Korea. It was disclosed that the North Korean special envoy only managed to obtain some commitments from China. Jiang Zemin declined North Korea's request for supply of China's most sophisticated naval

vessels and anti-aircraft weapon systems. Jiang Zemin asked the special envoy to pass on a message to Kim Il Sung: "Preparations for establishment of diplomatic ties between China and South Korea have been completed, and the CCP central authorities and the State Council have already made a decision." Chinese President Yang Shangkun also clearly said to the special envoy, "the normalization of diplomatic ties between China and South Korea can not be postponed any longer, China will not export any offensive weapons, and will not sign any treaties of military nature with any countries or blocs."⁵

Official Normalization Talks

As the volume of economic cooperation increased rapidly, and as their diplomats had to have face-to-face encounters at multilateral conferences, Beijing and Seoul came to appreciate the need for direct official negotiation. Beijing's Vice Foreign Minister Liu Huaqiu had official contacts with Seoul's Foreign Minister Lee Sang-ok when the 47th session of the UN Economic and Social Commission for Asia and the Pacific (ESCAP) was convened in Seoul in April 1991. Meanwhile, South Korea successfully mediated the resolution of the membership issue for China, Hong Kong

and Taiwan for the Asia-Pacific Economic Cooperation (APEC) ministerial meeting. On August 28, 1991, the admission of China, Hong Kong and Taiwan into the economic consultative body was decided at a senior officers' meeting in South Korea as a result of an intermediary role of the host South Korea. Beijing needed Seoul's assistance in becoming a member of these forums for Pacific cooperation. It was remarkable for Seoul to mediate the membership issue for Beijing and Taipei at APEC. Through these diplomatic contacts, both sides were able to have better understanding about each other's political positions and economic necessities for official negotiation.⁶

Official normalization talks between Beijing and Seoul began on October 2, 1991 when then Chinese Foreign Minister Qian Qichen met his South Korean counterpart Lee Sang-Ock in New York at the UN General Assembly meeting. The second round of ministerial talks was held in November 1991 when Qian Qichen was in Seoul for the foreign ministers meeting of APEC. The South Korean and Chinese foreign ministers, saying Seoul-Beijing relations were developing "realistically and diligently," agreed to further expand bilateral contacts. Apparently, conversations between the South Korean government and Qian offered a timely channel for formalizing the growing Seoul-Beijing ties.⁷ During his stay in Seoul, Qian described

his view on the prospects of Sino-South Korean normalization as *shuidao qucheng* (When water flows, a waterway will appear).⁸

The third round occurred in Beijing in April 1992, when Lee was present for the convening of the UN General Assembly's Economic and Social Commission for Asia and the Pacific (ESCAP). Lee, in the first visit by a South Korean foreign minister to China, met Chinese Prime Minister Li Peng, Chinese foreign minister Qian, and CCP General Secretary Jiang Zemin. On those occasions, Lee conveyed President Roh's message for the establishment of diplomatic relations between the two countries as early as possible. Qian's reply was encouraging. Qian made it clear that China was ready to enter into negotiations with South Korea toward that end. They agreed that "South Korea-China diplomatic normalization was necessary for peace and security in the Asia-Pacific region." Upon his return home, Lee, with President Roh's strong backup, hurriedly organized a secret task force within the Foreign Ministry to carry out successfully the "Tonghae Jakjon (East Sea Operation)," a code name for the establishment of diplomatic relations with China.⁹

Taiwan's Response

At that time, Lee secretly met Taiwanese ambassador to Seoul, King Charles Shu-Chi and told him that "South Korea and China agreed to cooperate for the normalization of relations between the two countries." Taiwan became extremely embarrassed. Taiwan had told South Korea that Taiwan would fully understand South Korea's desire for diplomatic ties with China, but had suggested that South Korea find a solution or "special formula" to maintain its official relations with Taiwan. Under such assumptions, Taiwan had proposed to South Korea that Taiwan give the top priority to South Korean companies in the state-run major construction projects covering five years between 1992 and 1996 and more benefit and favor to South Korea in their mutual trade. In addition, Taiwan had even implied that she would open official relations and expand trade with North Korea, if South Korea sacrificed Taiwan in favor of China. In desperation, the Taiwanese president sent his special envoy, Jiang, to Seoul. On May 6, 1992, Jiang met Roh. Roh clearly indicated that South Korean-Chinese normalization would be inevitable for the peace and security of Northeast Asia and for Korean reunification. In fact, it was impossible from the beginning for South Korea to find a "special formula" for Taiwan, because South Korea was fully aware of China's "One China policy." Whenever China has established diplomatic relations with other

countries, China has emphatically illustrated that the PRC is the sole legitimate government and that Taiwan is inevitably a part of China. The United States and Japan could not make any exception. They could maintain only civilian-level relations with Taiwan. South Korea also followed the precedents set by the United States and Japan. Lee officially informed King that Lee would leave Seoul on August 21 to Beijing and on August 24 the joint communiqué would be announced.¹⁰

Sino-South Korean Normalization

In the final stages of the negotiations between Beijing and Seoul, events developed rapidly. The negotiation proceeded with utmost secrecy at Beijing's behest, and even many South Korean officials in the Foreign Ministry and other government agencies were kept in the dark.¹¹ According to James T. Myers' analysis, Deng Xiaoping himself blessed the development and issued instructions that it should be done. Negotiating directly with Chinese Foreign Minister Qian who apparently had been given full power by Deng, Roh Jae-Won, head of KOTRA in Beijing, reported that answers from the Chinese side would come back almost hourly and that the entire matter was concluded in about two months. At the end of the negotiations, China asked

for a month's delay before announcing the normalization so that Qian could brief the Chinese leaders who had been kept in the dark about the secret negotiations he had been authorized to conduct.¹²

As for China, North Korea was a major hurdle to be overcome. During the whole process, China kept North Korea informed and persuaded North Korea that the Sino-South Korean normalization of diplomatic relations would help North Korea establish her relations with the United States and Japan. China was reported to have promised North Korea that China would press the United States and Japan more energetically to step up their normalization negotiations with North Korea and to follow the Chinese model. China was careful enough to arrange for both South Korean President Roh and North Korean President Kim Il Sung and his heir apparent, Kim Jong-Il, to visit China after the announcement of the final agreement.¹³

Finally, on August 24, 1992, Foreign Ministers Lee Sang Ok and his Chinese counterpart Qian Qichen signed the joint communique on the historic establishment of full diplomatic ties between the Republic of Korea (ROK) and the People's Republic of China (PRC). The joint communique was as follows:

1. The government of the ROK and the government of the PRC have decided, in conformity with the interests and desire of the two peoples, to recognize each other and to establish diplomatic relations as of August 24, 1992.
2. The governments of the ROK and the PRC agree to develop the enduring relations of good neighborhood, friendship, and cooperation on the basis of the principles set forth in the Charter of the United Nations and the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.
3. The government of the ROK recognizes the government of the PRC as the sole legal government of China, and acknowledges the Chinese position that there is but one China and Taiwan is part of China.
4. The government of the ROK and the PRC firmly believe that the establishment of the diplomatic relations between the two countries will contribute to the improvement of situation and stability on the Korean Peninsula and thus to the peace and stability in Asia.
5. The government of the PRC, respecting the aspiration of the entire Korean people for an early reunification of the Korean Peninsula, supports that the Korean Peninsula shall be peacefully reunified by the Korean people.
6. The government of the ROK and the PRC agree, in accordance with the 1961 Vienna Convention on Diplomatic Relations, to provide each other necessary assistance in the establishment and functioning of embassies in their respective capitals and to exchange ambassadors at the earliest possible date.¹⁴

The Sino-South Korean normalization of diplomatic relations was a symbolic event that demonstrated the reformers' victory against the conservatives in foreign as well as domestic affairs. Also it was concrete evidence that Deng Xiaoping and the supporters of reforms and openness were in firm control of the country. The move also

indicated the reformers' confidence that they could head off resistance from conservatives. Meanwhile, China gained more than it had hoped for from its recognition of South Korea in that the latter upheld the five principles of peaceful coexistence and cut its diplomatic ties to Taiwan, recognizing China's reunification formula, "one country, two systems." This enhanced China's prestige and influence on the emergent international order in East Asia. In addition to the other economic benefits that flowed from the diplomatic recognition, China took over control of the Chinese embassy compound in Seoul, the value of which was estimated at a little over \$2 billion.

Taiwan was a short-term loser in this process. At first, Taiwan's response was extremely negative. Taiwan elected to sever all diplomatic, trade, and transport ties with South Korea in response to the latter's switch of Chinese diplomatic partners, even though trade, tourism, and diplomatic contacts were important to both sides. Before the cutoff, trade totaled \$3 billion per year, while afterwards trade declined by about \$700 million annually.¹⁵ But in July 1993 South Korea and Taiwan agreed to establish informal ties and exchange a liaison office at the civilian level, similar to those in place between Taiwan and most other political entities, with diplomatic embassies replaced with unofficial but quasi-diplomatic missions. Thereupon, airline and shipping links

were restored, tourism recovered, and cultural exchanges were renewed. With the loss of South Korean diplomatic ties, Taiwan was totally isolated in Asia in the formal sense. But in real terms, nothing had changed, except that Chinese and South Korean diplomats could see each other openly and Taiwan and South Korean diplomats had to take care as to what formal names each used for the other.¹⁶ The main reasons why South Korea forsook Taiwan were that South Korea would benefit from trade with China and that South Korea could better manage North Korea through ties with China.

Factors on China's Historic Decision

Beijing through its Korean decision demonstrated its remarkable capacity for constantly redefining the international situation and adjusting to changing political winds in the pursuit of state interests.¹⁷ Beijing's August 1992 Korea decision made by Deng Xiaoping himself underscored the role of political economics in Chinese foreign policy thinking and behavior manifest in Foreign Minister Qian Qichen's secret report to the CCP's Central Committee Foreign Affairs Group (with Li Peng as group leader). In the article of "Inside Story on China's Abandonment of North Korea," *Tangtai* (Contemporary) in Hong Kong claimed to have disclosed Qian Qichen's secret report.

Qian made the “four birds” comment when delivering a report to the CCP’s Central Committee Foreign Affairs Group recommending normalizing relations with South Korea. In this report Qian argued that Sino-South Korean diplomatic relations would have the multiple benefits of “killing four birds with one stone (or attaining four advantages at one move),” as it would (1) further isolate Taiwan in foreign affairs, (2) strengthen Beijing’s growing economic exchanges with South Korea, (3) weaken some of the American pressure on China through South Korea, namely, enhance Beijing’s bargaining power to defuse the mounting “Super 301” pressure from the United States on unfair trade practices, and (4) put an end to North Korea’s endless requests for more economic, military, and political aid and support.¹⁸

Tangtai said that what most upset the CCP in these four points was the relations with North Korea. Beijing was tired of Pyongyang’s unending requests. China wished to rid itself of this burden. This, in part, contributed to China’s decision to put aside more than four decades of cold war animosity and establish relations with Seoul. In fact, due to the international political situation, China could not immediately cut off North Korea. China granted free assistance to North Korea in a disguised form. Confronted with this situation, China had no choice but to carefully seek

countermeasures. On the one hand, China carefully developed its relations with South Korea, and some activities were even carried out in secret. On the other hand, China tried by every possible means to get rid of North Korea's endless requests, using the method of "pushing away while coaxing."¹⁹

In addition to the previously-mentioned many important factors, there were other reasons China actively pursued relations with South Korea. China's decision to establish formal ties with South Korea stemmed from its realistic appreciation of the rapidly changing situation in Northeast Asia as well as the globe. North Korea's nuclear ambitions figured in China's decision to hasten establishment of ties with South Korea. China had long advocated that the United States and Japan should set up diplomatic relations with North Korea in return for its diplomatic recognition of South Korea. China made the same demand during the working-level negotiations with Seoul officials. But they deserted the policy of "cross recognition" after the North Korean nuclear issue came under the international spotlight. Facing the tough stance of the United States that it would not improve relations with North Korea without settlement of the nuclear issue, China eased its stand.²⁰

China wanted to take the initiative in reformulating a new order in East Asia after the demise of the former Soviet Union and the breakup of the Cold War structure in the world. They also wanted to balance the expanding power of Japan in the region. Very well aware of Japan's ambition to play an important role in setting up a new world order and creating an "Asia-Pacific 21st century," China felt it necessary to take measures to check Japan so that it could not take hegemony in Asia and the Pacific. South Korea, which then grew as the world's 12th largest trading country, provided as a good partner in the scheme. Such Chinese efforts required the normalization of diplomatic relations with South Korea, another victim of Japanese colonial rule. Finally China gained a reliable partner to counterbalance Japan's increasing international and regional roles in political and economic as well as military areas.²¹

Beijing also wanted to improve its international image by establishing ties with South Korea. China's international prestige still remained damaged after its suppressive crackdown of democracy protestors in Tiananmen Square in 1989. The Tiananmen Square massacre worsened the relations between China and the United States, pressured by Congress to take retaliatory measures against Beijing. China feared that the victory of Democratic Party candidate Bill Clinton, who raised questions about human rights in

China, in the 1992 presidential election, would bring about tremendous diplomatic burdens for China. Even if incumbent President George Bush were reelected, Beijing would have to pay prices for returning bilateral ties to normal as before the Tiananmen incident. Therefore, Beijing felt the need to hasten diplomatic ties with Seoul to improve the relations between China and the United States. China's diplomatic normalization with South Korea fulfilled the American expectation that China play a constructive role in the region.²²

As mentioned in Chinese Foreign Minister Qian Qichen's secret report, China wanted to isolate Taiwan by normalizing ties with its ally South Korea. The Chinese leadership had been annoyed by Taiwan's "dollar diplomacy" which, in its view, relied on a strategy to buy formal recognition from other nations in order to bolster Taiwan's legitimacy.²³ In fact, Taiwan's economic diplomacy since 1989 had gained a considerable success in ousting Beijing's influence from at least seven countries which restored diplomatic relations with Taiwan.²⁴ One example was the establishment of diplomatic relations between Niger and Taiwan in June 1992. This African state had maintained diplomatic relations with the PRC for years, but as a result of Taiwan's checkbook diplomacy, agreed to also recognize Taiwan. Beijing demurred and

promised to offer economic aid to keep Niger from setting up diplomatic ties with Taiwan. Chinese Foreign Minister Qian Qichen even visited Niger to dissuade Niger from setting up ties with Taiwan. Apparently Taiwan outbid Beijing, and induced Niger to hold firm on its commitment with an initial grant of U.S. \$50 million. Unable to keep Niger in line, China cut off ties with Niger to forestall the creation of "two Chinas." The setback was an embarrassment to Premier Li Peng, who had played an active role in China's foreign affairs, and he decided to retaliate and teach Taiwan a lesson for bragging the success of its "flexible diplomacy." One option available to China was to accept Seoul's offer of establishing full diplomatic ties and demand Seoul sever ties with Taiwan.²⁵ China's decision led to the termination of official ties between Taiwan and South Korea, further isolating Taiwan politically at a time when Taiwan was successfully utilizing its economic strength to expand economic and political ties with other nations.

The conditions China had laid down in order to maintain peace and stability on the Korean peninsula were basically met. For example, following their simultaneous participation in the United Nations, in December 1991 both South and North Korea signed the protocol on Reconciliation, Non-Aggression, and Exchanges and

Cooperation and the "Joint Declaration on the Denuclearization of the Korean Peninsula."²⁶

According to Samuel S. Kim, Sino-South Korean economic relations were part of its new strategy of diversification designed to overcome China's over-dependence on the American market, which represented over 30% of China's exports. This over-dependence was regarded as having given the United States an undue leverage in Sino-American relations, as shown in the annual most-favored-nation struggle between Beijing and Washington. Chinese Foreign Minister Qian's secret report specifically mentioned the new strategy of diversification as one of the factors in the Chinese decision to recognize South Korea.²⁷

China weighed against the possible cost of a deterioration of its relationship with Pyongyang. But the risk was acceptable to China, because even if the decision displeased Pyongyang, not many options remained open for North Korea. Chinese leaders' sympathy for North Korea was diminishing rapidly as the old revolutionary leaders who had emotional ties with North Korean communists gave way to a younger generation of Chinese leaders who did not experience the Korea War and therefore

resented Pyongyang's unending requests for material, military, and political aid and support. Furthermore, Beijing concluded that by establishing diplomatic relations with Seoul, it could exert more leverage over North Korea, compelling it to be more flexible in its dealings with Washington and Seoul.²⁸

Sino-North Korean Relations After Sino-South Korean Normalization

Beijing's "Two-Korea Policy" deprived North Korea of its long-time privilege of enjoying one-sided support from Beijing. In fact, North Korea, after the political and economic brush-off by Moscow, was totally dependent on Beijing for economic and political survival. The traditional relationship of "Teeth and Lips" between China and North Korea became sour due to the Sino-South Korean normalization despite the North Korean resistance and hard-line Chinese conservative leaders' opposition. Pyongyang announced the end of cultural exchanges with China.²⁹ Although there was no open outburst from North Korea, North Korea restricted travel across its border with China for several months in silent protest.³⁰ The situation was exacerbated on December 29, 1992 when China tightened the economic pressure on North Korea by announcing that all trade beginning in 1993 must be paid for in cash rather than through barter. North

Korea, which was already suffering from a severe economic crisis, depended on China for crude oil and other supplies. It had no hard currency to pay its bills and was already in arrears on its \$4 billion foreign debt. North Korea had recorded minus economic growth for three consecutive years.³¹ But North Korea did not publicly express as much displeasure toward China as they had toward the Soviet Union, mainly because it could not afford to alienate or antagonize China, who was its irreplaceable patron and guardian following the demise of the Soviet Union.³²

After the end of the Cold War, Beijing attached a great deal of importance to articulating a more balanced Korea policy. For China, the Korean peninsula was rapidly becoming one of the most vital links in its independent foreign policy. Although economic imperatives encouraged China to implement its two-Korea policy, security concerns still required China to maintain a close relationship with its traditional North Korean ally. It was in China's interest to continue a policy of helping North Korea maintain its domestic political and economic stability—if the Korea peninsula were plunged into a military conflict once again, China would be the biggest loser.³³ For this and many other reasons, Chinese Foreign Ministry spokesman Wu Jianmin said, “After the establishment of full diplomatic ties with the ROK, China will continue to maintain

friendly relations with North Korea on the basis of the Five Principles of Peaceful Coexistence, and the Agreement on Friendship, Cooperation and Mutual Assistance signed by China and North Korea in 1961 and all other pacts between the two countries will not be affected by the setup of diplomatic ties with South Korea,” during a press conference after the signing of the joint communique.³⁴ It indicated that its door to North Korea remained open. China’s new diplomatic relations with South Korea were achieved without burning Beijing’s bridge to Pyongyang. China increased its power and influence more than did Russia, the United States, and Japan. With the decline of Russian influence in the Korean peninsula and the lack of diplomatic relations between North Korea and the United States and Japan, no major power had China’s influence in North Korean affairs.

Historic Sino-South Korean Summit Talks

President Roh made an historic state visit to China on September 27-30, 1992, and held summit talks with the Chinese leadership, including President Yang Shangkun, Prime Minister Li Peng, and CCP General Secretary Jiang Zemin. Roh asked Chinese leaders to use China’s influence to get North Korea to accept mutual inspections of

nuclear facilities by South and North Korea,³⁵ and called on the Chinese leaders to persuade North Korea toward “meaningful progress” in inter-Korean relations. However, the Chinese leadership assumed a lukewarm attitude. Beijing opposed application of open and outright pressure on North Korea, while voicing support for inter-Korean talks to make the Korean peninsula a nuclear-free zone.³⁶ Chinese leaders acted prudently and reserved a commitment to soliciting Pyongyang to accept the demand for inter-Korean nuclear inspections, in an apparent effort to avoid appearing as if it wished to intervene in the domestic affairs of North Korea.³⁷ China tried not to hurt the feelings of North Korea, in an apparent move to use the “Pyongyang card” in dealing with South Korea.³⁸ Such an attitude of Beijing demonstrated that China has played a “double strategy” between South and North Korea.

On the economic front, on this occasion, the Chinese leaders repeatedly called for more South Korean investment in their country. To facilitate expanded economic ties, the two countries signed a series of economic accords, including a broad-based general trade agreement, an investment protection agreement, a pact establishing the Joint Committee for Economic, Trade and Technical Cooperation, and an agreement on scientific and technological cooperation. Additionally, the two countries agreed that

their respective governments would cooperate closely to encourage South Korean companies' participation in China's eighth five-year (1991-1995) economic development plan. To this end, they agreed that they would actively take steps to conclude bilateral agreements on tax, arbitration, and other trade-related issues.³⁹

These measures increased the value of trade between the two countries after Sino-South Korean diplomatic ties. The volume of Sino-South Korean trade in 1992 at \$8.22 billion was over eight times that of Sino-African trade (\$1 billion) and nearly three times that of Sino-Latin American trade (\$3 billion). By the end of 1993, China became the third-biggest export market for South Korea, and South Korea China's sixth-biggest export market.⁴⁰

Conclusion

China's policy toward the Korean peninsula was to maintain a peaceful and stable security environment, secure its influence, and promote its economic interest. On the one hand, Beijing wanted to maintain political and military relations with Pyongyang and on the other hand, seek the expansion of economic relations with Seoul. In other words, China has played a "double strategy" on the Korean peninsula. Such an attitude

of Beijing derived from its need to achieve its economic reform and open door policy to the outside world. This has led to a shift in Beijing's position toward Seoul from "One Korea" policy to "Two Koreas" policy, culminating in the historic diplomatic breakthrough between the two countries.

Finally, on August 24, 1992, China and South Korea established full diplomatic ties, despite North Korea's strong interference and conservative China's leaders' opposition. However, although economic factor made China pursue its Two Koreas policy, security concerns still required China to maintain a close relationship with North Korea. Immediately after Sino-South Korean normalization, China declared that all pacts between China and North Korea would not be affected by the setup of diplomatic ties with South Korea. China's new diplomatic relations with South Korea was achieved without injuring China's diplomatic relations with North Korea. China tried not to hurt the feelings of North Korea, in a move to use the "Pyongyang card" in dealing with South Korea. Such an attitude of China proved that China has skillfully played a "double strategy" between South and North Korea, maintaining "Two Koreas" policy in order to maximize its national interest on the Korean peninsula.

China's August 1992 Korean decision demonstrated that China's Korean policy in the post-Mao era has constantly been adjusted to the practical politics logic of the rapidly changing domestic and global situations in the pursuit of state interests. That is why China adopted a "two countries, two systems" approach for Korea. Namely, China's Korean policy has changed from an ideological policy to a realistic and pragmatic policy. China's Korean policy was guided by the realist strategy of maximizing its national interest, while minimizing its costs and responsibilities.

Beijing's August 1992 Korean decision underscored the role of political economy in Chinese foreign policy. In conclusion, China's economic reform and open door policy to the outside world have caused Chinese foreign policy toward the Korean peninsula to shift from national security concerns to economic prosperity, from ideological emphasis to pragmatic consideration, and from rigid foreign policy to flexible multidirectional policy.

Notes

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19. *Ibid.* An insider has revealed that the principal methods which the CCP had used were as follows: 1. Continue to apply the method of providing economic aid in exchange for stability, but try to incrementally reduce the quantity of aid within the smallest possible scope. For example, barter and border trade have been conducted between China and North Korea for a long time but, when we look at specific operations, we see that they are very different from actual trade. There are as many as 76 categories of materials supplied by China to North Korea, while North Korea only supplies China with some varieties of fish caught in the Yalu river and a few inexpensive arts and crafts. In terms of comparable currency value, they are beyond comparison, as China has for some time been in a condition which can almost be considered as giving aid without compensation. Moreover, a triangle of trade among China, North Korea, and the former Soviet Union has been in place since the 1980's, which, in effect, is another form of indirect Chinese assistance to North Korea. As China itself lacked machines, timber, and heavy industrial materials, it was unable to satisfy North Korea's frequent demands, therefore, China transferred some of the materials exchanged with the Soviet Union directly to North Korea. These materials, which were originally to be used by China, thus unconditionally fell into the hands of North Korea. By using this method, the CCP hoped that it could prevent North Korea from losing its reason. 2. Superficially, China will continue to support North Korea politically. For example, after the June 4 Tiananmen Square Incident and the tremendous changes in the Soviet Union and Eastern Europe, the CCP's propaganda departments often stressed that the remaining socialist countries should give mutual support and step up contacts with North Korea. Senior CCP officials also endorsed this proposition, but when concrete interests are involved, China will graciously refuse. 3. Kim Il Sung wanted Deng Xiaoping to meet him at the station. China will give high appraisal

and fame to Kim Il Sung so that he does not dare to willfully disrupt relations with China. For example, every time Kim visited China, he was unwilling to take a plane, and asked to come to Beijing by train. What has disgusted the people the most is that, every time he came, he would ask Chinese leaders to meet him at the railway station, (once he even directly asked Deng Xiaoping to meet him at the station)—even though some of his requests were no longer in keeping with the revised etiquette toward foreign guests, (such as the ceremony of welcoming foreign guests, which is held at the Great Hall of the People rather than at the airport or other places). 4. The CCP takes precautions against North Korea's terrorist activities. Apart from the above-mentioned methods, China also noted the changes in the situation of the northeastern Asian region in recent years. Particularly after the disintegration of the Soviet Union, China no longer had to fear that North Korea would throw in its lot with the Soviet Union. Hence, China has gradually adopted a relatively hard-line attitude toward North Korea. For example, during his visit to North Korea in April 1992, Yang Shangkun flatly but tactfully turned down some of its demands, including military training, and some of the secret loans to be retained. On the other hand, China is not afraid of making its relations with South Korea known, and wishes to free itself systematically from the burden of North Korea. An official from China's Foreign Ministry said in private: China believes that, even though North Korea is extremely dissatisfied with China's behavior, it does not dare take any action, because it has no backing at all now. The only thing China worries about is whether North Korea will take an extreme retaliatory action because of the normalization of diplomatic ties between China and South Korea. Therefore, China sent officials to Pyongyang to explain the current establishment of diplomatic relations to the North Korean hierarchy in the hope of removing North Korea's dissatisfaction in an obvious way, but China will also be on guard against suffering losses. China's intelligence departments have a thorough understanding of the North Korean organizations engaged in terrorist activities, and the CCP will certainly take preventive measures to face this situation. Cited in He Po-shih, "Inside Story on China's Abandonment of North Korea," Hong Kong Tangtai, No. 18, September 15, 1992, pp. 44-45, in FBIS Daily Report: China, September 15, 1992, p. 12 and September 30, 1992, pp. 13-14.

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Chapter 6: North Korea's Nuclear Crisis and Four-Party Talks, 1993-1999

In the 1990s, China pursued pragmatic diplomacy, eliminated the Cold War mind-set in diplomatic activities, and discarded socialist ideology in foreign policy. The Korean peninsula has always been one of the focuses of China's foreign policy because it has been politically, economically, and strategically critical to China in dealing with the Pacific powers including the US and Japan. China has a vital interest in stabilizing the political situation on the Korean peninsula in order to actively pursue its economic reform and open door policy.

To pursue these aims, China has used a dualistic, but pragmatic policy on the Korean issues: it wants neither a unified Korea nor instability on the peninsula. It puts the utmost importance on being more influential both on South and North Korea and never being excluded from the major players on the Korean peninsula. To maximize its national interest, China has skillfully played a "double strategy," strengthening its traditional geo-strategic relations with North Korea, even as it has actively advanced new geo-political and economic relations with South Korea. In other words, China's

“double strategy” toward the two Koreas means that, while maintaining a “Two Koreas” policy, China does not want to publicly support one Korea, at the expense of the other, as this risks offending one of them.

To analyze China’s “double strategy,” on the Korean peninsula, in this Chapter I will address North Korea’s Nuclear Crisis and Four-Party Peace Talks.

China’s role of the North Korean Nuclear Crisis of 1993-1994

North Korea joined the Nuclear Non-Proliferation Treaty (NPT) in December 1985, but delayed fulfilling its obligation under the treaty to conclude a nuclear-safeguards agreement with the International Atomic Energy Agency (IAEA). According to the NPT, North Korea was required to conclude the agreement with the IAEA within eighteen months after it became a member. As the IAEA Board of Governors first raised this issue in February 1989, North Korea’s blunt refusal to allow the IAEA to inspect its nuclear facilities led Western nations, especially the United States, to suspect that it had the intention and capability of developing nuclear weapons. North Korea asserted that until all US nuclear weapons were withdrawn from South

Korea, it would not sign the safeguards agreement.¹

With the end of the Cold War, President Bush announced in September 1991 that the United States would withdraw all its tactical nuclear weapons from South Korea. His initiative opened the way for both Koreas to sign the "December 1991 Agreement on Reconciliation, Non-Aggression, and Exchange and Cooperation Between the South and the North" and a joint declaration on the denuclearization of the Korean peninsula. The joint declaration provided for the renunciation of the testing, production, possession, use of nuclear weapons, and for the forbiddance of nuclear reprocessing and uranium enrichment facilities, and for the peaceful use of nuclear energy and the South-North reciprocal inspection of nuclear facilities. Pyongyang was no longer able to find any excuse to delay the acceptance of the IAEA inspection, as its stated conditions for allowing the international inspection were all satisfied. As a result, on January 30, 1992, North Korea signed the safeguards agreement with the IAEA and agreed to open its nuclear facilities for inspection. However, North Korea failed to implement the South-North reciprocal inspections as obliged to under the joint declaration.²

In particular, when the IAEA made an unprecedented request that North Korea

submit to a “special inspection” of two suspected undeclared nuclear waste sites at the Yongbyon nuclear complex, Pyongyang denounced this call for a special inspection as an espionage scheme on its military facilities and as such beyond the purview of international inspection. Moreover, the special inspection request triggered North Korea’s public announcement of its withdrawal from the NPT on March 12, 1993. The withdrawal announcement caused panic in Seoul, Tokyo, Washington, as well as the UN since North Korea, once legally out of the NPT, would be legally free to proceed with its nuclear weapons program.³

Clearly North Korea used the nuclear weapons option as the best means to ensure its domestic and national interest simultaneously especially since the end of the Cold War. Faced with international isolation after the Soviet Union and China normalized relations with South Korea, and faced with the severe economic disruption that resulted from this isolation and the failure of collective and autarkic management, North Korea found the nuclear card very useful in struggling for the survival of the regime and the state.

China’s attitude toward nuclear non-proliferation has undergone changes from

actively supporting proliferation to opposing it. Under Mao Zedong, China was highly critical of superpower hegemonism. Accordingly, it supported nuclear proliferation among socialist states in order to win in the struggle against superpowers. Reversing this traditional position, in 1984 China stated at the United Nations Conference on Disarmament: "We do not advocate nor encourage nuclear proliferation, nor do we help other states to develop nuclear weapons."⁴ China's support for non-proliferation was clearly manifested in its full commitment to the Joint Declaration of the UN Security Council Summit Meeting on January 31, 1992, which stated: "the proliferation of all weapons of mass destruction constitutes a threat to international peace and security. Therefore, if the IAEA notifies any case of violations of the NPT and safeguards agreement, then the members of the Security Council will take appropriate measures to tackle those problems."⁵

Furthermore, commenting on Chinese policy toward the Korean peninsula in a closed conference held by the Chinese Foreign Ministry in February 1993, Premier Li Peng said that: (1) China had no intention to maintain close military and security ties with Pyongyang; (2) China fully supported the denuclearization of the Korean peninsula, and opposed the North Korean nuclear program and the deployment of foreign nuclear

arms in South Korea; (3) China would stop supplying advanced military equipment to Pyongyang.⁶

After the conflict between North Korea and the IAEA came to a head, the US considered compelling Pyongyang to disclose information on its nuclear facilities through UN Security Council (UNSC) sanctions. According to the analysis by the former American Secretary of State, James Baker, China's participation was essential. On the one hand, China had a veto in the UN Security Council. A UN resolution with sanctions against North Korea, therefore, could not be adopted without China's consent. On the other hand, international economic sanctions only functioned insofar as China was involved and refrained from providing energy and food to North Korea. In Baker's opinion, therefore, Washington could not bypass Beijing with respect to North Korea: "Washington needs China on North Korea—and Beijing knows it."⁷

Despite the February 1993 closed conference, China took a contradictory stance on North Korea's nuclear issue. China vigorously advocated a nuclear weapon-free zone on the Korean peninsula. But, when Pyongyang announced its withdrawal from the NPT, Beijing rejected Washington's initiative to bring up the issue in the UN

Security Council and to impose international economic sanctions. Chinese Foreign

Minister Qian Qichen said:

International problems with Pyongyang should be settled by patient consultation. If the question is referred to the UN Security Council, it will only complicate the matter. We are opposed to the application of sanctions. The NPT treaty does not include rules for imposing international punitive action. There are no provisions that those who withdraw or those who stay away should be punished.⁸

There were various reasons why Beijing opposed any UN-imposed economic sanctions against North Korea: China traditionally detested international sanctions. China's memory of the UN collective security was very negative. From its viewpoint, China was among the first victims of collective security. The UN's involvement in the Korean War had a lasting negative impact on Chinese thinking and behavior on UN peacekeeping operations. Not surprisingly, collective-security measures taken by the UN, in Beijing's eyes, were usually synonymous with imperialist aggression and intervention. During the 1990-1991 Gulf crisis, for instance, China abstained on Security Council Resolution 678 (on the use of all necessary means), as its own way of adhering to principles and upholding international justice. China could not support the use of force in the name of the UN, on the grounds that the United Nations, as an international organization for the maintenance of peace and security, was responsible

both to international security and to history. Qian explained in an interview for the home audience: “Being responsible to history means that the Chinese people still clearly remember that the Korean War was launched in the name of the United Nations.”⁹

The decisive factor, however, was that China was not willing to let its special status and influence in Korea be restricted by any binding universal crisis management. China was more interested in manipulating the situation to increase its influence over both North and South Korea than in resolving the nuclear issue. This only reflected China’s traditional hegemonic attitude toward the Korean peninsula. A further important aspect was the tactical intention of the Chinese leadership to politically capitalize on its influence on Pyongyang and to force the US to accept political compromises contingent upon American concessions on the human rights issue and upon the unconditional extension of the most favored nation (MFN) arrangement so vital for China’s exports to the United States.¹⁰

China politically feared a collapse of Pyongyang and thus the emergence of instability on the Korean peninsula. China was more committed to maintaining stability on the Korean peninsula than to the long-term objective of denuclearizing the Korean

peninsula. Beijing was determined enough not to have another socialist regime collapsing on its vital northern strategic cordon nor a chaos or war with the ominous implications that would have for its domestic and regional stability (including a flood of refugees joining its already uncontrollable floating population within its porous borders). China argued that the international community should not push Pyongyang into a corner and leave it no choice but to resort to military adventurism.¹¹

Chinese leaders felt that, beset by both internal and external troubles, Pyongyang could react unpredictably, irrationally, and recklessly, threatening peace and stability on the Korean peninsula. It meant that UN-imposed economic sanctions and increased pressure might lead to a serious military confrontation on the Korean peninsula again. On such an occasion as this, Beijing would be hard pressed to decide whether to openly support Pyongyang in accordance with their treaty of military alliance. If the United States adopted military sanctions against Pyongyang, such as bombing the nuclear facilities in North Korea, Beijing would also have difficulty deciding how to react.¹²

With veto power on the Security Council, Beijing would be in a dilemma if the Security Council were to vote on the issue. Beijing wanted to ensure that North Korea

would be free from international pressure and sanctions, but at the same time it was unwilling to offend the United States and other Western countries.¹³

Beijing maintained that the North Korean nuclear crisis was actually caused by an attempt to alleviate a crisis in the power succession of North Korean leadership. In other words, Beijing believed that without foreign assistance, North Korea was incapable of producing nuclear weapons by itself. Kim Il Sung once openly pledged to Beijing that Pyongyang had no intention and was incapable of developing nuclear weapons. Therefore, Beijing's stand was that if North Korea kept its promise, China was obligated to prevent Pyongyang from being sanctioned.¹⁴

Beijing believed that Western countries over-exaggerated the issue of Pyongyang's refusal of the IAEA inspections. Beijing saw the assertion of the IAEA that Pyongyang was developing nuclear weapons in secret as an attempt to create a legitimate reason for toppling the Pyongyang regime. Moreover, Beijing regarded various kinds of sanctions imposed by Western countries on Third World nations as "hegemonic behavior."¹⁵

According to the analysis of *Hsin Pao*, a pro-Beijing newspaper published in Hong Kong, what intensified Beijing's security concern and its opposition to any kind of sanctions against North Korea was the perception of US strategy on the Korean nuclear issue. *Hsin Pao* said, "The United States wants to use this chance to topple the DPRK, and this is a component of US strategy to carry out peaceful evolution in the socialist countries."¹⁶ And "the United States will practice a strategy of destruction against North Korea—the last Stalinist regime in the world—with the aim of enabling South Korea to gobble up North Korea, like West Germany gobbling up East Germany."¹⁷ Such US strategy posed not only an ideological challenge but more significantly a strategic threat as "China regards the Korea region as an important buffer zone between China and the United States."¹⁸

The conservative and anti-American turn in China's domestic politics suggested another explanation for Beijing's opposition to US-sponsored international sanctions. In April 1993, Admiral Liu Huaqing, a standing committee member of the Politburo and the most influential military officer in the Chinese party-state, mobilized 50 top military officers to send an anti-US petition to General Secretary Jiang Zemin. It was reported that the petition said the military "strongly oppose bartering away [China's] principled

criteria for state-to-state relations in exchange for bilateral trade.”¹⁹ In early September 1993, two top-secret documents, based on two policy analysis and recommendation reports prepared by the CCP Central Policy Research Center and CCP Central Military Commission Research Office, were relayed to Politburo members, Secretariat secretary, Central Military Commission members, and party committees of all armed services of the People’s Liberation Army (PLA), military regions, provinces, cities and autonomous regions. It was reported that they stressed the importance of building a new type of relations with Russia as a new strategic move to prevent US hegemonism from subverting China and intervening in the internal affairs of Asian countries.²⁰

China argued that sanctions would have no effect on Pyongyang: the North Korean self-reliant economy was not dependent upon foreign markets; North Korea had been under economic sanctions from the West since 1953, yet its economy had remained intact. China also maintained that sanctions against North Korea would have a negative effect on the open-minded among North Korean leaders. It would weaken their positions and the consequence would be contrary to the original objective of inducing reform and opening.²¹ Therefore China pointed out on numerous occasions that the four parties of the United States, the IAEA, DPRK, and ROK should iron out

their differences and resolve the problem through dialogue and talks within the tripartite framework. China maintained that neither threats nor pressure would work; they would only intensify the contradictions and play a destructive role.²²

One thing remained clear and consistent in Chinese foreign policy over the years—China's strategic position and value could never be taken for granted by any external power, for it had the will and power to change its geopolitical course in phase with its changing definition of the domestic and international situation.

As a senior American government official put it in late April 1993, "The consensus [within the Clinton Administration] is that China is the key to solving the North Korea crisis."²³ The United States wanted China to play a mediative role and had carrots to offer China in reward for its role. When the annual MFN deadline approached in May 1993, the Clinton Administration announced that it would extend China's MFN status for another year without any conditions. Thus, the Clinton Administration decided to turn a blind eye to China's own violations of the nonproliferation norms, based on the assumption that the Korean crisis could only be defused with support from Beijing.²⁴

Meanwhile, during Chinese Foreign Minister Qian Qichen's visit to Seoul in late May 1993, he pledged Beijing's full participation in efforts to reverse the North Korean decision before it took effect June 12, 1993. By announcing the Chinese position, Qian also clearly told North Koreans that China would not use its veto power to stop the UN Security Council from leveling sanctions against North Korea.²⁵

On May 11, 1993, the Security Council adopted a resolution by a vote of 13 to zero, with only China and Pakistan abstaining, merely calling upon North Korea to reconsider its announced withdrawal from the NPT. The issue was taken out of the Security Council and became a subject of US-North Korea bilateral negotiations in New York between 2 and 11 June 1993.²⁶ Meanwhile, China, which suggested direct talks between Washington and Pyongyang over the nuclear matter, found an excuse, in Washington's proposal for bilateral talks, to leave the resolution passed by the council. China could say to North Koreans that it did not oppose the resolution because the United States had made it a precondition for any bilateral contacts with North Korea, for which Pyongyang had long sought.²⁷

After two rounds of bilateral negotiations, beginning on June 2, 1993, between the United States and North Korea, North Korea agreed on June 11 to suspend its previous decision to withdraw from the NPT. The announcement was made during United States-North Korean negotiations at the United Nations in Geneva, reversing Pyongyang's March 12 decision just one day before the decision would have become effective on June 12. The appeals of the South Korean and United States governments to China, North Korea's only remaining major ally, for assistance in resolving the nuclear issue resulted in North Korea's suspension of its withdrawal from the NPT.²⁸

In July 1993, Pyongyang and Washington made an Interim Agreement that essentially reiterated the commitments made by the parties in 1992, when Pyongyang joined the IAEA. The Agreement was as follows: 1) assurances against the threat and use of force, including nuclear weapons; 2) impartial application of full-scope safeguards; 3) mutual respect for each other's sovereignty and non-interference in each other's internal affairs; and, 4) support for the peaceful reunification of Korea.²⁹

But these principles had little abiding power, and were empty rhetoric. As it turned out, the first principle never prevented North Korea from bluffing with the threat

of war, and the application of full-scope nuclear safeguards was obstructed repeatedly because Pyongyang insisted that it was not impartial. However, Pyongyang did achieve an important goal, i.e., to engage the United States directly. Through direct talks with the United States, Pyongyang attempted to improve relations with the United States so as to pull itself out of international isolation. Pyongyang's intention of maintaining direct dialogue with the United States was clearly shown after the July 1993 Geneva talks. Although Pyongyang had agreed in Geneva that it would resume negotiations with the IAEA regarding inspections of its nuclear facilities, the talks with the IAEA were soon deadlocked because Pyongyang again insisted that "the nuclear issue was not a matter between North Korea and IAEA but rather between North Korea and the United States."³⁰

As the rift between the IAEA and North Korea deepened in October 1993, Washington reacted to North Korea's cancellation of further continuity of safeguard inspections by canceling the third round of high-level talks. Pyongyang responded to the US action by breaking off working-level talks on the exchange of nuclear envoys with South Korea. When Washington once again threatened North Korea with economic sanctions unless it resolved the nuclear issue quickly, Pyongyang threatened

to touch off a conflict that would engulf the whole land of Korea, both the South and the North, in the horrors of war. Although such brinkmanship was not unusual for Pyongyang, it showed that Pyongyang held South Korea as hostage in the nuclear crisis. Thus, it was not surprising that Seoul's behavior became inconsistent: while it supported the effort to roll back Pyongyang's nuclear weapons program, it was very reluctant to endorse, and even opposed to, any serious efforts to impose sanctions against North Korea.³¹

Although the Clinton administration continued to consider the option of economic sanctions, it was not eager to push it before the Security Council because it lacked the support of South Korea, China, and Japan. South Korea and Japan both feared that Kim Il Sung might respond to sanctions with an invasion and even direct nuclear attack on their countries.³² Therefore, South Korea and Japan preferred the Chinese approach as less likely to provoke a violent North Korean reaction.

Meanwhile, China remained North Korea's mainstay and its most important trading partner. China was also North Korea's protector of last resort from possible US sanctions. When UN Secretary-General Boutros Boutros-Ghali visited Beijing in late

December 1993, Chinese Premier Li Peng made clear that on the contentious issue of the application of IAEA safeguards to North Korea's nuclear facilities "China favors a proper settlement of the issue through dialogues and consultations, instead of imposing pressure and sanctions."³³

A number of considerations helped explain China's position. Although the usefulness of North Korea to China's national security had diminished with the end of the Cold War, Beijing's leaders still regarded North Korea as a bargaining tool in dealing with other major powers. As the last remaining ally and only major economic patron of a diplomatically isolated and economically crippled North Korea, Beijing was still the gateway to Pyongyang.³⁴ China had its own reasons for seeing that Korea remained divided; certainly, a unified pro-US Korea on its border would be viewed as a major security concern. The existence of two Koreas provided greater opportunities for exercising influence. As North Korea's most reliable partner, China had no reason to fear a North Korean nuclear capability. A few nuclear bombs in Pyongyang's hands, while not desirable, were nonetheless not a threat to China.³⁵

Beijing played "double strategy" on the North Korean nuclear issue: on the one

hand, while agreeing with the principle of a denuclearization on the Korean peninsula, Beijing made it clear to Washington that “dialogue, not pressure and sanctions” was the only reasonable way to solve the nuclear crisis. In March 1994, Chinese Premier Li Peng called a nuclear-free Korean Peninsula a matter of greater interest to his country than to the United States in talks with US Secretary of State Warren Christopher. Li advised against any other method than diplomacy and patience in solving the North Korean nuclear problem.³⁶ Beijing was able to move US policy closer to China’s “dialogue, not pressure and sanctions” stance by threatening to use its UNSC veto power. Beijing also repeatedly reminded Washington that China was still North Korea’s “large rear area” and that the traditional security alliance between Beijing and Pyongyang still stood. On the other hand, Beijing not only maintained its traditional geostrategic ties with North Korea, but also suggested to Pyongyang that it could use the nuclear issue to enhance its bargaining position in negotiating with the United States. Following the Chinese approach, North Korea drove a hard bargain with the United States for over a year.³⁷

From Pyongyang’s vantage point, the nuclear weapons program constituted the most cost-effective nuclear deterrent and strategic equalizer in its competition with

South Korea. In the four-year period 1990-1993, for instance, South Korea's defense budget increased from US\$10.62 billion for 1990 to US\$12.06 billion for 1993, an 13.6% increase, while North Korea's defense budget decreased from US\$5.23 billion for 1990 to US\$2.19 billion for 1993, a whopping 58.1% decline.³⁸ The diminution of Russian support for North Korea and de facto removal of the Russian nuclear umbrella strengthened the determination of the North Korean leadership to go nuclear as a matter of necessity, not choice, for regime survival.³⁹

From China's vantage point, North Korea recognized that it no longer had economic, political, and military backing from its Cold War allies. So North Korea needed a new strategy to ensure its survival in the face of the shifting military, economic, and diplomatic balance of power in favor of South Korea. The dangerous South-North imbalance of power had developed since the end of the Cold War as a result of North Korea's political and economic isolation, and the obstacles it faced in obtaining weapons; it was further aggravated by the failure of the United States and Japan to normalize relations with North Korea after China and Russia established diplomatic ties with South Korea, thus achieving cross recognition. This imbalance was a potential danger because North Korea viewed its nuclear weapons program as the only way to

overcome this situation. Pyongyang realized its nuclear weapons program provided a strong card to play against the US to achieve diplomatically its political, economic, and security objectives for the post-Cold War environment. The North Koreans wanted to squeeze as much as they could from the US because they knew the US was very frightened by their nuclear program.⁴⁰

In June 1994, Chief of the DPRK General Staff of the People's Armed Forces, Choe Gwang, visited Beijing. During his talks with senior Chinese leaders, including Jiang Zemin, Choe was reported to have accepted the Chinese suggestion to freeze North Korea's nuclear program. Choe, however, raised some concerns, including Pyongyang's great worries about the military imbalance on the Korean peninsula. Hong Kong *Ching Pao* reported that Jiang promised Choe that if North Korea were to be invaded, China would not sit back and watch. Namely, Beijing promised to come to the aid of the DPRK if the ROK and the United States waged military aggression against North Korea. Moreover, Chinese leaders also revealed to Choe that within an appropriate period of time, the PLA would carry out a military exercise to embody China's determination to keep its security commitment.⁴¹ China also promised to send a ground army of 85,000 troops to North Korea if war were to break out on the Korean

peninsula, and to provide credit assistance for such as food and energy if UN economic sanctions were effected.⁴²

It was reported that on 23 August, 1994, Beijing conducted a large-scale military exercise on the Liaodong peninsula, a strategic point adjacent to the Korean peninsula across the sea, with the tactical objective of landing its armed forces on the Korean peninsula to aid the DPRK and fight against the United States and the ROK. The services of the Chinese Armed Forces jointly participated in the military exercise, which was conducted with the approval of the CCP Central Military Commission. The military exercise showed off its force of arms to the ROK and the United States while the situation on the Korean peninsula was strained and demonstrated China's firm resolve not to look on as a spectator in case the DPRK became an object of military aggression. Furthermore, the military exercise contributed positively to North Korea's political stability and to Kim Jong Il's smooth power succession after Kim Il Sung's death on July 8, 1994.⁴³

However, China did not want to be seen as the only permanent member of the Security Council unwilling to punish North Korea for its intransigence on the nuclear

issue. For the Chinese, the major foreign policy dilemma was finding a way “to keep the North Korean regime from going bottom up in a dangerous way, while preventing themselves from being isolated on this issue at the United Nations.”⁴⁴

Meanwhile, China’s rejection regarding Washington’s initiative gave Beijing a favorable position in the fight against the linkage of MFN and human rights by the US. Washington was confronted with the choice between the ideals of human rights and security interests. Under the pressure of the worsening conflict between Pyongyang and the IAEA and in the hope of Chinese cooperation, the Clinton Administration dropped the linkage between the human rights issue and the MFN clause on May 26, 1994. Despite the economic accentuation in the justification for this move, Washington did not hide the fact that it expected a Chinese service in return on North Korea. Beijing stepped up pressure on North Korea after Washington indicated that the MFN would be extended unconditionally. A few days later, at the beginning of June 1994, China backed a UNSC Resolution urging North Korea to grant unimpeded access to IAEA representatives to inspect the Yongbyon nuclear reactor.⁴⁵ It meant Chinese foreign policy toward the Korean peninsula was flexibly guided by a realistic and pragmatic considerations, not ideology.

On 13 June 1994, Pyongyang once again announced its withdrawal from IAEA and the announcement touched off a crisis on the Korean peninsula. But, unexpectedly, a “breakthrough” was achieved after former President Jimmy Carter made a historical visit to North Korea on a mediatory mission on 15 June 1994. Carter’s visit eased the tense situation on the Korean peninsula. Pyongyang’s sudden softening of its stand and Washington’s willingness to make compromises were the main reasons for such a dramatic change.⁴⁶

However, China’s exertion of influence on Pyongyang was a decisive factor. China played an important, behind-the-scenes role in persuading North Korea to freeze its nuclear program and informed the United States of its efforts. Just days before Carter visited Pyongyang, China’s Foreign Ministry in Beijing called in North Korea’s ambassador to warn that his government could not depend indefinitely on Chinese support in its confrontation with the United States over its nuclear program. The message China delivered was that it would be in Pyongyang’s self-interest, for economic development and for its desire to reunify Korea, to cooperate more with international efforts to inspect its nuclear facilities. Beijing’s efforts to influence North

Korea were timed in a way that was aimed at rewarding the Clinton administration for changes in its China policy. They came within weeks after President Clinton announced, May 29, that he would extend China's trading privileges in the United States without imposing any conditions for improvements in human rights. By directly informing the Clinton administration of its message to North Korea, China apparently sought to demonstrate to the White House the foreign policy benefits of avoiding further friction between Washington and Beijing. The impact of China's message to Pyongyang was great. Within a short time, Kim Il Sung, during Carter's trip, offered to freeze the nuclear program and to let international inspectors remain in North Korea.⁴⁷

Not surprisingly, Pyongyang was imitating Beijing's own indeterminate nuclear shell game strategy, by holding the international community at bay, then allowing international inspections at the last possible moment but still not allowing full and unconditional on-site inspections. Apparently following Beijing's advice and negotiating style, Pyongyang somehow managed to obtain a package deal from the United States in the third round of US-North Korean talks in Geneva.⁴⁸

Beijing used its influence to persuade the United States to drop its original

sanctions concept and to concentrate on bilateral negotiations with Pyongyang. On August 13, 1994, North Korea and the United States issued a joint statement which ushered in the settlement of the nuclear dispute on October 21, 1994. The Geneva Framework Agreement generally reflected the wishes of North Korea. The United States agreed to immediately promise that the US would not use nuclear weapons against North Korea, to remove barriers to political and economic contacts between the US and North Korea, to organize an international consortium (called the Korean Energy Development Organization, KEDO) to finance and supply two light-water reactors in North Korea by the year 2003 at a cost of about \$4 billion, to provide North Korea with 500,000 metric tons of heavy oil to make up Pyongyang's energy shortfall in the interim, and to exchange liaison offices between Washington and Pyongyang. In return, North Korea agreed to remain a member of the NPT, to freeze activities at its existing reactors and at the reprocessing site, not to construct any new graphite reactors or reprocessing facilities, to place the 8,000 fuel rods in special cans for long-term storage, to resume high-level talks with South Korea, and to permit limited IAEA inspections of its nuclear facilities.⁴⁹

The reasons why China was interested in defusing the nuclear issue in Korea were

that, once North Korea deployed its long-range missiles loaded with a nuclear warhead, it would fundamentally shake the stability in Northeast Asia. The United States might reinstate its nuclear weapons in Korea, or South Korea might attempt to replicate the North Korean arsenal. South Korea did endeavor to develop its own nuclear capacity in 1974-75, a strategy which was checked by the United States intervention by offering the force modernization program at the cost of \$5 billion. In this light, China did not want to see nuclear weapons on the Korean peninsula, no matter which side owned them.⁵⁰ International attention was focused on Beijing's attitude. It needed to take some actions against Pyongyang's move in order not to hamper its economic cooperation with the United States, South Korea, and Japan.⁵¹

China viewed the Geneva US-North Korean Framework Agreement as a vindication of its insistence that the dispute could only be resolved through bilateral US-DPRK negotiations. From Beijing's vantage point, the Geneva US-North Korean Framework Agreement created a window of opportunity for improving North Korea's economic conditions, for bolstering the legitimacy of the Kim Jong Il regime, and for enhancing the prospects for maintaining political stability. China strongly supported US-DPRK negotiations to resolve the nuclear weapons issue as an alternative to United

Nations sanctions or a possible confrontation. China praised the accord as enhancing stability and the prospects for a “soft landing” in North Korea. Beijing considered full implementation of the agreement to be essential to peace and stability on the Korean peninsula and thus to be critical to Chinese national security interests.⁵²

In conclusion, Beijing emerged as a beneficiary from the nuclear dispute between the US and North Korea. With Washington’s help, the nuclear risk at its own country’s northeast gateway was reduced; and, thanks to the leverage which resulted from the special relationship to North Korea, the problem of the most-favored nation clause was resolved once and for all. Furthermore, China gained a diplomatic victory; the US was forced to abandon the concept of international sanctions against Pyongyang and to settle for the US-North Korean bilateral negotiations.⁵³

Obviously, the October accord did satisfy Chinese objectives concerning peace and stability on the peninsula. It also helped preserve the NPT and the spread of nuclear weapons to the South, Japan, and Taiwan, and lessened the likelihood of Northern nuclear threat to China itself. China saw the agreement as another step in the direction of full cross-recognition (e.g., by the US and Japan of North Korea), a means to

encourage Pyongyang to open up and reform economically, improve South-North relations, and facilitate a general relaxation of tensions throughout Northeast Asia.⁵⁴

China's Position on the Four-Party Peace Talks

On April 16, 1996, South Korea and the United States jointly proposed the four-party peace talks between representatives of the four countries, North Korea and China and themselves, to ease tension and promote peace on the Korean peninsula and to replace the 1953 Korean Military Armistice Agreement with a peace treaty. This peace proposal was long overdue, given that for many years North Korea had been asking that the Armistice Agreement be replaced by a permanent peace system on the Korean peninsula.⁵⁵

The position of South Korea and the US was that permanent peace should be achieved through direct inter-Korean negotiations and that the Armistice Agreement should remain valid until a new peace treaty is established. However, North Korea had since 1994 launched a persistent and consistent campaign to nullify the Korean Armistice Agreement. On 28 April 1994, North Korea proposed bilateral talks with the

US for the purpose of establishing a new peace system on the Korean peninsula. But it was frustrated by the US refusal. Since then, Pyongyang instigated a series of events to press the US to accept its proposal.⁵⁶ North Korea had violated the Armistice Agreement, first paralyzing the Military Armistice Commission (MAC) by withdrawing its delegation and forcing China to do the same, and then closing down the Neutral Nations Supervisory Commission by expelling its Polish members from North Korea on May 3, 1995.⁵⁷

Furthermore, the North Korean People's Army in Panmunjom, the only crossing point in the Demilitarized Zone (DMZ) separating the two Koreas, announced on April 4, 1996, that it was giving up its responsibilities under the armistice accord to help maintain and administer the buffer zone. This caused increased tensions on the inter-Korean border. On several occasions in the following days, North Korea sent armed troops into the Panmunjom Joint Security Area inside the DMZ as a show of force. The North Korean Navy made similar incursions in the seas off the West Coast. These intentional violations of the Armistice Agreement were aimed at invalidating the Agreement and thus pressuring Washington to negotiate a peace treaty with Pyongyang.⁵⁸ Clearly North Korea's intention to scrap the Armistice Agreement was

related to its survival strategy. North Korea appeared to have concluded that a peace treaty with the US would guarantee security in North Korea. Thus, it insisted on concluding a DPRK-US peace treaty replacing the Korean Armistice Agreement.⁵⁹

On the other hand, South Korea long held the firm position that issues related to replacing the Armistice Agreement with a new peace treaty were matters purely between the two Koreas.⁶⁰ Thus, South Korea insisted on concluding a peace treaty between the two Koreas and insisted that any improvement of Washington-Pyongyang relations should be contingent upon fruitful inter-Korean dialogues.⁶¹ However, South Korea and the US could not be at ease with the fact that the Armistice Agreement had become technically obsolete. Therefore, South Korea and the US proposed the four-way peace talks. The four-party talks proposal could be regarded as South Korea's counter diplomacy to deter North Korea's attempt to nullify the Armistice Agreement, and to prevent possible disagreements between Seoul and Washington over how to deal with North Korea's strategy.⁶² Namely, the four-party talks proposal involved South Korea's attempt to create a new diplomatic instrument to pre-empt the development of US-North Korean relations independent of inter-Korean relations.⁶³

From the American standpoint, although successful in halting North Korea's nuclear weapons program, the 1994 Framework Agreement neither reduced tensions nor advanced North-South reconciliation. The US needed the four-party talks aiming at the establishment of a permanent peace because the 1994 Framework Agreement was vulnerable to political pressures and regional tensions.⁶⁴ Washington's policies were aimed at preventing Pyongyang from continuing its nuclear weapons program and export of missiles and chemical weapons and from continuing its violation of the Armistice Agreement, the sole peace regime on the Korean peninsula. Washington believed it could achieve this aim by employing an "engagement policy" designed to induce North Korea to open up its doors and become a rational member of the international community. Washington's proposal for the four-party talks was part of its strategy to realize this "engagement policy." Washington believed the four-party talks would compel North Korea to carry out its promise regarding the 1994 Geneva Framework Agreement, thus helping it make a "soft landing," and enabling the US to promote cooperation with China.⁶⁵

China's initial response to the proposal was positive. A Chinese Foreign Ministry spokesman Shen Guofang said of the proposal, "Being a signatory to the Armistice

Agreement, China is willing to play its due constructive role.”⁶⁶ However, as time went on, Chinese attitudes to the proposal became lukewarm. The then Chinese Foreign minister Qian Qichen said, “China is not opposed to the US-ROK initiative but it must get the approval of the DPRK and that China will participate on condition that the two Koreas agree to a dialogue.”⁶⁷ Chinese President Jiang Zemin also reiterated China’s position that “South and North Korea should first discuss peace on the Korean peninsula before other countries concerned take part to guarantee the peace process.” Jiang’s words were interpreted as an indirect expression of concern about North Korea’s denial of its duties under the Korean Armistice Agreement.⁶⁸ Namely, China wanted to let North and South Korea try to resolve their tensions on their own before either Beijing or the United States stepped in to help.⁶⁹

This tepid Chinese position on the proposal was due, in part, to the Taiwan issue. Beijing regarded the Taiwan problem as an internal issue and firmly refused any foreign involvement. China’s participation in the four-party talks on the Korean peninsula was contradictory to this position. Beijing worried about legitimizing US involvement in the Taiwan issue in return for China’s participation in the four-party talks.⁷⁰ That is, China was afraid that the four-party talks would establish a precedent for internal matters, like

China-Taiwan unification problem, to become subject to multilateral intervention. That apprehension was one of the reasons why China was supporting, at least in rhetoric, inter-Korean dialogue. This position on the proposal placed China in a dilemma. On the one hand, Beijing wanted to keep its traditional influence over North Korea, and therefore felt obliged to support the North Korean strategy of improving its relationship with the US. On the other hand, however, China was realistic enough about the need to respect South Korea's emphasis on inter-Korean dialogue. Formally, therefore, China was close to South Korea's position.⁷¹

In fact, Beijing was unhappy, partly because it was not involved in the initial discussion between Seoul and Washington on the proposal. It was reported that China arranged secret bilateral talks between South and North Korea in Beijing after the US-ROK proposal was put on the table. The purpose was to show the Americans that China had considerable clout to influence developments on the peninsula and must be more fully involved in working out a solution to the Korean problem.⁷²

Pyongyang was dissatisfied with the four-party talks proposal. North Korea's antipathy came from China's ambivalent attitude toward the Korean peninsula. China's

principle of direct talks between North and South Korea implied and acknowledged South Korea as a partner, which was completely opposite to North Korea's policy of excluding South Korea. China's statement on playing a constructive role in Korean peninsula was seen as a hindrance to direct talks between North Korea and the US. North Korea considered direct talks between North Korea and the US would be the only way to solve the Korean issue and nuclear issue.⁷³ Also North Korea was opposed to Chinese participation in the talks because it feared that China, the US and South Korea would stand together to pressure North Korea. In short, North Korea hoped to exclude China because Beijing's objective of promoting direct North-South talks and achieving a consensus among all the parties ran counter to Pyongyang's goal of establishing a new security mechanism bilaterally with the United States.⁷⁴

Joongang Ilbo reported on May 24, 1996 that China and North Korea were in acute confrontation with each other with regard to whether China would participate in the four-party talks, and that the confrontation was severe enough that North Korea had to apologize to China. China reportedly advised North Korea to positively review the four-party talks proposal. However, it was learned that China's leadership became extremely angry at learning that the North Korean side had denounced China, saying

“do not interfere in another person’s affairs,” and at receiving information that some high-ranking circles in Pyongyang had gone so far as to say that “The chinks [racial slur against Chinese] have colluded with South Korea for money.”⁷⁵

Joongang Ilbo added that a decisive reason for China’s anger was the fact that the official statement released on 7 May 1996 by the spokesman of the North Korean Ministry of Foreign Affairs stated that “Though some countries have called for us to accept the four-way talks proposal, this will only make the situation more complicated.” This statement was viewed as implicit criticism of China. China immediately expressed deep displeasure about this and sent a strong warning message, stressing that “If [North Korea] persistently attempts to exclude China, relations between the two countries will be seriously damaged.”⁷⁶ It was learned that when North Korea perceived China’s anger, North Korea immediately expressed regret, saying “Our assertion was misquoted,” thus apologizing in a roundabout way. On 22 May 1996, the North Korean Vice Premier Hong Song-nam openly expressed thanks to the Chinese Premier Li Peng for China’s economic assistance to North Korea. This could be interpreted as a sort of apology.⁷⁷

Meanwhile, despite North Korea's opposition to Chinese participation in the four-party talks, China was concerned that the economic crisis in North Korea might, in the long term, destabilize the socio-political situation of North Korea. Thus, on 22 May 1996, China and North Korea signed an Agreement on Economic and Technological Exchange and Cooperation. China secretly promised North Korea that it would provide 500,000 tons of grain, 1,300,000 tons of petroleum and 2,500,000 tons of coal, half of them in grant aid and the other half at one-third of international price, in the next five years. China's economic assistance was an indication that China would make positive efforts to prevent the possibility of North Korea's abrupt collapse due to food shortages and an economic crisis.⁷⁸

In the wake of North Korea's opposition to Chinese participation in the four-party talks, in late August 1996, North Korea suddenly warned the US it was ready to break off its agreement to freeze its nuclear program and also not join peace talks if there was no support for the issues in Washington.⁷⁹ North Korea was suspicious of the true intent behind the four-party talks proposed by Seoul and Washington. Saying that China and North Korea had exchanged their views on the proposed four-party talks, Chinese Vice Foreign Minister Tang Jiaxuan said, "North Korea is harboring suspicion

because of the complexity of the Korean question, distrust between South and North Korea and the complexity of the four-party talks itself. In this connection, South Korea and the United States should take more substantial steps to clear North Korea of the doubts.”⁸⁰

Traditionally China has held North Korea back from pursuing military adventurism, while continuing to oppose any ideas of provoking or containing North Korea. One of the examples was China’s objection to the options of air strikes and sanctions against North Korea in 1994. Another good example was related to the submarine incident. On September 18, 1996, North Korea dispatched a submarine to land 26 armed agents in South Korea. South Korea accused North Korea of not only infringing upon its territorial waters but also violating the Armistice Agreement. South Korea pushed hard to seek China’s support for its bid to pass a UNSC resolution or a council president’s statement denouncing Pyongyang for its submarine incursion. China, which has veto power as a permanent council member, refused to render full support to Seoul in late September 1996 when Seoul put the submarine incursion issue before an unofficial meeting of the UNSC for a council president’s press statement expressing concern over the incident and requesting Pyongyang’s ambassador to appear

at a council meeting to explain about the incident.⁸¹ China took a cautious stance toward South Korea's plan to have the UNSC president issue a statement condemning North Korea for its submarine incursion. In the beginning, China's delegation did not consent in principle to a presidential statement or any other action by the UNSC. However, considering the concern of the sides concerned, China agreed not to block any such action, instead insisting that the document concerning the incident be balanced and mild. When China voted in favor of issuing the presidential statement on the incident, it exerted its influence so that the statement was worded with "the submarine incident" rather than "military incursion," which South Korea and the US (at least officially) had wanted to use. In view of the trend to defend peace and stability on the Korean peninsula, China felt the submarine incident should not aggravate the situation or exert an influence on the course of détente [four-party peace talks] on the peninsula.⁸²

China has adopted a multi-tasking Realpolitik strategy of seeking different but complementary interests—geostrategic, geoeconomic, and antihegemonic—on all three sides of the Beijing-Pyongyang-Seoul triangle. On the first and second sides of the triangle, Beijing continued to maintain its traditional geostrategic ties with North Korea even as it promoted new geoeconomic ties with South Korea. On the third side of the

triangle, the most turbulent and contentious domain in many respects, Beijing tried hard to keep out of harm's way by following an indeterminate policy, as evidenced by its shifting and ambiguous stand on the proposal for four-party peace talks. As a way of maximizing its influence over Korean affairs, China often was and became all things to all parties. Thus, many were anxious about its real intentions. China has never put itself in the front line of the Korean conflict as either a mediator or a peacemaker.⁸³

Hwang Jang-yop affair caused an unprecedented trilateral tug-of-war. Hwang Jang-yop⁸⁴ (the Secretary of the Korean Workers' Party) asked for political asylum in the South Korean embassy in Beijing on February 12, 1997. China was thus forced to take its first mediating role between South and North Korea. South Korea proposed that in return for China's help in taking Hwang to Seoul, it would actively cooperate in reunifying China and Taiwan and carry out economic cooperation with China. North Korea proposed that in return for China's repatriation of Hwang, it would improve overall North Korea-China relations, which were somewhat strained.⁸⁵ Hwang's defection put China in an uncomfortable position between an old ally and a new trading partner. Hwang's action in Beijing threatened to shake the foundation of China's carefully crafted policy of equi-distance on the Korean peninsula. But on February 18

there came the first hint that Pyongyang might accept Hwang's defection.⁸⁶ Through a series of negotiations, China persuaded North Korea to accept the defection. Beijing managed to escape from the predicament by killing two birds with one stone. On the one hand, espousing Seoul's position, China accepted international law principles of allowing Hwang to go to a country of his choice. Beijing decided to let Hwang go. On the other, Beijing managed to reduce Pyongyang's anger by deporting Hwang to a third country (the Philippines), thus showing compliance with its own domestic law of not granting political asylum. At the same time China blocked the United States from assuming any role in the resolution of this inter-Korean crisis in Beijing. Beijing extracted Seoul's promise not to take political advantage of the Hwang Jang-yop affair.⁸⁷

Chinese officials said that North Korea's deteriorating economic situation compelled it to take a more flexible, pragmatic attitude to obtain food aid and carry out internal economic reform. This flexible diplomacy included North Korean leadership decisions to apologize to South Korea in late December 1996 for the submarine incident, to accept Hwang's defection to South Korea, and to accept the initial briefing on the proposed four-party talks in March 1997. If North Korea had taken a hard line

on the defection issue, it would have received nothing from China.⁸⁸

Beijing began to show interest in the four-party peace talks in the early part of 1997 when Pyongyang accepted Washington's invitation to take part in a briefing on the four-party peace talks. On 1 July 1997, North Korea agreed to attend preliminary talks. Next day Chinese Foreign Ministry spokesman Tang Guoqiang said China also agreed to take part in the four-party talks and stood for building a peace mechanism for the Korean Peninsula. After protracted negotiations, preliminary four-party talks were convened in New York on August 5 and September 15, 1997 to decide on a date, participating levels, venue, and agenda for substantive negotiations. The issue of setting the agenda proved most difficult and the meeting adjourned without agreeing on it.⁸⁹

During the preliminary four-party talks, China retained a neutral position regarding relations with both Koreas. China sided with South Korea and the United States in opposing North Korea's demand concerning a US-North Korea peace treaty and withdrawal of US troops in South Korea. But China sided with North Korea by supporting Pyongyang's aspiration to improve relations with the United States instead of confidence-building and tension-easing measures.⁹⁰ This meant that China on the

four-party peace talks used its “double strategy” proficiently.

China played an important role in inducing North Korea to decide to take part in the first round of the 4-way talks in December 1997. For example, Chinese Deputy Foreign Minister Chen Jian, who headed the Chinese delegation to preparatory meetings for four-way talks, made a one-week visit to North Korea to persuade Pyongyang to participate in the four-party talks.⁹¹ Furthermore, during the Jiang Zemin-Bill Clinton summit in Washington in late October 1997, China and the United States agreed to press North Korea to participate in the four-party talks for the sake of establishing peace on the Korean peninsula.⁹² Public pressure by China urging North Korea to participate in the four-party talks was obviously a decisive factor that North Korea could not ignore.

In the third preparatory meeting in New York on November 21, 1997, North and South Korea, China and the United States finally agreed to hold the first round of the four-party talks in Geneva, Switzerland in December 1997. The first round of the four-party talks was convened on December 9-10, 1997, but failed to produce concrete results due to differences over agenda items. South Korea and the United States wanted to focus on a peace regime and confidence-building measures, whereas North Korea

wanted to include the US troop withdrawal issue and a North Korea-US peace treaty in the agenda. China called for the normalization of US-DPRK relations and easing the tense relations between the North and South sides on the Korean peninsula through dialogue. Tang Jiaxuan, Chinese Vice Foreign Minister and head of the Chinese delegation, summarized the Chinese position:

China takes maintaining peace and stability on the peninsula as the fundamental principle in its handling of peninsula affairs. Over years, China has dedicated itself to maintaining peace and stability there, endorsing the improvement of relations between the North and South of Korea and supporting their independent and peaceful reunification. China believes that the ultimate solution of the Korean issue requires not only the reconciliation and mutual trust between the DPRK and South Korea, but also the improved DPRK-US relations.⁹³

The second round of the four-party talks was held in Geneva from March 16-21, 1998, but the four parties had failed to reach any concrete agreement. Differences over the US troop withdrawal issue once again proved the main stumbling block. North Korea insisted on putting the US troop issue on the agenda, while the US and South

Korea refused to include it on the agenda. But the three parties agreed to China's impasse-breaking proposals that a sub-committee be established on a provisional basis to discuss legal matters, long-term arrangements and confidence-building measures.⁹⁴

The third round of the four-party talks was convened in Geneva from October 21-24, 1998. During this round, the delegates from the four countries finally reached an agreement on setting up two working-level subcommittees for establishing a peace system and easing the tense situation on the peninsula.⁹⁵

The fourth round of the four-party talks was convened in Geneva from January 18-22, 1999. The four parties officially launched the two subcommittees on the establishment of a peace regime and tension reduction on the Korean peninsula and agreed on the procedures of the operation of the subcommittees. China played its part in a positive, pragmatic, and constructive manner to usher in a dawn of lasting peace on the peninsula. Especially, China put forth five principles and four basic contents respectively on the specific issues to be discussed by the two subcommittees. The five principles the Chinese delegation put forward on tension reduction on the peninsula were: 1) exchange and mutual cooperation in the political, diplomatic, military,

economic and social fields should be developed, and confidence in an all-round way should be increased; 2) the further improvement of relations among relevant countries should be supported, and the gradual normalization of relations between the DPRK and the US as well as other countries would be welcome; 3) relevant parties should maintain multilateral and multi-formed military cooperation and trust; 4) the parties should take effective and feasible measures to cope with the reality on the peninsula and prevent possible military conflict; 5) each party should not take any hostile and provocative military action against the other parties.⁹⁶

Moreover, on the issue of establishing a peace zone on the Korean peninsula, the Chinese side put forward suggestions on the content that should be included in the Korean Peninsula Peace Accord. They were: 1) the relevant parties should put an end to the confrontation, improve their relations, and coexist in peace so that independent and peaceful reunification could be finally achieved on the peninsula; 2) the parties should resolve all disputes through peaceful means instead of resorting to the use or threat of force; 3) the relevant parties should develop exchanges and cooperation in such fields as economy, trade, science and technology, culture, and sports on the basis of equality and mutual benefit; and 4) the relevant parties should establish confidence-

building measures in the military field and carry out phased disarmament on the peninsula.⁹⁷ These proposals and suggestions meant Beijing desired to establish a peace mechanism on the peninsula, ease tension, and achieve a lasting peace and stability at an early date. China believed that the establishment of a peace mechanism in the Korean peninsula through the four-party talks would serve to maintain peace and stability in the peninsula and in Northeast Asia as a whole.

The fifth round of the four-party talks was convened in Geneva from April 24-27, 1999. But the four parties failed to set agenda items.⁹⁸ The sixth round of the four-party talks was convened in Geneva from August 5-9, 1999. But the delegations from the four nations failed to produce any tangible results. The countries even failed to set a tentative date for the next round of talks because of North Korea's negative posture.⁹⁹

Meanwhile, China tried to settle differences over issues between South and North Korea. During the sixth round, head of the Chinese delegation, Qian Yongnian stressed:

To alleviate tension, to reduce destabilizing factors on the peninsula, and to create necessary atmosphere for the four-party talks, four parties should perform more deeds

that are conducive to alleviating tension on the peninsula, and refrain from doing things that may provoke others. Four parties should gradually eliminate Cold War shadows, and let détente truly be the main trend on the peninsula.¹⁰⁰

China insisted that its foreign policies were based on the principle of no interference in internal affairs. Therefore its intentions toward the four-party peace talks were interpreted as being designed to use the talks as a means to awaken North Korea to the need to maintain peace on the Korean peninsula.¹⁰¹

Conclusion

After Sino-South Korean normalization, Beijing attached a great deal of importance to articulating a more balanced Korea policy. For China, the Korean peninsula was rapidly becoming one of the most vital links in its independent foreign policy. Although economic factor made China pursue its Two Koreas policy, security concerns still required China to maintain a close relationship with its traditional North Korean ally. It was in China's interest to continue a policy of helping North Korea

maintain its domestic political and economic stability.

During the period of 1993-2000, Chinese foreign policy toward the Korean peninsula is to balance strategic and military interest in the DPRK and economic interest in the ROK to maximize its national interest, using its “double strategy” deftly. Beijing used “this strategy” on North Korea’s nuclear issue, extracting maximum payoffs at minimum cost. On the one hand, China agreed with the principle of a denuclearization on the Korean peninsula, supporting South Korean and American position. On the other hand, China opposed the imposition of any international sanctions on North Korea and tried to persuade the two Koreas and the US to substitute dialogue for confrontation. China wanted to protect North Korea’s military and diplomatic positions and ensure its survival because of its strategic importance. Finally, China’s opposition to international sanctions on North Korea gave Beijing a favorable position in the fight against the linkage of MFN and human rights by the US. After Washington indicated that the MFN would be extended unconditionally, China played a decisive, behind-the-scenes role in persuading North Korea to freeze its nuclear program. It meant Chinese foreign policy toward the Korean peninsula was flexibly guided by realistic and pragmatic considerations, not ideology.

Despite North Korea's opposition to Chinese participation in the four-party talks, China has endeavored to play the part of "constructive broker" between the DPRK on one side and the ROK and US on the other, using its "double strategy" deftly, helping break the stalemate in negotiations, and keeping the process moving, although it retained a neutral position throughout both preliminary talks and full-scale talks: it was opposed to Pyongyang's demand that the question of US withdrawal from the Korean peninsula and a US-North Korea peace treaty must be adopted as an agenda item, though it supported North Korea's aspiration to normalize US-DPRK relations. On the other hand, China has striven to play a positive and pragmatic part in the "four-party talks" for the purpose of securing regional stability and projecting a new peace mechanism for the well-being of all involved because building a peace regime on the Korean peninsula through the "four-party talks" was a critical external condition for China's national security interest. In the future, China will act as a useful mediator and help set up a new peace mechanism in the "four-party talks" because it strongly needs a stable and peaceful environment on the Korean peninsula to continuously pursue economic reform and open door policy, which have been top priorities in Chinese foreign policy since 1978.

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Chapter 7: China's New Leadership and North Korea's Missile Program, 1997-2000

Since Sino-South Korean normalization, China's influence over North Korea's security and military affairs has been on the decline. However, China still remains the most influential country affecting North Korea politically and economically. China is balancing its relations with South and North Korea, using a "double strategy" proficiently to maximize its national interest on the Korea peninsula. In a sense, China is occupying a pivotal position in the three-way relationship among the three countries.

After North Korea's nuclear crisis in 1993-1994, there were dramatic political changes in Sino-Korean relations: the great changes in leadership at the 15th Chinese Communist Party Congress in September 1997 after the death of Deng Xiaoping in February 1997; the upgrading of Sino-South Korean ties as a result of Sino-South Korean summit talks in November 1998; North Korea's missile program in August 1998.

At the 15th Congress, Chinese President Jiang Zemin was reelected as the head of the Communist Party. The 15th Congress totally retired the first and second generations. The new leadership was composed of a third generation of technocrats. The new Chinese leadership has become free from Mao's legacy, therefore taking more flexible policies toward the Korean peninsula. The tendency toward multi-layered policy decision-making under China's new leadership; the increased importance of economic factors in the policy decision-making process; reduction of the military's intervention in the policy decision-making process prompted China to pursue more pragmatic and realistic policies toward South Korea.

China's new leadership took a vague posture, playing a "double strategy" deftly, on North Korea's missile development program to maximize its national interest on the Korea peninsula. That is, the new Chinese leadership dissuaded North Korea from raising tension on the Korean peninsula while they opposed Theater Missile Defense (TMD) system and transferred missile components to North Korea.

In this Chapter, to analyze the upgrading of Sino-South Korean ties, I will address the changes of China's Leadership in 1997. Also, to analyze how the new China's

leadership plays a “double strategy” on the Korean peninsula, I will address North Korea’s Missile Program.

China’s New Leadership and Upgrading of Sino-South Korean Ties

At the 15th Chinese Communist Party Congress in 1997, held every five years, China’s communist elite strengthened President Jiang Zemin’s power by endorsing his ambitious economic reforms and an anti-corruption drive and retiring key opponents. Jiang Zemin’s re-election as Communist Party chief strengthened his position as successor of late paramount leader Deng Xiaoping.

During the 15th Congress, trying to claim Deng’s mantle, Jiang proposed enshrining Deng’s economic pragmatism as party doctrine.¹ Finally the Congress unanimously agreed to establish Deng Xiaoping Theory as the guiding ideology of the Party and to clearly write it down into the Party Constitution.² The amendment signaled that the party regarded economic development, not political reform, as the central task.

The seven-member top policy body of the congress took on two new faces. Legislative Chief Qiao Shi's unexpected retirement from the party politburo's all-powerful standing committee, the country's top policy body, removed a major stumbling block to Jiang's political ascension. The diarchy Jiang formed with Premier Li Peng filled the vacuum created by Deng's death, entrenching Jiang as leader of China's ruling hierarchy.³ Meanwhile, the major interest group to lose out in the shuffle was the military, which lost General Liu Huaqing through retirement.⁴ For the first time, the Politburo did not have any representative from the People's Liberation Army.

In a shakeup on the seven-member top policy body, Executive Vice Premier Zhu Rongji, who was given large credit for bringing China's boom economy under control and modernizing its financial system, moved up from the number five spot to the number three spot in the leadership. Zhu's rise to the position vacated by outgoing Qiao Shi marked a surge in the acclaimed economic strategist's spectacular career. Meanwhile, aged only 55, with a rapid rise through the ranks under his belt, the baby of the politburo, Hu Jintao, rose from the last position in the body to number five.⁵

The newcomers, Wei Jianxing, and Vice Premier Li Lanqing replaced retiring Liu

Huaqing and Qiao Shi—long seen as rivals to Jiang. Li Lanqing cut his teeth on shaping China's foreign trade and investment policies in the 1980s. The two promotions came from different cliques within the leadership. While Li Lanqing was identified as a closely allied to Jiang, Wei Jianxing was long identified as a Qiao Shi protégé and his elevation was described to be part of a deal under which Qiao Shi agreed to step down. The removal of Qiao Shi and Liu Huaqing left Jiang with no serious challengers for the first time. This allowed Jiang to maneuver more supporters into top posts, and established a more professional set of leaders to simultaneously manage his complex package of economic reforms and attacking corruption—two main themes of his opening address to the 15th party congress.⁶

The 15th Congress completely retired the first and second generations of the “Revolutionary War” veterans. In other words, for the first time the new line-up consisted of a third generation of technocrats who had no military background.⁷ Their expertise was vital for Jiang as he started his second full term as general secretary.

According to a South Korean scholar, Doo Bok Park's analysis, the strengthening of China's new leadership created a domestic political atmosphere more conducive to

the promotion of bigger foreign policy. In particular, the military's influence in foreign policy decision-making was greatly diminished as Jiang Zemin's regime gained control over the military since the 15th Congress. China's foreign policy became smoother with an extended range of options. As a result, China's new leadership took a more pragmatic and realistic posture for adjusting their policies toward the Korean peninsula. Specifically, the North Korean factor, which served as a major stumbling block to any adjustment of China's policy toward the Korean peninsula, was reduced, thus enabling China to more freely pursue a policy toward the Korean peninsula which better reflected its new emphasis on national interest. The following factors prompted China's government to pursue such policy toward the Korean peninsula, as a means of enhancing its national interest: the change in the policy decision-making process under the realignment of China's leadership; the collapse of the past unitary leadership with the absence of a strong charismatic leader; the relative increased importance of economic factors in the process of policy making; and reduction of the military intervention in policy decisions.⁸

Following the 15th Congress, China and South Korea actively sought to upgrade their bilateral ties. A good example was President Kim Dae-jung's visit to China on

November 11-15, 1998. During the summit meeting, China and South Korea agreed to upgrade their bilateral relations to a “cooperative partnership” for the 21st century, which was regarded as the third level of China’s five-stage diplomatic ties with other countries. According to protocol, China’s diplomatic ties with other countries are formed in five stages: opening of diplomatic ties, friendly and goodwill relations, partnership relations, traditional friendly and cooperative relations, and blood ties.⁹ China and North Korea used to be genuinely close: “like lips and teeth,” in a favorite phrase. Another is “friendship sealed in blood.” Saving Kim Il Sung’s bacon during the Korean War cost China a million lives; the dead included Mao Anying, Chairman Mao’s favorite son.¹⁰ Since then, China had regarded Sino-North Korean relations as blood ties. Meanwhile, China “downgraded” its ties with North Korea to the fourth-stage “traditional friendly and cooperative ties” from the highest “blood relations” after Sino-South Korean normalization in 1992.¹¹ This move clearly showed that China emphasized pursuit of national interests over ideological alliance.

However, China still maintained close military ties with North Korea and played a pivotal role in propping up North Korea. China did not want to hurt the sentiments of North Korea. Therefore, China said that its ties with North Korea were “unaffected” by

Kim Dae-jung's visit.¹² The high-level North Korean delegation's visit to China in June 1999 signified that China sought to play a "double strategy" by restoring its weakening relations with North Korea.

Jiang and Kim Dae-Jung agreed on a 12-point joint statement, which detailed 34 cooperation programs in economic, cultural, environmental, diplomatic and other fields. The joint statement was greatly meaningful as it encompassed political, diplomatic, and security sectors, areas that had been relatively apart in the past. China and South Korea declared three principles: peace and security on the Korean peninsula, peaceful reunification through dialogues between the two Koreas, and a nuclear-free Korean peninsula. The economic and trade cooperation between China and South Korea became a sector enabling both sides to take concrete steps to implement the "cooperative partnership." South Korea-China bilateral trade increased 20 percent each year and nearly quadrupled after 1992, reaching \$23.7 billion as of the end of 1997. By the end of 1998, China and South Korea became the third-biggest trading partners with each other.¹³

In conclusion, the 15th Chinese Communist Party Congress was a major historical

turning point, as important as the 11th in 1978 when Deng launched his reforms. Jiang Zemin had pushed through a reformist blueprint for the nation, vanquished his opposition and elevated his allies. Above all, Jiang unequivocally established himself as China's supreme leader and heir to the late Deng Xiaoping. Deng Xiaoping Theory—his political philosophy and economic reform program—was enshrined in the party's constitution as its guiding ideology.

At the 15th Congress, Jiang's re-election as Communist Party chief enabled China to more freely pursue a policy toward the Korean peninsula which better reflected its new emphasis on national interest. After the 15th Congress, finally China and South Korea agreed to elevate their bilateral relations to a "cooperative partnership" in November 1998. Hence, we can conclude that, at the 15th Congress, the strengthening of Jiang Zemin's regime in the process of pursuing economic reforms and open door policies was an important factor that made China heighten its relations with South Korea.

China "downgraded" its ties with North Korea after 1992. However, China still maintained close military ties with North Korea and could not ignore North Korea

because of its strategic importance on the peninsula. On the other hand, it sought the expansion of economic relations with South Korea. In other words, it meant China has played a “double strategy” on the Korean peninsula to maximize its national interest since Sino-South Korean normalization.

North Korea's Missile Program and Theater Missile Defense (TMD) System

On August 31, 1998, North Korea launched a three-stage rocket over Japan. Part of it traveled about 6,000 kilometers (3,750 miles) in the Pacific near Alaska. The test-firing caused immediate tension on the Korean peninsula. The launch prompted the US to sign an agreement with Japan on September 20, 1998, to conduct joint research on developing a TMD system. China was dismayed, and the issue emerged as a new flashpoint in East Asian security.

The North Korean motives behind the test-firing were not unfathomable. Pyongyang perceived survival, economic, and identity crises. The possibility of US military action; improvements in South Korea's relations with Pyongyang's former allies, China and Russia; absorption by an economically robust South Korea; and

internal commotion or implosion must have been seen as major threats to the regime's survival. The North's economic crisis was so pervasive that it could not redress food shortage and poverty problems without outside help. Furthermore, the increasingly problematic legitimacy of the *juche* (self-reliance) ideology and the erosion of the country's socialist system were destroying the identity under which the regime governed the nation. With the rocket firing, North Korea apparently wanted to demonstrate its long-range retaliatory capability to deter outside threats to regime survival, particularly the US. The launch was the perfect tool to inspire *juche* ideology and demonstrate the superiority of the socialist system. North Korea seemed to believe that the rocket indirectly would also generate economic benefits. It was noteworthy that the launch came immediately after North Korea's representatives at the New York talks had doubled the price for ceasing missile exports. Given that the Korean Energy Development Organization (KEDO) is based on a burden-sharing arrangement, North Korea may have been gambling that any program to cope with North Korea's missile threat would also take the same form. It seemed undeniable that Pyongyang was upping its ante in negotiating with the US over missile exports.¹⁴

The Japanese press analyzed the reasons for North Korea's ballistic missile

development as follows: to ensure military superiority against the United States and South Korea; to earn foreign exchange through exporting missiles; to establish a defense system independent of China and Russia through independent weapons development; to establish the domestic authority of Kim Jong Il; to refuse substantive nuclear inspections as a bargaining chip in diplomatic negotiations.¹⁵

On the US-Japanese plan to establish TMD system, China warned against pushing TMD system to counter future threats from North Korea. Chinese Foreign Ministry spokesman Zhu Bangzao said:

The parties concerned should exercise restraint and refrain from doing anything that may cause tensions and spark a new arms race in the region. China opposes any party seizing a pretext to exaggerate this matter, seeking military superiority and undermining regional stability.¹⁶

Ta Kung Pao, a Hong Kong newspaper sympathetic to the PRC, said, "The United States and Japan have fabricated a 'North Korean threat theory,' painstakingly playing up the 'terrorist climate' of North Korean missiles."¹⁷ Many Chinese officials were convinced that the United States and Japan were using the North Korean missile test as a pretext for pushing forward with TMD. They believed that TMD was really aimed primarily at containing not North Korea, but China.¹⁸

The North Korean missiles could prompt a Japanese response that in turn would alert China and complicate the Northeast Asian security environment. This in turn would heighten tensions over the Taiwan Strait. There also are those in Northeast Asian countries who fear that Japan may take advantage of the North Korean missile test to expedite the modernization of its own military. A swift reinforcement of Japan's defense capability could inflame anti-Japanese sentiments in those Asian countries that experienced Japanese colonialism. This situation could give rise to a region-wide arms race following the Sino-Japan competition over military modernization and political leadership, thus souring bilateral and multilateral peace endeavors.¹⁹

North Korea's test revived support for Star Wars-type missile defense systems in Japan and Taiwan. That made China nervous. China believed that Japan would eventually rearm itself—a possibility Tokyo denied—and asserted that TMD could be part of the process. TMD in Japan was delicate enough, but what really had the Chinese upset was the possibility that the US would help Taiwan install the system, too. Missiles were a key part of Beijing's strategy to get Taiwan's leaders to the bargaining table. It made as much clear in March 1996 with missile exercises in the seas off

Taiwan that were designed to demonstrate the island's vulnerability to a blockade. China continued to warn that it viewed any deployment of TMD in Taiwan as a fundamental betrayal of agreements that underpinned the US-China relationship.²⁰

China opposed TMD because of its limited economic and technological resources and its counterattack military strategy. China continued to attach primary importance to the implementation of its four modernizations. In order to provide an environment favoring the four modernizations, China advanced a counterattack military strategy. It also emphasized the subordination of military modernization to economic modernization. From the economic viewpoint, China believed TMD would consume too much of its limited resources that could be used for economic development, and from the military viewpoint it did not fit a counterattack strategy.²¹

South Korea's TMD policy is constrained mainly by its strategic ineffectiveness. For South Korea, TMD technology does not fit with its defense strategy. The distance between Seoul and the Demilitarized Zone is only about 40 kilometers, within the range of artillery, which makes TMD ineffective to security strategy. Moreover, the designed capability of TMD systems would be too limited to protect Seoul from a North Korean

missile attack.²² Furthermore, the cost and technology requirements for participation in the initiative are beyond South Korea's current means.²³

China's strongly expressed antipathy to TMD is another major reason for Seoul's policy. Beijing publicly spoke highly of Seoul's decision not to join the TMD program. On June 7, 1999, Korean and Chinese arms control officials held talks on disarmament and nonproliferation issues in Northeast Asia. Sha Zukang, director general of the Chinese Foreign Ministry's arms control and disarmament bureau, reiterated support for the South's decision to refrain from joining the TMD program and made statements about the need for North Korea to comply with the Chemical and Biological Weapons Conventions to help alleviate fears over the proliferation of weapons of mass destruction on the Korean peninsula.²⁴ In other words, South Korea's decision not to join the TMD program is seen as a reflection of South Korean sensitivity to China's potential to be a party influential of future developments on the Korean peninsula, as well as a recognition that TMD in itself does not add to South Korea's own protection from the North Korean artillery that already represents the primary military threat to Seoul.

China took an ambiguous position, playing a “double strategy,” on North Korea’s missile development program. China said it was willing to play a role in dissuading Pyongyang from raising tensions on the Korean peninsula by launching missiles or taking other provocative actions while it opposed TMD system and transferred missile components to North Korea. During a visit to Beijing by North Korea’s number two, Kim Yong-nam on June 17-19, 1999, China endorsed the South Korean policy of engagement of the North, encouraged the North to avoid raising tensions on the peninsula, and encouraged tension reduction.²⁵ It indicated that China did not wish to see the North raise tensions on the peninsula through another missile test or through other kinds of very provocative activity.

Moreover, during the China-Japan summit meeting in Beijing in early July 1999, shedding its past reluctance to pressure North Korea, China expressed a willingness to play a greater role in helping to deter North Korea from furthering its missile development program and carrying out any test-firing. Chinese Prime Minister Zhu Rongji said that “China would continue to do its best to promote peace and stability on the Korean peninsula, and that no country should act against peace and stability in the Korean peninsula.” Such remarks were particularly noteworthy because they indicated

that the views of the Chinese leadership on this issue were beginning to shift. China has long contended that it would not meddle in North Korea's missile program, saying that the matter remained essentially an issue involving North Korean sovereignty.²⁶

The foreign ministers of South Korea and China held talks in Singapore in late July 1999 on Seoul's concerns that North Korea would test another missile. Chinese Foreign Minister Tang Jiaxuan said that Beijing would do what it could to deter North Korea from conducting another missile test. However, Tang did not pledge close cooperation with South Korea to stop North Korea from test-firing a long-range missile. This showed a subtle gap between China and South Korea. Tang, without referring to North Korea, merely reiterated China's basic stance of opposing the development of nuclear and other weapons of mass destruction on the Korean peninsula. Given the special relations between Beijing and Pyongyang, Tang was not in a position to make a definite pledge over North Korea's missile program.²⁷

The Washington Times reported in late July 1999 that Chinese companies transferred missile components to North Korea. Quoting U.S. intelligence officials, it said that the Chinese technology sold to the North Korean missile program included

accelerometers, gyroscopes and special high-tech machinery. More distressing were comments made by the Chinese ambassador to Seoul, Wu Dawei, a few days after the report of the sales. Wu reaffirmed that China would play a constructive role in resolving the missile issue. But he also indicated his nation was tacitly supporting the North when he said, "There is no system under which some countries are allowed to develop missiles while others are not."²⁸

Furthermore, China was continuing to supply materials for North Korea's long-range missile program, *the Washington Times* reported on January 6, 2000, citing a Pentagon intelligence report. The newspaper said that China sent missile related goods to North Korea through a Hong Kong company and that the shipment and others in the past showed that Beijing was breaking a commitment to curb such sales covered by the 29-nation Missile Technology Control Regime (MTCR),²⁹ which is the only existing multilateral agreement designed to regulate missile proliferation.

In fact, China rejected the US offer to join the MTCR as a charter member. China's rejection of MTCR membership was based on a number of factors. China calculated that the threat stemming from missile proliferation among Third World

countries and the benefits of joining the regime were not high when compared with the losses it would sustain should it participate in an arms control regime led by the West. Beijing reasoned that it did not wish to be bound by controls on missile technology by subjugating itself as a developing country under Western influences. China also sought to expand its political influence in light of its self-described role as a leader of Third World countries that was opposed to the West. Missile exports played a significant role in helping China to achieve certain diplomatic goals. Through missile exports, Beijing improved its relations with Pakistan and helped with its military buildup, which in turn forced India to redeploy some of its forces away from the tense Indian-Chinese border. Politically, with the support of Pakistan, China also improved its relations with a number of Islamic countries, as illustrated by its diplomatic rapprochement with Iran and Saudi Arabia. In return for the delivery of CSS-2 missiles, China established full diplomatic relations with Saudi Arabia, which severed its previous relationship with Taiwan.³⁰

China maintained an aggressive missile export program for substantial economic gains. China earned some \$3 billion from missile exports to Saudi Arabia, and until the late 1980s its annual sales from missile exports ranged from \$1.2 billion to \$2 billion.

China continued to stick to its calculation that it would benefit more by staying out of the agreement. Furthermore, since the United States has realized tremendous gains by selling all sorts of arms, including missiles, it could not force China to give up the economic benefits from sales of missile-related items. Beijing was critical of the MTCR for its lopsidedly favoring the Western powers. Pointing out that not only missiles but also bomber aircraft could serve as vehicles of weapons of mass destruction, China chastised the West, and particularly the United States, for its attempt to curtail China's missile dealings while demonstrating no intent to curb its own sales of bomber aircraft.³¹

It should also be noted that China's missile export management controls are rather loose. In particular, it would be possible for Chinese businessmen and private enterprises to export missiles by taking advantage of loopholes in the government's management system.³²

Meanwhile, the first South Korea-China defense ministers' meeting in Beijing in late August 1999 was recorded as a historic event in that it established a framework for a new military relationship between Seoul and Beijing. The meeting added significance

as it took place at a time when the military situation on the Korean peninsula was growing increasingly tense amid fears North Korea would follow through with plans to test-fire a missile. The two defense ministers agreed to hold regular talks and exchange visits of high-level military delegations from the two countries in the years ahead. But the Chinese defense chief declined to give a direct response to a request from his South Korean counterpart that Beijing work to persuade North Korea not to test another ballistic missile, saying only that he would make efforts to ensure peace and stability on the Korean peninsula. Furthermore, apparently conscious of North Korea's potential response, the Chinese defense minister rejected a suggestion from his South Korean counterpart that the South Korean and Chinese navies conduct combined maritime rescue operations. Moreover, China, to avoid offending North Korea, did not publicize South Korea's defense minister visit.³³ This indicated that whatever Pyongyang's posture might be, North Korea was still China's most important strategic ally.

After the historic and unprecedented summit talks between the leaders of North and South Korea in Pyongyang on June 13-15, 2000, then-US Secretary of State Albright hastily visited Beijing and Seoul to seek details on their meetings with North Korean President Kim Jong Il. But Chinese officials were more interested in the

potential effect the success of the summit would have on US plans for TMD system. Even as Albright held meetings throughout the day, Chinese officials sought to dispel the belief that North Korea represented a security threat. Chinese foreign ministry spokesman Zhu Bangzhao said, "China has always believed that the United States' excuse for developing TMD does not hold water. And now that tensions have eased in Korea, that is even more true."³⁴ The apparent reconciliation of North and South Korea has left Chinese officials wondering about the need for the TMD. "If the North Korean threat is gone, if they continue to push for the TMD, then the target would be China. That would be obvious," Jia Qingguo of Beijing University said.³⁵ Chinese officials indicated:

No matter whether the US National Missile Defense (NMD) system and TMD was implemented, the current global strategic balance and stability would be destroyed. The goal of the United States in developing NMD is to solidify its own position as world hegemonist. The United States and Japan are cooperating in the development of TMD, with the goal not of defending themselves against a missile attack from [North] Korea, but of directing an attack against China."³⁶

China was convinced that the United States and Japan were using the North Korean missile test as a pretext for pushing forward with TMD. China's concern is that TMD is really aimed primarily at containing not North Korea, but China. The deployment of TMD system in Northeast Asia could nullify China's strategic leverage.

In particular, China's growing concern is that TMD could undermine the impact of China's short- and mid-range ballistic missile forces. China is concerned that the TMD program will include Taiwan. If extended to include Taiwan, TMD could eliminate the only effective option left to China to deter Taiwan from seeking independence. However, Beijing has little patience for its stubborn Communist ally's development of missile capabilities which has propelled Japan toward military buildup.³⁷ China is concerned that North Korea's missile program could revive latent Japanese militarism and suspects that Japan is trying to become both a political and military power by dint of TMD deployment.³⁸ China is interested in limiting missiles since North Korean missiles could place all parts of China within their effective range and Pyongyang's missile program provides justification for a US-led TMD program.³⁹

Conclusion

The 15th Party Congress was a major historical high-water point, as important as the 11th in 1978 when Deng launched his reforms. At the 15th Congress, Jiang's re-election enabled China to more freely pursue a realistic and pragmatic policy toward the Korean peninsula. After the 15th Congress, China and South Korea agreed to upgrade

their bilateral relations to a "cooperative partnership." Finally, the consolidation of Jiang Zemin's regime in the process of pursuing economic reforms and open door policies was an important factor that made China enhance its relations with South Korea. This clearly showed that China emphasized pursuit of national interest over ideological alliance.

China has "downgraded" its ties with North Korea since 1992. However, China cannot ignore North Korea because of its strategic importance on the Korean peninsula. Therefore China has still maintained close military ties with North Korea and China does not desire to injure the sentiments of North Korea. After President Kim Dae-jung's visit to China in November 1998, the high-level North Korean delegation's visit to China in June 1999 signified that China played its "double strategy" by restoring its weakening relations with North Korea. On the other hand, China has sought the expansion of political and economic relations with South Korea. It signifies China has adopted a "realist strategy" of maximizing its national interest, while minimizing its costs and responsibilities since Sino-South Korean normalization.

In 1998, North Korea's missile program emerged as a new flashpoint in East Asian

security. China warned against pushing TMD system to counter future threats from North Korea. China asserted that the United States and Japan have concocted a “North Korea’s threat theory,” playing up the terrorist climate of North Korea’s missiles.

China’s new leadership assumed a vague stance toward North Korea’s missile development program, playing its “double strategy” on the Korean peninsula. China dissuaded North Korea from raising tensions on the Korean peninsula by projecting missiles or assuming other belligerent actions while China objected to TMD system and transferred missile components to North Korea. It means China’s Korean policy has constantly been adjusted to the Realpolitik logic of the rapidly changing domestic and international situations. Hence, we can conclude that China’s Korean policy is led by the pragmatic strategy of maximizing its national interest, while minimizing its costs and responsibilities.

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Chapter 8: China's Position on Korea's Unification and US Forces Korea (USFK), the Present and the Future

China's strategic position in Northeast Asia is rising after the end of the Cold War. Since 1990 China's economic reform program and her relatively rapid economic growth have continuously increased its national power. This is the basic condition for the nation to implement a more flexible foreign policy in the region. In his speech at the 50th anniversary of the United Nations, Chinese President Jiang Zemin put forward a five-point proposal to be observed in building up a new international order after the end of the Cold War. Namely: to create a safe, reliable and stable international peace environment; to observe the core norms of international relations such as equal sovereignty and non-interference of each other's internal affairs; to build up a new international economic order for mutual benefit and common development; to bring about a harmonious situation for the nation's self-determination and seek common ground while preserving differences; and to make joint efforts while facing challenges to all mankind for survival and development. These are the fundamental principles of China's foreign policy in the post-Cold War era, and are also the guidelines of China's

policy to both South and North Korea.¹

After the historic and unprecedented inter-Korean summit in Pyongyang on June 13-15, 2000, there are many debates on Korea's unification and the status of US Forces Korea (USFK) after Korea's unification. China has an ambivalent attitude toward Korea's unification and USFK after Korea's unification. China's official position on Korean unification is that China supports a peaceful Korea's unification. However, China does not really desire Korea's unification under any circumstances. China clearly prefers a stable and peaceful but divided Korean peninsula. Meanwhile, one of the main issues for a reunited Korea is the status of USFK. This is part of a wider debate. China officially objects to USFK. However, since the 1980s, China has reevaluated the status of USFK from a more realistic viewpoint. Namely, China has acknowledged USFK as a stabilizer of regional security on the Korean peninsula and in Northeast Asia.

In this Chapter, to analyze China's flexible and realistic foreign policy on the Korean peninsula, I will address China's position on Korean unification and the U.S. military presence on the Korean peninsula.

China's Position toward Korea's Unification

How does the PRC leadership see the future of the Korean peninsula? According to Parris H. Chang's analysis, PRC leaders' lip service notwithstanding, they do not really desire Korean unification under whatever circumstances. Although the PRC has improved relations with the ROK and tries to capitalize on South Korea's vibrant economy to accelerate its own modernization drive, for at least two reasons it would strongly oppose the unification of the two Koreas under a non-communist regime. For geopolitical reasons, the PRC is concerned with any potential threat to its 800-mile-long Sino-Korean border and resource-rich Manchuria. In economic terms, the PRC does not favor Korean unification, because the enormous costs, as suggested by the German example, could greatly reduce Korea's contribution to China's economic development. Likewise, Beijing is not enthusiastic about Korean unification under the DPRK. A unified communist Korea, like Vietnam, would be too tough to cope with. Besides, if the Korean peninsula comes under communist control, international tensions in East Asia would inevitably mount, and could adversely affect China's relations with the US and Japan, and that, in turn, could harm Chinese economic modernization. Thus, two divided Korean states would serve Beijing's interest better, as the PRC would

be able to play one against the other. In the years to come, the PRC will strive at the same time to expand economic ties with South Korea and keep North Korea in line by providing political support and modest economic assistance. Beijing's goals are both to enhance Chinese influence in the Korean peninsula and to reduce/neutralize the influence of other major powers over Korea.²

But, according to Zhang Xiaoming's analysis, China does not oppose the reunification of the Korean peninsula. What concerns China the most is the process of reunification. Reunification by force is not in China's national interest. German-style reunification (unification by absorption of one part by the other) would bring chaos to the Korean peninsula and threaten China's security. It seems that the ideal way of reunification should be based on voluntary and evolutionary participation, this is, unification through negotiations. China would support the political dialogue and economic transaction initiated by the two Koreas as the first step to reunification. A reunified Korean peninsula, itself, will not pose a threat to China's national security. China should maintain a good-neighbor relationship with a reunified Korea. In geo-economic terms, a reunified Korea with a prosperous and healthy economy will encourage and promote the economic development of China, especially in areas that are

close to the Korean peninsula. As Hong Kong and Taiwan serve as an impetus to the economic development of the southern Chinese provinces, the Korean peninsula already plays a similar role in the neighboring areas of the northeast.³

Chinese experts said that reunification through the sudden collapse of the North Korean regime would be dangerous for China, but most insisted that Beijing would not be concerned about the demise of a communist ally on its border through peaceful reunification under the Seoul regime. The Chinese leadership feared a North Korean collapse not because it wanted to avoid the loss of another communist state, but because of the possible negative impact on China. The dangers cited includes a possible large-scale flow of refugees across the border and civil war in the North, which could spark a North-South conflict or spill over into northeast China. Concern about these dangers would lead Beijing to take steps to prevent the North Korean economy from collapsing. Chinese analysts had differing assessments of the implications for Beijing of a reunified Korea, irrespective of whether it would be united by mutual agreement or as the result of a regime collapse. Most researchers worried that reunification of the Korean peninsula would be detrimental to China's interests because its ties with Korea would weaken relative to those of the other major countries. A unified Korea would be mostly

influenced by Western countries, especially the United States. It would be especially dangerous for Beijing if Korea were reunified at a time of increased tension between the United States and China.⁴

A minority of Chinese analysts, however, insist that Beijing's interests would not be threatened, and could even be advanced, by peaceful reunification. A stronger, more independent Korea would not pose more of a challenge to China. Beijing's priority concern would be a unified Korea's attitude toward China, not its political system. There was little doubt among these specialists that reunification would take place under the South and that a reunified Korea would maintain close relations with Beijing. China's interests would not be damaged by an inevitable realignment of powers that would follow eventual reunification of Korea under the South. An expert asserted a reunified Korea could not keep an equal distance from the major powers, noting that many Koreans would be hostile to Japan and suspicious of Russia; a united Korea would have better relations with China and the United States than with Japan and Russia.⁵

China's official position is that it would welcome Korean unification if it is

achieved peacefully and orderly through the concerted efforts of the two Koreas. Even though China wants to preserve stability on the peninsula, it does not really desire Korean unification under any circumstances.⁶ Openly supporting a peaceful unification of Korea in principle, Beijing clearly prefers the status quo on the Korean peninsula. Beijing's dominant interest is a stable and peaceful but divided Korean peninsula.

Beijing perceives the unification of Korea with ambivalence: in the long run, a unified Korea could create stability and peace on the Korean peninsula and would eliminate the existence of external military and political forces. A unified and stronger Korea could serve as an important force countering Japan in East Asia—to constitute a new multipolar structure desired by Beijing. Thus Beijing openly, publicly, and somewhat sincerely welcomes the efforts towards Korean unification. On the other hand, Beijing has a strong sense of uncertainty over the future of the US-ROK military alliance, the political fate of the DPRK, and the fallout of Korean unification. Considering the possibility of military alliance between a unified Korea and the United States, and fearing the political and economic consequences of rapid Korean unification, Beijing has clearly ranked the stability of the status quo higher than unification in its policy calculations about the Korean peninsula.⁷

China has decided that rapid unification may not be in its national interest, and it has worked toward a preservation of the status quo which is viewed as a top priority of Beijing's Korea policy. China has tacitly and conditionally accepted the ROK-US military alliance and viewed that alliance as a part of the preferable status quo of international relations in Northeast Asia, as long as the Korean peninsula remains divided. Currently, there is a rough equilibrium of military forces between South and North Korea; thus one side cannot swallow the other side. The Chinese believe that neither the DPRK nor the ROK has the confidence or ability to militarily unify the peninsula on its own terms. A German-style peaceful but rapid unification is also deemed to be infeasible or even impossible since there is still foreign military forces on the peninsula. The South is unwilling and unable to play the role of former West Germany, and the North is unlikely to collapse rapidly like the former East Germany. Strategically and politically, a surviving and stable but peaceful North Korea is a very useful buffer zone between the PRC and the United States. Economically, a stable and prosperous South Korea is a major economic partner. Geopolitically, a divided Korea provides an excellent laboratory for the Chinese to deal with the United States, the number one external factor affecting China's security and economic interest.⁸

China's policy of status quo, despite its commitment to Korean unification, is deeply rooted in its concerns about the implications of Korean unification. Beijing clearly feels the uncertainties and worries about the possibly unfavorable fallout associated with Korean unification. There are several reasons. First, even if the unification is achieved peacefully and orderly, a capitalist, liberal and US-backed, unified Korea would become a threat not only to the strategic security of China but also to the political security of the socialist regime.⁹ China does not want to see its influence reduced or even eliminated on the Korean peninsula.¹⁰ China has no compelling reason to push for Korea's immediate political reintegration, even by peaceful means, insofar as they view North Korea as a useful buffer zone that contributes to their national security and at the same time enjoy a thriving commercial relationship with South Korea.¹¹

Second, even if there is no military conflict on the peninsula, the unification process is likely to produce refugees. They may cause socio-economic turmoil in the Northeastern region, putting China in a troublesome situation. Waves of refugees from North Korea would constitute a direct and immediate cost on the Chinese. Third, a

unified Korea is expected to experience economic stagnation, as was seen in the German case.¹² Peaceful unification following the German model would be a costly process for South Korea. *Far Eastern Economic Review* reported that:

Most estimates of the financial burden fall between \$200 billion and \$500 billion, or between 40% and 103% of South Korea's GDP [in 1996]. Since 1990, the much richer and more numerous Germans have spent about \$680 billion, but still have not completely glued themselves together. Some say South Korea would have to pay around at least \$2 trillion in a peaceful reunification with the North.¹³

China believes that stable, peaceful but divided Korean peninsula would better serve the interest of China in developing its economy than a sluggish unified Korea.

Fourth, on the other hand, Chinese analysts believe that a unified Korea in the long run will become a regional power with world-influence. The new Korea may have the fifth or a top-ten largest economy in the world, thus leading to a new power structure in the region and fundamentally changing Korea's foreign relations with the four major powers. That will make the power struggle and economic competition in the region more apparent and more intense.¹⁴ Chinese analysts worry that a united Korea would eventually become a formidable economic competitor.¹⁵

Fifth, the rise of a united and much more powerful Korea, under the influence of a

new Korean nationalism, may produce very undesirable consequences for the Chinese since there already are some standing Sino-Korean disputes in the areas such as the resources in the Yellow Sea.¹⁶ China may be afraid of the possibility that post-unification Korean nationalism will challenge the territorial sovereignty of China over part of its Northeastern region. In case the unified Korea, which is likely to remain allied with the US, tries to obtain support from the US for the realization of its cause, the problem would be too tough for China to cope with.¹⁷ Some Chinese analysts are fearful that a unified Korea would pursue claims against China for territory along the Sino-Korean border, which Koreans in both the North and the South consider to be the birthplace of the Korean nation.¹⁸

On the irredentism in Korea: In the years immediately prior to Japan's annexation of Korea in 1910, the historian Sin Chae-ho posed a fundamental challenge to conventional assumptions about the limits of Korean territoriality: was the nation bound to the [Korean] peninsula or did it more properly extend into the lands of Manchuria? Sin called brazenly for a Korean Manchuria. Sin moved to free himself from peninsular definitions of territory by redefining the subject of history away from the state to the racially defined nation, or *minjok*.¹⁹

The story of Sin's irredentist narratives did not end with the fall of the Japanese empire, however. Since the late 1970s, a number of groups working in privately funded research institutes on the fringes of the South Korean historical community have attempted to reformulate Sin's linkage of *minjok* and territory through history. These individuals have employed Sin's views on the centrality of Manchuria to not only the past but also the future. Following the successful resurrection of the *minjok* by mainstream scholars, it became a rhetorically simple leap for these writers to reassert claims on the *minjok*'s progenitor, Tangun, and his birthplace, Manchuria, then extend these down to today. One of the main voices for these groups, the conservative magazine *Freedom*, has vociferously criticized academics for what it calls their peninsular historical perspective (*pando sagwan*). This defeatist history, one writer accused, abandons the north, leading Koreans to forget that the *minjok* occupied the northern lands for over three thousand years and has retreated to the peninsula for only one thousand years. The writer demanded to revise school history textbooks such that what is called the "continental historical perspective (*taeryuk sagwan*)" be taught to all schoolchildren.²⁰

With the normalization of diplomatic ties with the PRC, historians and tourists from the South have been able to travel freely to Manchuria for the first time in decades, resulting in a growing interest in the region and resident Korean communities. This interest has been transformed into a growing number of books dealing with various aspects of Manchuria, including a number that owed much to the irredentism of Sin Chae-ho. Manchuria represents for the Korean more than a lost ancestral land or birthplace. It is also the source of a stronger Korea.²¹ Finally, with a position grounded firmly in widely recognized *minjok*-centered views of history and by adopting such potent irredentist and nationalist symbols as Tangun, these irredentists and nationalists after Korea's unification will be able to appeal to widely recognized nationalist conceptions, attracting an audience.

Organizations such as *Damui* (Reclaim) in South Korea, with more than 50,000 members, are advancing the irredentist claim, "Manchuria was ours but was taken away (and)...maybe, one day, it will be ours again." *Damui*'s irredentist activities have already provoked Beijing's strong protests.²²

Irredentist and nationalist fervor from a united Korea may raise Beijing's concern

about the ethnic Korean communities in southern Manchuria. Highly educated and living autonomously in Jilin province, this population numbers some two million and constitutes the largest contingent of overseas Koreans in the world. A potentially serious situation could arise between Seoul and Beijing if the latter perceives this ethnic minority as an internal security risk.²³

Meanwhile, Chinese officials and analysts say that Beijing's primary concern is that reunification occurs peacefully and gradually, preferably based on agreement between North and South and a strengthened North Korean economy. A permanent security arrangement on the Korean peninsula is perceived by Chinese officials as conducive to peaceful reunification. Reunification will require a period of peaceful coexistence since reunification through force is not possible. Whatever the timetable for reunification, most Chinese officials expect a united Korea to eventually be under the rule of the Seoul regime. Beijing's overriding concern is that the reunification process be peaceful, and that it lead to a more stable and prosperous Korea so China can have the benefit of another rich neighbor like Hong Kong and Taiwan.²⁴

In 1995, Chinese leaders stepped up their maneuvering in Korea, where they

took an explicitly anti-Japanese stance. In a historical state visit to South Korea in November 1995, Jiang Zemin appealed to Korean's animus toward Japan at every opportunity. Evoking memories of Japan's colonial rule of Korea, Jiang joined with Korean president Kim Young-sam in condemning Japan's history of "aggression," with Jiang suggesting further that Japan's "militarists" were still a threat to both Chinese and Korean well-being. Actually, Jiang's initiative in Korea, based on the assumption that the Pyongyang regime will eventually crumble, encourages the Japanese nightmare: a reunified, nuclear-armed Korea that tilts toward China and against Japan.²⁵

In conclusion, China has played a "double strategy" on Korea's unification issue. It prefers peace and stability on the peninsula, maintaining a balance between North and South, and avoiding any conflict into which China could be drawn, in order to consistently pursue economic reform and open door policy. China is not completely rigid in its attitude toward the unification of the two Koreas. A pragmatic China will not swim against the tide. But China will not facilitate Korea's unification. China is particularly interested in preventing the fall of North Korea. Meanwhile, South Korea's irredentist activities have already provoked Beijing's strong protests. Renewed Korean irredentism and nationalism arising from a united Korea may raise Beijing's concern

about the ethnic Korean communities in Manchuria. China does not really desire Korean unification under any circumstances. Obviously, to Beijing, a stable, peaceful and friendly but divided Korean peninsula is more desirable for Chinese national interest than Korea's immediate unification.

China's Posture toward US Forces Korea (USFK)

One of the main issues for a reunited Korea is the status of USFK. This is part of a wider debate. China's official stand on the USFK is for the withdrawal of the US forces from South Korea. But its actual policies have fluctuated according to the Chinese leadership's changes and the strategic environment. According to China's basic foreign policy principle, China has opposed any foreign armed forces being stationed in other countries, thus objecting to the US troops presence in Korea. Since the 1980s, however, China has reevaluated the issue of US forces in Korea from a more realistic standpoint.²⁶

China assumes an equivocal posture on US troops in Korea. On the one hand, it would not make sense to have the US forces in a neighboring nation, given its wish to

become a regional hegemony or be powerful enough to resist the US domination in Northeast Asia. China has a strong sense of uncertainty about the future of the South Korea-US military alliance. A US military presence near the Korea-China border would be intimidating and unbearable to Beijing. Chinese analysts view the ROK-US as working hard to consolidate and enhance the US-ROK military alliance, which, as an increasingly more genuine partnership between Washington and Seoul, may be easily used to address not only North Korea but also other countries or regions that may threaten US or Korean interest. Those possible threats would naturally include the standing Sino-Korean disputes in the areas. Therefore, a united Korea with an effective US-ROK military alliance appears to be the worst scenario Beijing can contemplate concerning the future of the Korean peninsula.²⁷

To the regional hegemony-conscious China, the presence of US forces in one of its neighboring countries is obviously unwelcome both in theory and in practice. This is even truer when viewed with relation to the US-Japanese New Defense Guidelines, which is deemed as pressure against China.²⁸ Some Chinese analysts have openly accused the developments of the US-Japan military alliance for turning that alliance from a defensive shield to an offensive lance against China. That has caused Beijing to

be more vigilant and worried. The semi-official report by the Chinese Association of Strategy and Management in 1998 criticized the new US-Japan alliance for orchestrating a containment strategy against China, an effort that may well include South Korea, Taiwan, and the disputing parties in the South China Sea. Therefore, in Beijing's view, the US-ROK military alliance could easily be used for that purpose as well—to complete an America-dominated military structure in East Asia for the purpose of containing China.²⁹

One of the reasons for the US-Japan military alliance was China's threat to Taiwan in 1996. Many in Japan's political elite believed that Japan's greatest strategic threat came from an ever more assertive China. In mid-April, 1996, a US-Japan Joint Declaration on the Security Alliance for the 21st Century was announced. In it, Japan affirmed that the American military presence in Asia was essential for preserving peace and stability. Japan agreed that American military forces could operate from Japan in the event of future crises on the Korean peninsula and Taiwan, and it promised to keep the number of American troops at roughly the same level as before. China tried to block, or at least weaken, the US-Japan Security Alliance, dispatching its foreign minister, Qian Qichen, to Tokyo two weeks before Clinton's scheduled arrival there in

April 1996. Qian publicly worried about the security treaty that was about to be signed, which was a diplomatic way of attempting to dissuade the Japanese from going ahead with it. He failed in this, however. It was one of the costs to Beijing of its aggressive actions in the Taiwan Strait a few weeks before and in Japan's sea-lanes, the South China Sea, where China had seized Mischief Reef from the Philippines in 1995.³⁰

But, on the other hand, it is rational and cost-effective for China to allow the US to pay the cost of stabilizing the Korean peninsula. It is unlikely that the US-Japanese security alliance will be reinforced to the extent that would undermine the stability of Northeast Asia. Therefore, based on a calculation of the overall costs versus benefits, China might think it in its economic interests to have the US pay the cost to maintain the stability in Northeast Asia, including the Korean peninsula. China does not think that a withdrawal of US forces from South Korea is in its national interest due to the Japanese threat. A large number of Chinese experts agree that US-Japan security cooperation has prevented Japan from being a military expansionist. They believe that by offering Japan national security at low cost, the US has fostered public opinion and a political climate in Japan to oppose further armament and has caused the right-wing elite to lose ground.³¹

However, the picture would be different if US forces withdrew from Korea. In that case, Japan would be the only Asian country where a large number of US armed forces were stationed. Consequently, the pressure to reduce or remove the US presence in Japan would surely increase.³² Eventually the significance of the US-Japanese security alliance will diminish. It would lead the US-Japanese security alliance to lose much of its legitimacy. China is concerned that Japan will then assume a far more prominent military role and that the ever-present hawks could more easily foment re-militarization. That is, China believes that Japan has a strong ambition to become a regional hegemony.³³

Recently, there are somewhat different views between the Chinese leadership and hardliners in the People's Liberation Army (PLA) on US troops presence in a unified Korea after a historic inter-Korean summit in Pyongyang on June 13-15, 2000. On the one hand, hardliners in the PLA seem to strongly oppose the continued presence of US forces in Korea after reunification. For example, an editorial in the *PLA Daily* said:

The stationing of 37,000 American troops in South Korea is the biggest obstacle to the reunification of the Korean peninsula, and the key to maintaining US hegemony

in East Asia. Especially with the cooling down of the tense situation on the Korean peninsula, the US military presence in South Korea is out of sync with the times. If the United States removes its troops from South Korea as relations between North and South Korea improve, then it would be even more difficult to find a reason to maintain troops in Japan.³⁴

The editorial appeared to represent hopes in China that South Korea and Japan would soon end their security relationship with the United States to the benefit of Beijing.

On the other hand, the PRC reportedly supports USFK presence until Korean reunification. It has been confirmed that during contacts between Chinese and South Korean national policy research agencies after the inter-Korean summit, China conveyed to South Korea its position that the nature of USFK is different from that of US Forces Japan. It also conveyed the position that, for the sake of maintaining security in Northeast Asia, USFK must remain until Korean reunification. The Chinese Government conveyed these views to the ROK Government during the ROK-China Academic Conference on International Issues held in Seoul beginning 19 June 2000. Such Chinese views are an expression of a new order taking shape around the Korean peninsula following the inter-Korean summit. The statement the Chinese made regarding recognizing the necessity for the stationing of USFK has considerable meaning with regard to the complex diplomatic contest that will unfold in the future around the Korean peninsula. China's expression of the need for the stationing of

USFK is judged to be a position that keeps in mind the US and Japan, as well as the US position. One South Korean government official said, "China worried about a power vacuum that might occur if the United States withdrew its forces in the present situation. It seems to think the development of Japan's military power or Japan's transformation into a major military power cannot be blocked."³⁵

China maintains an ambiguous stance regarding the stationing of USFK. China officially objects to the stationing of troops in foreign territory, but has acknowledged the stabilizing presence of American troops in East Asia, while placing hopes on Washington to curb any resurgent militarism in Japan. In the present situation on the Korean peninsula, China will not push for the entire withdrawal of USFK. In a sense, China believes that the continued posting of USFK, if maintained at a proper level, is desirable as a device used to keep the Korean peninsula and Northeast Asia stable. However, China does not recognize the need for a USFK posting after Korea's unification, because China does not want to face US forces at Korea-China border.

Conclusion

Since the end of the Cold War, China's strategic position on the Korean peninsula and in Northeast Asia has improved. Since 1990, China's economic reform, open door policy, and its relatively rapid economic growth have continuously increased its comprehensive national power. This is the basic condition for China to implement a more flexible foreign policy on the Korean peninsula. China unswervingly pursues an independent foreign policy of peace. The fundamental goal of this policy is to defend China's independence, state sovereignty and territorial integrity, to create a favorable international environment for the economic reform and opening to the outside world and for the modernization drive, to maintain world peace and promote common development. The main contents are as follows: 1. China consistently persists in the principle of independence and taking the initiatives in its own hands. 2. China opposes hegemonism and safeguard world peace. 3. China actively promotes the establishment of a just and rational new international political and economic order. 4. China respects the diversity of the world. 5. China would like to establish and develop relations of friendship and cooperation with all the countries on the basis of the Five Principles of Peaceful Co-Existence namely, mutual respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. 6. China carries out a multi-dimensional

opening up policy on the basis of the principle of equality and mutual benefit to promote common prosperity. 7. China takes an active part in multilateral diplomatic activities.³⁶ These are the fundamental principles of China's foreign policy in the post-Cold War era, and are also the guidelines of China's policy to both South and North Korea.

North Korea's ambitions to develop nuclear and missile technologies are complicating the situation on the Korean peninsula. Pyongyang is counting on its proven or unproven capabilities with weapons of mass destructions as an asset, in its approach toward China, just as the Communist regime uses it as vital leverage in dealing with the West, especially the US. Beijing needs to keep Pyongyang as its ally for strategic purposes, despite its burdensome economic situation. The two countries' national interests also seem to conjoin at this particular time. China wants the status quo to persist on the Korean peninsula and its prescription for peace and stability in the area is for the North to follow the path it has taken itself over the past few decades to achieve economic advancement. A balance in economic power between the two halves of the Korean peninsula is desired by China, in order for North Korea to avoid absorption by South Korea, which would leave China in direct confrontation with a

unified Korea that is regarded as under US influence.

Since 1978, China's foreign policy has prioritized economic development demanding capital, technology and market. South Korea is an important source of capital and technology for China's economic reform. Therefore, China has greater interest in South Korea than North Korea because of its economic cooperation and political advancement in the region. China believes that South Korea will have an initiative in the decision making of unified Korea. Although China maintains relatively close relations with North Korea, it is doubtful that China would intervene in internal Korean affairs to prevent unification. The political situation in a unified Korea is vital for China's national interest economically as well as strategically. So Beijing's Korean policy is to pursue close economic and political cooperation ties with Seoul. On the other hand, without hurting Pyongyang, China is to pursue strategic and military interest in North Korea. In other words, China has played its "double strategy" deftly, to maximize its national interest and will continue this strategy, until reunification on the Korean peninsula.

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Chapter 9: Conclusion

Chairman Mao Tse-tung once wrote: “Who are our enemies? Who are our friends? This is a question of the first importance for the revolution.”¹ He went on to stress the great importance of distinguishing real friends from real enemies so as to unite with the former to attack the latter. To the Chinese communists, China has neither eternal allies nor perpetual enemies, only its national interest is permanent. Since the establishment of the PRC, China’s enemies and friends have changed accordingly. Also, China’s foreign policy on the Korean peninsula has undergone major shifts.

China’s “One Korea” policy started to change to a “Two Koreas” policy gradually after December 1978. Finally, China and South Korea established diplomatic relations in August 1992. Furthermore, in November 1998, China and South Korea agreed to upgrade their bilateral relations to a “cooperative partnership” for the 21st century.

What caused China gradually to go ahead toward a “Two Koreas” policy during the period of 1978-1984? As I argued in Chapter 2, Deng Xiaoping and his followers in December 1978 adopted bold economic reforms and open door policy to further China’s

economic development at the Third Plenum of the 11th Chinese Communist Party Central Committee. Since the Third Plenum, China's top priority has been to promote successful economic reforms and open door policy. To achieve its economic reforms, China needed peace and stability on the Korean peninsula because a renewed war on the Korean peninsula would clearly jeopardize the regional economy. Thus, China's policy objective on the Korean peninsula was the avoidance of serious instability or tension, thus preventing renewed war that would again involve the US and China on opposite sides of a major military conflict. China also needed foreign capital and technology from capitalist countries for its economic reforms. Since the Third Plenum, China began to acknowledge South Korea as an important trading partner and as a source of capital and high technology. China began to modify its Korean policy, taking a positive and pragmatic attitude toward South Korea. Therefore, the Third Plenum's decision was a contributing factor that made China gradually change policy toward Korea.

In the late 1970s, Sino-American and Sino-Japanese rapprochement formed a new type of loose bipolar system in the Northeast Asia. China was strongly interested in Northeast Asian stability. China desired to expand economic cooperation with America and Japan to advance its four modernizations program. As China improved its relations

with the US and Japan, China's hostility toward South Korea also decreased and China stopped seeing South Korea as an enemy. Sino-American and Sino-Japanese rapprochement greatly contributed to the relaxation of tension on the Korean peninsula. These political-diplomatic changes in Northeast Asia served as a catalyst that made China take a flexible and conciliatory stance toward South Korea.

The first official Sino-South Korean contact unexpectedly occurred in May 1983, as a result of the hijacking of a Chinese aircraft to South Korea. As a consequence of the hijacking incident, the inter-governmental negotiation between China and South Korea explicitly proved that China tacitly acknowledged the existence of South Korea on the Korean peninsula though it could not formally recognize South Korea. The hijacking incident caused China to decide to engage in unofficial ties with South Korea and enabled China to make further contacts with South Korea. After that, Sino-South Korean relations improved greatly at non-governmental levels. Obviously, the hijacking incident gave Beijing an excuse to modify its South Korean policy and thus to develop direct contacts more overtly. Thus, the hijacking incident contributed toward changing China's Korean policy bit by bit.

The attempted bombing of South Korean President in Burma in October 1983 made Chinese leadership uneasy because North Korea's terrorism could bring about renewed war on the Korean peninsula. China's leaders recognized that renewed war in Korea would put China in the strategic dilemma of either supporting North Korea, thereby jeopardizing Sino-American relations, or abandoning North Korea totally to Soviet influence. Furthermore, renewed war in Korea would demolish China's economic development. To forestall such a possibility, China began to pursue a more practical policy toward South Korea. After the Rangoon bombing, many unofficial activities in Sino-South Korean relations accelerated strikingly in various fields. It signified that China tried to punish Pyongyang for its actions. That is, the Rangoon bombing persuaded China to assume a much more active stance in relation to Korea, although this role remained constrained by North Korea's leaders' extraordinary sensitivities. Therefore, the Rangoon bombing incident led China by piecemeal to change to a Two Koreas policy.

After the Third Plenum in December 1978, China's foreign policy toward South Korea changed by degrees from a "non-policy" to "economic diplomacy." China's economic reforms and open door policy put a theoretical base for Sino-South Korean

economic relations. China's earliest aim was to become another East Asian Newly Industrializing Countries (NICs, South Korea, Taiwan, Singapore, and Hong Kong). Deng and pragmatic reformists were very interested in South Korea's economic development.

China's favorable evaluation of South Korea's economic advancement served as a basis for Sino-South Korean indirect trade. This trend reflected China's decision to strengthen its open-door policy. Although China continued to affect official ignorance of Sino-South Korean trade, the volume of Sino-South Korean trade increased rapidly from 1979 to 1984, step by step with an unquestionable political thaw in Sino-South Korean relations.

Since the early 1980s, China has seen South Korea's economic superiority and South Korea's increasing international visibility that North Korea has been unable to stymie or reverse. China needed technology and investment from South Korea. China's policy was to separate politics and economics in its foreign policy in order to improve ties with South Korea. These factors constituted a significant change in the political and economic environment that China's leaders confront in Northeast Asia, providing China

with new incentives and opportunities for a more differentiated policy toward the Korean peninsula.²

In conclusion, during the period of 1978-1984, China's policy toward South Korea began to change bit by bit from a "non-policy" to a policy of *Guanmen Bushang suo* (the door is closed but not locked).³ Namely, China described its South Korean policy as *Guanmen Bushang suo*. Ever since the Third Plenum, China has adopted a notably more pragmatic posture toward South Korea. Sino-American and Sino-Japanese rapprochement led to the relaxation of tension on the Korean peninsula. Although China publicly discounted the political implications of the hijacking incident and the Rangoon bombing incident, China's relations with North and South were no longer the same following these incidents. And despite Pyongyang's strong objections, China started unofficial contacts with South Korea. Sino-South Korean unofficial ties represented a door increasingly ajar. China's open door policy prompted China's Korean policy to change from ideological and political considerations to more flexible and pragmatic foreign policy.

What induced China to make a move toward a de facto "Two Koreas" policy

during the period of 1985-1988? As I argued in Chapter 3, China's torpedo boat incident in March 1985 led to another striking step forward in Sino-South Korean relations. China publicly apologized to South Korea for this incident. Through this incident, China was ready to deal visibly with South Korea. After the incident, non-political contacts in Sino-South Korean relations increased incredibly, in spite of North Korea's opposition. It implied that China de facto acknowledged South Korea. Hence, the torpedo boat incident was a contributing factor which caused China by piecemeal to take a more realistic stance toward South Korea.

Despite North Korea's boycott, China's participation in 1986 Seoul Asian Games created a precedent for future Sino-South Korean relations in both political and sporting fields. After the Seoul Asian Games, the volume of Sino-South Korean trade increased at a remarkable pace. Clearly, the Seoul Asian Games played a significant part in furthering China's positive view of South Korea.

Despite General Secretary Hu Yaobang's resignation in January 1987, China's reformists strengthened their power at the 13th National Party Congress in October 1987. Acting General Secretary Zhao Ziyang reasserted economic reform and open door

policy to the outside world. This suggested that conservatives as well as reformers evidently adopted open door policy to attract foreign technology and capital.⁴ The Chinese reformists' power consolidation at the Congress implied that China would continue to take a pragmatic posture toward South Korea.

In November 1987, China was very perplexed by the bombing incident of a Korean Air jetliner by North Korean terrorists. China was disillusioned about North Korea's terrorism. China was very concerned about South Korea's menace to retaliate on North Korea. China's leadership profoundly worried that renewed war in Korea could break out. This bombing incident brought China to reexamine its Korean policy. China more and more changed from its traditional policies toward North Korea to a de facto "Two Koreas" policy. For example, at that time, China agreed to participate in the 1988 Seoul Olympic Games in spite of North Korea's strong opposition.

The 1988 Seoul Olympic Games gave China a handy pretext to begin direct discussions with South Korea concerning a variety of issues in Seoul. Then, China started talks with South Korea for setting up permanent China's trade missions in South Korea, representing several China's provinces. With this progress, China decided to

ignore North Korea's veto power over its Korean policy.⁵ This development frustrated North Korea's efforts to keep diplomatic distance between China and South Korea. China was significantly assured of its ability to maintain a de facto Two Koreas policy in playing a "double strategy". The 1988 Seoul Olympic Games apparently played an important role in furthering direct contact and trade between China and South Korea. Also China's participation in the Seoul Olympic Games indicated that China recognized South Korea as a sovereign state.

China saw South Korea as an increasingly attractive economic partner for many reasons. The economic success of the East Asian NICs was incredible enough to attract the attention of China's leadership. Among the four East Asian NICs, South Korea may have been the useful model China considered worth emulating.⁶

China found the intermediate technology of South Korea more suitable to their practical needs than the expensive high-technology of the United States, Japan, and Western Europe. China felt more comfortable with the sociable and outgoing South Koreans than with the Japanese, who were still under close scrutiny because of their past colonial ambitions.⁷ China feared its own increasing dependence on Japanese

technology and capital and was also concerned by the huge imbalance in Sino-Japanese trade.⁸ Furthermore, China found that Japan was not active in technology transfers and its investment in China was very small.⁹

Sino-South Korean economic relations benefited from many factors in comparison with China's other economic partners. For example, Sino-South Korean geographic proximity, linguistic complementarity, and historical familiarity reduced transportation costs and barriers to communications. Sino-South Korean economic complementarity made the two-way trade more and more promotive.

Trade was the most important field in Sino-South Korean relations. The rapid increase of Sino-South Korean trade proved that the desire to exchange goods could break down the most solid and longstanding political obstacles. The two-way trade has continually elevated the stage of economic cooperation and has by piecemeal fostered the political reconciliation and rapprochement between China and South Korea. In addition, in 1988, the setting-up of permanent trade office in Seoul, representing Shandong Province in China, was an important breakthrough toward Sino-South Korean normalization.

During the period of 1985-1988, China pursued a de facto "Two Koreas" policy, playing a "double strategy" deftly. In terms of government-to-government ties, China continued to deal exclusively with North Korea. In reality, however, there was an increasing, even though tacit, Chinese acceptance of the reality of South Korea.

What influenced China's leadership to advance Sino-South Korean normalization during the period of 1989-1992? As I argued in Chapter 4, in May 1989, Sino-Soviet normalization signified that China and the Soviet Union stopped their competition for North Korea. As a result of the Sino-Soviet normalization, neither China nor the Soviet Union provided economic or military assistance to North Korea simply to oppose the other's influence. At the time of Sino-Soviet rapprochement, North Korea had little influence, and found that it could not stop the rapidly developing Sino-South Korean relations. Sino-Soviet normalization led to political isolation of North Korea from the rest of the world, giving the Chinese leadership the freedom to pursue a "Two Koreas" policy. It also caused China and the Soviet Union to facilitate economic relations with South Korea. The Sino-Soviet normalization enhanced the successful fulfillment of South Korea's "Northern Policy" which sought to improve its relations with the

communist countries. After Sino-Soviet normalization, China did not need to compete with the Soviet Union for North Korea. North Korea could no longer play one against the other. Irrespective of North Korea, China could take an increasingly pragmatic position toward South Korea and continue to develop economic relations with South Korea.

South Korea's Northern Policy was aimed at giving top priority to setting up diplomatic relations with China, for the purpose of reducing tensions on the Korean peninsula. Although North Korea had turned down South Korea's new Northern Policy in 1988, China reacted positively to South Korea's Northern Policy. This implied that China was very interested in improving relations with South Korea.

South Korea's Northern Policy caused drastic policy changes in Sino-South Korean relations. The three fundamental principles of South Korea's Northern Policy—the separation of politics and economics, the pursuit of mutual benefits, and private sector leadership—closely mirrored China's policy of separating politics from economics in order to pursue mutually beneficial economic ties. Sino-South Korean trade was the backbone of South Korea's Northern Policy.¹⁰ Such non-political

exchanges played an important role in setting up Sino-South Korean diplomatic relations in August 1992.

In September 1990, South Korean-Soviet normalization stopped the longstanding ideological and geopolitical Sino-Soviet competition for North Korea. For China the Soviet change from a "One Korea" policy to a "Two Koreas" policy provided an almost perfect example and almost perfect excuse for its own change from a "One Korea" policy to a "Two Koreas" policy in 1992. China followed the Soviet example, but proceeded in a more careful and calculating way. China showed the tendency of letting the Soviet Union set the diplomatic pace.¹¹ It had been China's practice to let the Soviet Union take the lead in approaching South Korea while it avoided lagging too far behind. After witnessing the swift development of South Korea-Soviet relations, China quickened its pace, leading to the conclusion of Sino-South Korean normalization process.¹² Obviously, the South Korean-Soviet normalization prompted China rapidly to expand political and economic relations with South Korea and facilitated the setting-up of Sino-South Korean diplomatic relations.

China did not exercise its veto against South Korea's accelerated entry to the UN

in May 1991. This suggested that China's Korean policy changed to a "two countries, two systems" strategy, supporting South Korea's UN membership entry. But it was a major contradiction in China's foreign policy because China has asserted a "one country, two systems" strategy for Taiwan. The reason why China has used a "two countries, two systems" strategy for Korea is that China's Korean policy has changed from an ideological policy to a realistic and pragmatic policy. China's Korean policy was led by the realistic strategy of maximizing its national interest, while minimizing its costs and responsibilities.¹³ Evidently, North Korea's decision to enter the UN relieved China of a burden in deciding whether to normalize diplomatic relations with South Korea.

In June 1989, the Tiananmen Incident put China in a difficult position in its international political and economic relations. China needed friends after the Tiananmen Incident. That is why China took a more positive attitude toward South Korea. Both China and South Korea used the 1990 Beijing Asian Games to promote closer relations. In particular, South Korea used the Beijing Asian Games as an opportunity to set up diplomatic relations with China. China depended heavily on South Korea economically for the Beijing Asian Games. South Korea's economic

assistance for the Beijing Asian Games gave the rationale behind China's decision in late 1990 to set up trade offices with South Korea. Therefore, we can conclude that Sino-South Korean "sports diplomacy" was a contributing factor that made China gradually change to a "Two Koreas" policy.

In 1991, the exchange of Sino-South Korean trade offices rapidly furthered trade and investment. In late 1991 and early 1992, agreements on trade, tariffs and investment guarantees sharply speeded up Sino-South Korean commercial exchanges. These backgrounds served as a catalyst for the eventual Sino-South Korean normalization.

China's August 1992 Korean decision had a lot to do with Deng's "southern journey" in January 1992 to revive his economic reforms and open door policy, most of which had been slowed since the Tiananmen Incident. Deng Xiaoping saw South Korea's economic value in his campaign to foster China's "Four Modernizations." Deng saw South Korea as a potential market for China's products and a source of capital and technology. He was very interested in learning from South Korea's economic development strategy as a member of the East Asian NICs. Therefore,

China's economic diplomacy toward South Korea was the most decisive and important factor that made China change to a "Two Koreas" policy. In conclusion, China's economic reform and open door policy have caused China's Korean policy to change from ideological and political factors to economic consideration, and from rigid foreign policy to flexible and pragmatic multi-directional policy.

How has China played a "double strategy" on the Korean peninsula since Sino-South Korean normalization? As I argued in Chapter 6, China's policy toward North Korea's nuclear crisis in 1993 was inconsistent. On the one hand, China strongly upheld the principle of a denuclearization on the Korean peninsula, supporting the South Korean and American position. On the other hand, China opposed the imposition of any international sanctions on North Korea and tried to persuade the two Koreas and the US to substitute dialogue for confrontation. China wanted to protect North Korea's military and diplomatic positions and ensure its survival because of its strategic importance. Beijing also wanted to ensure that North Korea would be free from international pressure and sanctions, but at the same time it was unwilling to offend the United States and other Western countries. This meant that China played a 'double strategy' deftly on North Korea's nuclear issue, extracting maximum payoffs at

minimum cost.

Beijing opposed any UN-imposed economic sanctions against North Korea. China's memory of the UN collective security was very negative due to the UN's involvement in the Korean War. Collective-security measures taken by the UN, in Beijing's eyes, were usually synonymous with imperialist aggression and intervention. China politically feared a collapse of Pyongyang and thus the emergence of instability on the Korean peninsula. China argued that the international community should not push Pyongyang into a corner and leave it no choice but to resort to military adventurism. The most important aspect was the tactical intention of the Chinese leadership to politically capitalize on its influence on Pyongyang. They also wished to force the US to accept political compromises, contingent upon American concessions on the human rights issue and upon the unconditional extension of the most favored nation (MFN) arrangement, so vital for China's exports to the United States.¹⁴

Finally, China's opposition to international sanctions on North Korea gave Beijing a favorable position in the fight against the linkage of MFN and human rights by the US. After Washington indicated that the MFN would be extended unconditionally,

China played a decisive, behind-the-scenes role in persuading North Korea to freeze its nuclear program. It signified China used realistic and pragmatic foreign policy toward the Korean peninsula.

During North Korea's nuclear crisis, China was able to cash in on both its traditional special relationship with North Korea and its newly gained, unique position between the two Koreas, which allowed China to extract maximum payoffs at minimum cost. Playing its "double strategy" proficiently, China obtained many benefits through its exertion of influence on North Korea's nuclear crisis. China promoted the easing of tensions on the Korean peninsula, prevented the imposition of international sanctions on North Korea, resolved the problem of the MFN trade status, and succeeded in persuading the US to concentrate on bilateral negotiations with North Korea. This showed that China was very influential in the process to resolve North Korea's nuclear crisis.

In the four-party peace talks, China has tried to play the role of "constructive broker" between North Korea on one side and South Korea and US on the other. Although China took a neutral posture throughout preliminary talks and full-scale talks,

China helped break the stalemate in negotiations and kept the process moving. China supported South Korea and the United States in opposing North Korea's demand regarding a US-North Korea peace treaty and withdrawal of US troops in South Korea, though China supported North Korea's aspiration to normalize North Korea-US relations. Therefore, I argue that China in the four-party peace talks played its "double strategy" proficiently, to maximize its national interest.

Since December 1978, China's top priority has been to facilitate economic reforms and open door policy. To continuously pursue its economic reforms, China needs peace and stability on the Korean peninsula. China does not want chaos or instabilities on the peninsula, which may lead to military conflicts between the two Koreas and eventually involve China and the US. Therefore, China played a positive and pragmatic role in the "four-party talks" in order to secure regional stability. During the fourth round of the four-party talks, China's proposals signified that China strongly wanted to set up a peace mechanism on the Korean peninsula, relieve tension, and accomplish a lasting peace and stability. China believed that the establishment of a peace mechanism in the Korean peninsula through the four-party talks would promote peace and stability in the Korean peninsula and in Northeast Asia. In other words, in China's eyes, building a

peace mechanism through the “four-party talks” has been a vital external condition for China’s national security interest.

The 15th CCP Congress was a historical turning point, as important as the 11th in 1978 when Deng began his reforms. At the Congress, China’s communist elite strengthened President Jiang Zemin’s power by supporting his ambitious economic reforms and an anti-corruption drive and retiring key opponents. Jiang Zemin’s re-election as Communist Party chief strengthened his position as Deng Xiaoping’s successor. This permitted China to pursue a pragmatic and realistic policy toward Korea. After the Congress, in November 1998, South Korea and China eventually agreed to upgrade their bilateral relations to a “cooperative partnership” for the 21st century. The consolidation of Jiang Zemin’s regime in the middle of economic reforms and open door policies was an important factor that made China enhance its relations with South Korea. This indicated that China emphasized pursuit of national interest over ideological and political considerations.

China “downgraded” its relations with North Korea after 1992. But China’s new leadership could not ignore North Korea because of its strategic importance on the

Korean peninsula. China did not want to hurt the sentiments of North Korea. China's new leadership still kept close military and strategic relations with North Korea and played a pivotal role in propping up North Korea. Namely, the new Chinese leadership tried to revive its weakening relations with North Korea. On the other hand, China's new leadership was further expanding political and economic relations with South Korea to strongly promote economic reforms and open door policies. This showed that China has played a "double strategy" and a "realist strategy" on the Korean peninsula to maximize its national interest since Sino-South Korean normalization.

What is China's policy toward North Korea's missile program and TMD (Theater Missile Defense) system? China's new leadership's position on North Korea's missile program is most complicated as they have to weigh both their relations with their longtime ally Pyongyang and the impact in the region, of the continued development of North Korea's missile program. Outwardly, China has been criticizing the United States and Japan for overreacting to North Korea's missile threat, claiming they are using it as an excuse to contain China militarily. China is concerned that TMD is really aimed at China as a US-Japan containment strategy. The deployment of the TMD system in Northeast Asia could destroy China's strategic influence. In particular, China is

increasingly worrying that TMD could injure the influence of China's short- and mid-range ballistic missile forces.

China is worrying that the TMD program will include Taiwan. Missiles are an important part of China's strategy to get Taiwan's leaders to the bargaining table. If extended to include Taiwan, TMD could get rid of the only effective choice left to China to prevent Taiwan from seeking independence.

China is concerned that North Korea's missile program may drive South Korea and Japan into an arms race, which would fundamentally shake the stability on the Korean peninsula and in Northeast Asia. China is also worrying that North Korea's missile program could renew potential Japanese militarism. China suspects that Japan is trying to become both a political and military power by force of TMD deployment. China is interested in limiting missiles because North Korea's missiles could place all parts of China within their effective range and North Korea's missile program provides justification for a US-led TMD program.

China took an unclear attitude on North Korea's missile program. China did not

want North Korea to heighten tensions on the Korean peninsula by launching missiles or taking other aggressive actions. On the other hand, China opposed TMD system and handed over missile parts to North Korea. This indicated that China played its “double strategy,” to extract maximum national interest at minimum cost. Meanwhile, there was the first historic South Korea-China defense ministers’ meeting in Beijing in August 1999, to set up a framework for new military relations between South Korea and China. But, during the meeting, conscious of North Korea, China turned down South Korea’s request that China persuade North Korea not to launch another ballistic missile. Furthermore, to evade displeasing North Korea, China did not announce South Korea’s defense minister visit. This showed that whatever North Korea’s attitude might be, North Korea was still China’s most important strategic ally, and that China skillfully played its “double strategy” between the two Koreas.

How does China’s leadership see Korea’s unification? China officially supports a peaceful Korea’s unification in principle. But China understands the unification of Korea ambivalently: in the long run, a unified Korea could produce peace and stability on the Korean peninsula and would get rid of the existence of external military and political forces. A unified and stronger Korea could serve as an important force

countering Japan in Northeast Asia. On the other hand, China has misgivings about the future of South Korea-US military alliance, the political fate of North Korea, and the adverse side effects of Korean unification. Considering the possibility of military alliance between a unified Korea and the United States, and fearing the political and economic consequences of rapid Korean unification, China clearly wants the stability of the status quo on the Korean peninsula.

Obviously China feels the uncertainties and worries about the possibly unfavorable side effects of Korean unification. First, even if Korean unification is achieved peacefully, a capitalist, liberal and US-backed, unified Korea would become a threat to China's strategic and political security. Second, even if there is no military conflict on the Korean peninsula, the unification process is likely to produce refugees. They may cause socio-economic turmoil in Manchuria. Third, a unified Korea is expected to undergo economic stagnation, as was seen in the German case. China believes that stable, peaceful but divided Korean peninsula would better promote China's economic development than a sluggish unified Korea. Fourth, China believes that a unified Korea in the long run will become a regional power with world-influence. China worries that a unified Korea would finally become a formidable economic competitor. Fifth, China

fears that a unified Korean irredentism and nationalism will challenge the territorial sovereignty of China over Manchuria. A unified Korean irredentism and nationalism may raise China's concern about the ethnic Korean communities in Manchuria.

China has no reason to hasten Korea's unification, even by peaceful means, because China sees North Korea as a buffer zone that is vital to its national security. Simultaneously China enjoys prosperous economic relations with South Korea, playing a "double strategy" on Korea's unification issue. China prefers peace and stability on the Korean peninsula, keeping balance between South and North Korea, and avoiding any war that could involve China and the US in a major military conflict, to continuously pursue economic reform and open door policy.

The bottom line is that China will not advance Korea's unification. China is very much interested in preventing the collapse of North Korea. China does not really want Korea's unification under any circumstances. Clearly, to China, a stable, peaceful and friendly but divided Korean peninsula is better for China's national interest than rapid Korean unification.

China takes an ambivalent attitude toward US Forces Korea (USFK). China officially opposes the stationing of troops in foreign country. To the regional hegemony-conscious China, the American military presence in its neighboring countries is clearly unacceptable theoretically and practically. China has misgivings about the future of the South Korea-US military alliance. The American military presence near the Korea-China border would be threatening and intolerable to China. But, on the other hand, it is sensible and economical for China to let the US pay the cost to stabilize the Korean peninsula. China acknowledges that the American military presence in Northeast Asia keeps the stability on the Korean peninsula, while setting hopes on America to restrain Japan's remilitarization. This shows that China takes a "double strategy" on USFK to maximize its national interest.

Under the existent circumstances on the Korean peninsula, China will not ask for the complete pullout of USFK, because China regards the continued presence of USFK as a stabilizer of regional security on the Korean peninsula and in Northeast Asia. But, China opposes a USFK presence after Korea's unification, because the USFK presence could lead to the domination of that area by one power and China does not want to meet USFK at Korea-China border. China will flexibly modify its position on USFK

presence according to its national security interest and the strategic environment of the Korean peninsula in the future.

I prove that the two hypotheses are valid through empirical studies of China's Korean policy from December 1978 to 2000. I can conclude that China's economic priority was the most decisive factor and many political and strategic factors were a contributing factor which made China change from a "One Korea" policy to a "Two Koreas" policy. During the period of 1993-2000, to maximize its national interest, China has skillfully played a "double strategy" on the Korean peninsula. On the one hand, China has supported its traditional strategic and military ties with North Korea. On the other hand, China has promoted new political and economic ties with South Korea. China has refrained from openly supporting either South or North Korea. In other words, while keeping a "Two Koreas" policy, China does not want to openly support one Korea, at the cost of the other. Therefore, I argue that China's "double strategy" on the Korean peninsula is synonymous with the "realist strategy" of maximizing its national interest, while minimizing its costs and responsibilities.

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