

## **China's Role in Inter-Korean Relations**

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### **Abstract**

China has great power over both Koreas, but its influence looks to be at its peak. There are many reasons for this, but the most important is that the two Koreas are moving closer together and in the process shutting out outsiders. Moreover, the U.S., as it seeks to disarm North Korea, is pursuing policies undercutting Beijing's role on the peninsula. And to make matters worse, China is beginning to limit its own effectiveness.

Keywords: China, North Korea, South Korea, United States, Russia, Xi Jinping, Kim Jong Un, Donald Trump, Moon Jae-in, Vladimir Putin, Park Geun-hye, George W. Bush, Barack Obama, "Three Nos," THAAD, Big Four, Bank of Dandong, Bank of China

### **Introduction**

With substantial leverage over both Koreas, Beijing should be able to greatly influence inter-Korean relations, but it appears its power has reached its zenith. China, the country that is supposed to dominate the 21st century, is on the verge of losing influence on one of its borders. Relationships on the Korean peninsula have always been complex, and in recent years they look to have become more so, increasingly to the detriment of China. Both the Democratic People's Republic of Korea and the Republic of Korea are trying to unify the Korean nation, and the drive for union substantially reduces the role of outside powers. Moreover, America's moves to disarm North Korea have undermined Chinese influence. Finally, China, due to increasingly provocative policies, is triggering growing opposition to its aims, limiting its own power.

### **Chinese influence in North Korea**

One of the world's great geopolitical controversies is finally being resolved. For two decades, analysts had argued over how much control the People's Republic of China had over the DPRK, as North Korea calls itself.

Many academics agreed with Chinese officials who maintained they had little influence with their counterparts in Pyongyang.

Beijing's denial of influence began at the top. A White House official reported that Chinese ruler Xi Jinping told President Donald Trump, in April 2017 at their Mar-a-Lago summit, that China did not possess the sway the U.S. believed Beijing had.<sup>1</sup>

Xi's argument on its face sounded plausible. After all, for millennia Chinese and Koreans engaged in numerous skirmishes, battles, and wars. As a result, the border between China and Korea shifted in both directions due to conquest. Moreover, in recent years the Chinese have maintained that Korean animosity is so strong that they could not have great influence in Pyongyang.

It is true the North Koreans detest their Chinese comrades, yet personal feelings have little to do with Beijing's leverage. Mr. Xi has, perhaps once and for all, demonstrated friendship has little to do with power relationships on the peninsula.

Kim Jong Un, the current North Korean supremo, traveled to China for the first time ever at the end of March 2018 when he went to Beijing. He then went to China in the beginning of May, to Dalian, and again in June, to Beijing, after his historic Singapore summit with President Trump.

Moreover, Kim rode his armored train to Beijing in January 2019, among other things spending his birthday there. In short, Kim traveled to China four straight times without a return visit by the Chinese leader. For his part, Xi Jinping stepped on North Korean soil for the first—and so far only—time in June 2019, for a short stay.

The travel pattern is striking. Kim had evidently planned to make his first trip abroad at the end of April 2018, to see South Korean President Moon Jae-in in the Demilitarized Zone. Xi made sure Kim went to China first. Now we know that when China really wants something, it summons North Korean leaders and when summoned, Kim rulers accept Chinese invitations.

The Chinese have shown their power in other ways. In June 2018, for instance, Mr. Kim flew to Singapore for the Trump-Kim summit on an Air China jumbo, and that was Xi's way of telling Trump that Kim belonged to China.

Moreover, Xi demonstrated his dominance during other staged events, such as his public display of Chinese generosity during the first Kim sojourn to China. Chinese officials allowed North Korean media to photograph luxury items with an estimated value of \$394,000—including

a porcelain vase, rare liquor, and a ruby ornament—that Xi gave to Kim and his wife, Ri Sol Ju, as presents.<sup>2</sup>

This display of gift-giving was surely meant to evoke China’s imperial era. In that two-millennia period, China, as the “Middle Country,” saw itself as the center of the universe. In the center, Chinese emperors believed they ruled *tianxia* or “All Under Heaven,” and they viewed the Koreans, who lived on their periphery, as subjects. During this period, the Chinese were in the habit of magnanimously bestowing gifts on visiting vassals.

Kim brags about *juche*—self-reliance—and denigrates South Korea for being an American puppet, but beginning in 2018 he made himself appear to be a Chinese puppet. Some call Kim Jong Un’s subordination to China his “tributary diplomacy.”<sup>3</sup>

China’s material aid to Kim rulers has gone far beyond luxury items of course. China, in short, exerts power over North Korea because it supports the Kim family in ways other countries will not. Perhaps most important in this regard, Chinese banks have been handling Pyongyang’s cash.<sup>4</sup> In the tightly controlled Chinese system, these institutions would not touch Kim money unless there were approval to do so from the top of the political system, the Communist Party’s Politburo Standing Committee. Therefore, it is almost certain that these banks were engaging in this questionable activity with Xi Jinping’s blessing.

Furthermore, Chinese state-owned entities, associated with the People’s Liberation Army, sold at least part and probably all of the transporter-erector-launchers for the North’s ballistic missiles.<sup>5</sup> China has supplied components, equipment, and materials for the North’s nuclear weapons effort.<sup>6</sup> And there are suspicions that China has been the source of solid-fuel missile technology for the Korean People’s Army.<sup>7</sup>

As an initial matter, China is North Korea’s biggest trade partner, accounting for 95.8% of the North’s external trade in 2018, up a full percentage point from the previous year.<sup>8</sup>

In general, China appears to provide more than 90% of the North’s crude oil,<sup>9</sup> much of it on concessionary terms, and is the source of at least a third of its food, something especially important because of the persistent downturn in agricultural production. There are some years when China supplies, from all evidence available, all of the North’s aviation fuel. Investment from China, from both government and private sources, accounts for at least half the total foreign investment in the DPRK.

Moreover, over time the renminbi, or yuan as the Chinese currency is informally known, has become the money of choice in unofficial markets throughout the North. This “yuanization” creates a vulnerability for the Kim regime because Beijing could collapse the North’s economy if it took existing notes out of circulation and replaced them with new ones, exchangeable only in China. By demonetizing, China would instantly destroy much of the wealth in North Korea’s most productive sector. Demonetization is now a real possibility because Beijing, to keep better track of all transactions, is moving to replace paper money with the central bank’s Digital Currency Electronic Payment, often described as China’s new currency.<sup>10</sup>

Of course, China’s power extends beyond economic matters. Beijing is Pyongyang’s primary backer in diplomatic forums, particularly the U.N. Security Council.

And there is one other lever. The most important thing China provides to the Kim regime is confidence in the minds of senior regime figures in Pyongyang that they are safe from the U.S., South Korea, and the rest of the world.

Beijing may not have the power to change the mind of Kim Jong Un on vital matters—it’s possible no one can do so—but the Chinese can, if they want, convince regime elements that it is no longer in their interest to stick with either their weapons programs or Kim himself, who, after all the executions, detentions, and purges, does not look especially popular in regime circles.

By shutting off the oil, closing the border, prohibiting all investment into the North, and signaling to Pyongyang elites it no longer supported Kim, China could bring the North to its knees in months, maybe weeks. As high-ranking defector Thae Yong Ho said at the beginning of 2017, North Korea would “easily collapse” if China were “really serious” about sanctions.<sup>11</sup>

In these and other ways, Beijing’s hearty support of Kim’s behavior is evident. Kim knows, therefore, he is critically dependent on Chinese good will.

### **Chinese Influence in South Korea**

North Koreans are not the only Koreans who have accepted subordinate status to China. The president of the Republic of Korea implicitly accepts that role as well. Moon Jae-in, part of the so-called “386 Generation,” is deeply anti-American, and his moves to distance himself

from Washington inevitably have led him to accept a position closer—and subordinate—to Beijing. There are two developments illustrating this voluntary move to join the Chinese orbit.

First, Moon, in June 2017, just one month after his inauguration, suspended the deployment on South Korean soil of additional launchers of the American-built Terminal High Altitude Area Defense system.<sup>12</sup> THAAD, as the anti-missile system is known, was designed to provide South Korea with a measure of protection from a North Korean attack. Its emplacement angered Chinese officials because they maintained THAAD radar could see into their country and degrade the ability of their missiles to hit targets.

Moon ignored American concerns and undermined the security of his own country when he bowed to Chinese demands. By doing so, he implicitly accepted the notion that China had the right to dictate to South Korea what it could do to defend itself. Although Moon would surely be the first to deny he had accepted the role of a vassal, that is in effect what he did.

Second, Seoul agreed to the now-infamous Three Nos. In late October 2017, President Moon's foreign ministry agreed with China that there would be no additional batteries on South Korean soil of the THAAD system, there would be no South Korea participation in integrated missile defense, and there would be no trilateral alliance with the U.S. and Japan.<sup>13</sup> These assurances were given with no or virtually no consultation with alliance partner America.

By issuing the Three Nos—on missile defense and alliance matters—Seoul was saying to the United States that Beijing, which was threatening South Korea, was more important to the South than America and Americans should be obligated to defend the South but not allowed to use available weapons systems because that would upset China.

Moon has tipped subservience in minor—but nonetheless telling—ways. For instance, in late January 2019 Xi Jinping sent Moon a birthday greeting and Moon proudly showed off the letter from the Chinese leader. The letter, in a breach of well-established diplomatic protocol, was written in Chinese.<sup>14</sup> The clear message was that Xi is still treating South Korea like a vassal state, and Moon implicitly accepted that status by not acknowledging the insult. Moreover, the Chinese have been bullying the South Koreans, telling them to rename the Paroho reservoir, because it was named after a Korean War battle that China's forces lost.<sup>15</sup>

Of course, Moon, the 19th president of the Republic of Korea, did not invent Korean subservience to China. Park Geun-hye, his predecessor, pursued a “G-2” strategy of maintaining good ties with both Washington and Beijing. Many think she went too far in placating China. For instance, despite Washington’s displeasure, Park traveled to Beijing to attend the September 3, 2015 military parade, Beijing’s way of marking the 70th anniversary of the end of the Second World War.

Although Park made occasional attempts to appease China, Moon has been going much further in this regard. He adopted the “balancing role” strategy of one of his predecessors, Roh Moo-hyun, an attempt to move halfway between Washington and Beijing.<sup>16</sup> Moon, by adopting middle ground, was far more China-friendly than not just his immediate predecessor. More than all his 18 predecessors, the current president has shown a greater willingness to respect Beijing’s wishes.

### **Limitations on Chinese Influence**

Relationships on the Korean peninsula have always been complex, in large part because this land is where great powers—China, Russia, Japan, and the United States—have sought influence. In recent years, relations among these powers—especially the United States and China—have been changing, making outcomes in Korea even more difficult to predict or understand. Trends, unfortunately for Beijing, mostly limit Chinese influence.

Up to now, China’s extraordinary power over North Korea and its great influence over the South has meant Beijing has been able to achieve most any outcome it wants, other than the removal of American forces, on the Korean peninsula.

This assessment suggests, apart from the U.S.-South Korea alliance, the current situation on the peninsula must be one Beijing is generally content with. China, therefore, almost certainly favors a two-state solution, continual division of the Korean nation. Continual division means, among other things, Koreans are divided and therefore more intent on fighting each other than China.

Yet Beijing’s ability to maintain two states is certainly declining. First and foremost, both Korean leaders, Moon Jae-in and Kim Jong Un, are now seeking reunification of Korea, so Beijing’s two-Korea policy is something that neither Seoul nor Pyongyang endorses.

Of course, Kim wants a totalitarian Korea and Moon’s conception of a unified Korea—perhaps a loose confederation—is not so clear. Yet

whatever Moon is contemplating, he will ultimately see China as a roadblock to the achievement of his unification ambitions.

For Moon, unification is his life's ambition, something evident in his September 2018 trip to Pyongyang. A reported 100,000 people, many waving either the North Korean flag or the blue-and-white Korean unification standard, greeted the South Korean president. He showed no displeasure at the fact that, in an obvious breach of diplomatic protocol, no one was holding the symbol of his country. The only South Korean flags evident were the two painted on the plane bringing Moon to Pyongyang and the flag badge on the lapel of Samsung's Lee Jae-yong. None of Moon's aides wore a lapel badge of the South's flag.

Moon didn't either. And throughout the trip he went out of his way to downplay the legitimacy of the South Korean state. His language was the key sign. Moon, while visiting the North, often used "*nam cheuk*," literally "south side" or "south," when the custom has been for South Korean leaders to say "*Hanguk*," literally "country of Han people." Similarly, Moon while in the North said "*nam cheuk gookmin*." That translates as "south side citizens." South Korean presidents would normally use "*uri gookmin*," literally "our citizens" and figuratively "my citizens."

In contrast, Kim Jong Un did not reciprocate Moon's rhetorical gestures. During the Moon visit, Kim used the communist term "*uri inmin*," "our people" or "my people."<sup>17</sup>

Moon's choice of terms during the visit was a subtle but significant signal he was not supporting his own country. He even looks like he wants to change Seoul's core position that it is the only legitimate state on the peninsula, a position it has maintained since its founding. Moon's Ministry of Education, disturbingly, has already changed textbooks to eliminate that foundational declaration.<sup>18</sup> In addition, the South's Unification Ministry, according to Washington, D.C.-based analyst Tara O, has deleted the critical phrase from training materials.

Since the division of Korea in 1945, every Korean leader, both north and south of the Demilitarized Zone, has advocated unification. In one sense then, it's no surprise that in his summits with Kim, Moon has advocated the union of the two rival Koreas.

"The two leaders reaffirmed the principle of independence and self-determination of the Korean nation, and agreed to consistently and continuously develop inter-Korean relations for national reconciliation and cooperation, and firm peace and co-prosperity, and to make efforts to realize through policy measures the aspiration and hope of all Koreans that

the current developments in inter-Korean relations will lead to reunification,” states the Pyongyang Declaration of September 19, 2018, issued by Moon and Kim during their summit in the North Korean capital.

Both Seoul and Pyongyang have put forward unification schemes, like regime founder Kim Il Sung’s Confederal Republic of Koryo and South Korean President Roh Tae Woo’s Korean Commonwealth or Korean National Community. Most of these proposals contemplated, as an interim step to full union, one state with two separate governments, but even these loose arrangements failed to gain necessary support. The two Korean states have proven so different—and hostile—that a “marriage of equals” has never been implemented.

So what is different now? Implementation could occur soon. Moon looks like the first Korean leader to accept unification on the terms of the other state, and unlike his predecessors, he is working hard to achieve union. To pave the way for unification, he has tried to make the South’s form of government more compatible with that of Kim’s. Most fundamentally, Moon’s Democratic Party of Korea in early 2018 led an attempt to remove the notion of “liberal” from the concept of “democratic” in the country’s constitution.

The South’s “conservatives” turned back the effort, but the Education Ministry in June of that year tried to change the country’s textbooks, proposing to describe the nation’s political system as just “democracy.”<sup>19</sup> The Ministry ultimately succeeded in removing references to “freedom” in middle-school texts.

On the Korean peninsula, democracy does not have to be “liberal.” The Kimist regime rejects that concept but nonetheless maintains it is “democratic.” Its formal name, after all, is the Democratic People’s Republic of Korea. Moon’s political party shares the “Democratic” label but is leading the attack on liberal governance. For Moon, unification is a goal. For Kim, however, union is a necessity. His family, through three generations of despots, has had one core goal defining its rule, the full takeover of the other Korea.

The Korean peninsula is the world’s most interesting political experiment. There are now two Koreas, one populated by rich Koreans and the other chock full of poor ones. Of course, they sit side-by-side. The poor Koreans can accept their destitution as long as they believe they are sacrificing for an important objective. That objective, they have been told, is the extension of the Kim family’s *juche* system to the entire peninsula.

As David Maxwell of the Foundation for Defense of Democracies has often pointed out, the Kim family has never abandoned its overarching goal of ruling the entire peninsula from Pyongyang. Therefore, the North continually attempts to subvert, coerce, and extort South Korea.<sup>20</sup>

The Chinese, for all their power over the Kim family, cannot change that overarching goal, and there are, unfortunately for Beijing, indications Kim is getting more serious about unification. He has been, for instance, continually talking of “final victory of the *juche* revolution,”<sup>21</sup> Kim family code for ruling the entire peninsula.

The second limitation on Chinese power over the Koreans involves the relations the Koreans maintain with powers outside the peninsula. Beijing is acting within tightening constraints created by others. This means, as a practical matter, the weak are constraining the strong, something the two Koreas have done for decades.

In this regard, there are two powers of particular relevance, the United States of America and the Russian Federation. With regard to Russia, Kim Jong Un has shown an ambition to play off Moscow and Beijing. In April 2019, for instance, Kim went to Vladivostok to meet strongman Vladimir Putin. This move was almost certainly another Kim family ploy, an attempt to counter Chinese influence by creating a new sponsor.

Yet Putin, for all his desire to compete with his Chinese friends and assert Russian influence, does not have the time, resources, or even the ambition to make the Russian Federation a North Asia power. Russian uninterest in the region was evident as far back as the Six-Party talks—and even further to the early 1990s following the failure of the Soviet Union. That uninterest, of course, means China, by default, has been enormously powerful in Pyongyang.

Tomorrow, that situation can change, especially if the North works harder to build a relationship with Moscow, as it might do. The fact there was a trip to Russia in the first place shows Kim’s desire to cut Chinese influence down to size, something his father and grandfather constantly tried to do. Kim Il Sung, the regime founder, was a master of playing off the Chinese and the Soviets, and his son, Kim Jong Il, repeated the maneuver. The game ended when the Soviet Union collapsed, but Kim Jong Un is resurrecting it.

With regard to the U.S., President Trump’s determined outreach to Pyongyang is an apparent attempt to constrain Beijing by peeling away its traditional friends. Indeed, Trump administration North Korea diplomacy has been marked by the absence of China. In the Six-Party talks, the

administration of George W. Bush made Beijing the center of the international community's efforts to disarm North Korea. The Obama administration correctly deemphasized China, and Trump, to his credit, has ignored Beijing altogether.

Chinese diplomats have taken notice of their marginalization. Some believe China acted to restrain Kim Jong Un when it realized that Trump's agreement to meet Kim—the announcement was made in March 2018 by Moon's envoys at the White House—was the first step in a White House effort to reduce Chinese influence in Pyongyang. It was only weeks after the Washington meeting that Kim traveled to China for the first time, suggesting Beijing tried to keep Kim, the leader of its only formal military ally, close.

Trump's obsessive efforts to win over Kim, whatever the American president's motivations could be, are almost certainly viewed with disfavor in Beijing. None of this is to say that Trump policy toward North Korea is, considering everything, advantageous to the United States, but the benefits of Trump policy include keeping Beijing off balance and reducing Chinese clout in the North Korean capital.

American moves are especially important to Beijing because Chinese officials know that Washington could cause extreme pain for their country. For instance, the so-called "trade war" is hurting the Chinese economy by reducing exports to America, and Xi cannot anger Trump for fear of provoking him further.

Moreover, Washington maintains a life-or-death power over the Chinese banking system. The U.S. Treasury Department on June 29, 2017 designated Bank of Dandong, a Chinese bank, a "primary money laundering concern" pursuant to Section 311 of the Patriot Act. The designation, as a practical matter, sawed that bank off from the global banking and financial systems because it could no longer conduct transactions in the world's dominant currency, the dollar.

Bank of Dandong, however, is just a small institution. There are other Chinese culprits, such as Bank of China, one of China's so-called Big Four banks. This financial institution was named in a U.N. report in 2016 for participation in a conspiracy to hide money transfers in Singapore for North Korea,<sup>22</sup> but it has almost certainly been involved in this criminality in other locations, especially in Chinese cities near the DPRK border.

And as big as Bank of China is—it's the world's fourth-largest bank as measured by assets—it is not the biggest Chinese bank cleaning up cash for Kim. There are indications that the world's second- and third-largest

banks, China Construction Bank and Agricultural Bank of China, have been handling illicit transactions for the North.<sup>23</sup> And the same can also be said of the world's biggest institution, the Industrial and Commercial Bank of China.<sup>24</sup>

Moreover, Chinese banks seem to be still engaged in this sordid activity because commodity smuggling, which continues to this day, cannot continue without their handling payments.<sup>25</sup>

So far, American officials have been reluctant to sanction a Big Four bank, largely for fear of disrupting the global financial system and partly over concern for Beijing's anticipated reaction. Yet should China continue to undermine sanctions efforts, it will force Washington's hand, leaving the Trump administration little choice but to impose large fines or make Section 311 designations.

If Trump's Treasury Department were to enforce U.S. law and declare one of these big banks a money-lauderer pursuant to the Patriot Act, it would essentially impose a death sentence on the institution. And the consequences could affect more than the designated bank. Designation would surely rock the fragile Chinese banking and financial systems, the slowing Chinese economy, and perhaps even the Chinese political system.

Given that Beijing understands the severity of consequences, it is unlikely Chinese officials would risk the relationship with the U.S. by openly scuttling negotiations or causing other trouble. Beijing, unfortunately for Xi Jinping, is in no position to defy the United States.

The third factor limiting Chinese influence is one that is self-imposed. Xi Jinping, with harsh rhetoric and antagonistic policies, is taking actions resulting in the isolation of his country, slowly cutting China off from both the United States and others.

China, Arthur Waldron of the University of Pennsylvania told me, "is like the silkworm of the ancient proverb which, having spun herself a cocoon, discovers that so doing has rendered motion impossible."<sup>26</sup> This approach to the world, an echo of policy approached from both China's Maoist and imperial past, has resulted in a loss of influence and will continue to do so, including in Korea.

Great powers are supposed to be able to do what they want. That's a badge—perhaps *the* badge—of greatness. Only weak states, constrained by others, have little freedom of action. Chinese leaders believe their country is the world's next great power, and most everyone agrees.

Beijing has considerable means to influence both Pyongyang and Seoul but now has limited its freedom of action because of its own

counterproductive diplomacy. It is, therefore, looking less like the great power it purports to be.

### **The Nuclear Crisis**

China's role in the North Korean nuclear crisis reveals much about its role on the peninsula. On the surface, Beijing tries to sound reasonable "We call on all parties to cherish the hard-won momentum for dialogue and amelioration, stay committed to dialogue and consultation, show flexibility, enhance mutual trust, and work constructively towards denuclearization and enduring peace on the Peninsula," said foreign ministry spokesperson Geng Shuang in mid-November 2019.<sup>27</sup>

Yet China's role is not benign, and Xi Jinping's gift-giving spectacle of March 2018 says much about Chinese intentions. The giving of those gifts violated U.N. Security Council Resolution 1718, enacted October 2006, banning the transfer of luxury items to North Korean officials. Xi, therefore, was not only flouting sanctions but also supplying proof of his violative conduct.

Why did this brazen conduct matter? Chinese sanctions busting made North Korea more difficult to deal with, as Trump publicly remarked the following May. This master-servant-like relationship between China and the DPRK makes Beijing's protestations of the lack of influence sound disingenuous. The same can be said for Beijing's technological support for the North's weaponization efforts. Kim knows his military runs on Chinese good will.

Of course, China helping the Kim's family obtain the ability to destroy American cities, is perhaps the best indication of Chinese intentions. So, at a minimum, North Korean mischief-making should be viewed as Chinese mischief-making. After all, Kim Jong Un cannot pose much of a threat if he has only crude missiles and nuclear weapons and no cash to launch or detonate them.

What is Beijing's future role in the "denuclearization" process? Xi Jinping is unlikely accept its role as a sideline player. "If talks between Washington and Pyongyang make serious progress, China is likely to give up its bystander status and insist on being a party to the discussions," said the *New York Times*, paraphrasing Korea analyst Yun Sun of the Stimson Center.<sup>28</sup>

Ms. Yun's assessment looks correct, but the question then arises whether the parties will let China back in. After all, it's possible that neither North Korea nor the United States would want to complicate the

situation by introducing, at a late moment, an influence that could prove malign. South Korea might be pressured into advocating a Chinese role, but it is not entirely clear that Moon, a Korean nationalist, would bow to Beijing at a time when unification of the two Koreas looks possible.

It is clear the United States no longer believes the Chinese should play a pivotal role. China wielded great power during the Six-Party talks, which began in 2003. Beijing found itself in the center of the talks primarily because George W. Bush thought it was important to integrate China into the international community.

Beijing, with American sponsorship, acted as if it were the arbiter of the negotiations. Chinese diplomats seemed to enjoy their central role, but they did not use new-found power responsibly. Instead, they helped their North Korean allies frustrate the international community. As a result of China's failure to "step up" to its responsibilities, as diplomats said at the time, the Six-Party talks failed, petering out toward the end of the decade.

The Trump administration, unlike its four immediate predecessors, is not trying to integrate China and has cut Beijing out of nuclear discussions. And in part because of wasting its opportunities during the Six-Party talks, Washington is generally moving against China. Of particular interest are Vice President Michael Pence's groundbreaking October 2018 speech at the Hudson Institute<sup>29</sup> and the December 2017 National Security Strategy, which abandoned the long-used "friend" and "partner" labels and instead called China—along with de-facto ally Russia—"revisionist powers" and "rivals."

With China now seen in Washington as an adversary and maybe even as an enemy, Beijing is on the outside looking in, hoping the parties will eventually accept a larger role on the peninsula for itself. They are unlike to do so. Beijing's fate is still in the hands of others, an uncomfortable position for a prideful power that believes it should itself be in charge.

## Notes:

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<sup>1</sup> Bill Gertz, "Senators Told North Korea Nuclear Threat Is Urgent," Washington Free Beacon, April 26, 2017, [http://freebeacon.com/national-security/senators-told-north-korea-nuclear-threat-urgent/?utm\\_source=Press+List&utm\\_campaign=0917003777-EMAIL\\_CAMPAIGN\\_2017\\_04\\_28&utm\\_medium=email&utm\\_term=0\\_5b0ef94baa-0917003777-45585433](http://freebeacon.com/national-security/senators-told-north-korea-nuclear-threat-urgent/?utm_source=Press+List&utm_campaign=0917003777-EMAIL_CAMPAIGN_2017_04_28&utm_medium=email&utm_term=0_5b0ef94baa-0917003777-45585433).

<sup>2</sup> See Kim Jin-myung, "Xi Showered Kim Jong-un with Gifts During Visit," *Chosun Ilbo* (Seoul), April 5, 2018, [http://english.chosun.com/site/data/html\\_dir/2018/04/05/2018040501162.html](http://english.chosun.com/site/data/html_dir/2018/04/05/2018040501162.html).

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<sup>3</sup> Isozaki Atsuhiko, “Why Kim Jong-un Has Turned to ‘Tributary Diplomacy,’” *Diplomat*, January 23, 2019, <https://thediplomat.com/2019/01/why-kim-jong-un-has-turned-to-tributary-diplomacy/>.

<sup>4</sup> See Gordon G. Chang, “Trump’s Letting China’s Big Banks Launder North Korea’s Cash,” *Daily Beast*, April 16, 2018, <https://www.thedailybeast.com/trumps-letting-chinas-big-banks-launder-north-koreas-cash>.

<sup>5</sup> See Bill Gertz, “Admiral: North Korea Can Hit U.S. With Long-Range Nuclear Missile,” *Washington Free Beacon*, October 12, 2015, <http://freebeacon.com/national-security/admiral-north-korea-can-hit-u-s-with-long-range-nuclear-missile/>; Mark Landler, “Suspected Sale by China Stirs Concern at White House,” *New York Times*, April 20, 2012, [http://www.nytimes.com/2012/04/21/world/americas/suspected-sale-by-china-to-north-korea-stirs-concern.html?\\_r=1](http://www.nytimes.com/2012/04/21/world/americas/suspected-sale-by-china-to-north-korea-stirs-concern.html?_r=1).

<sup>6</sup> See Elizabeth Shim, “North Korea Keeps Importing Banned Components from China, Analyst Says,” *United Press International*, May 11, 2016, [http://www.upi.com/Top\\_News/World-News/2016/05/11/North-Korea-keeps-importing-banned-components-from-China-analyst-says/3631462990916/](http://www.upi.com/Top_News/World-News/2016/05/11/North-Korea-keeps-importing-banned-components-from-China-analyst-says/3631462990916/).

<sup>7</sup> See Gordon G. Chang, “Did North Korea Just Launch a Chinese Missile?” *National Interest*, February 15, 2017 (analyses of Tal Inbar of Israel’s Fisher Institute for Air and Space Strategic Studies and Bruce Bechtol of Angelo State University in Texas), <http://nationalinterest.org/feature/did-north-korea-just-launch-chinese-missile-19459>.

<sup>8</sup> Lee Jeong-ho, “North Korean Trade With Biggest Partner China Dives 48 Per Cent Amid Sanctions,” *South China Morning Post* (Hong Kong), July 19, 2019, <https://www.scmp.com/news/china/diplomacy/article/3019348/north-korean-trade-biggest-partner-china-dives-48-cent-amid>. The country in second place, Russia, accounted for only 1.2% of North Korea’s trade.

<sup>9</sup> For a discussion of how China supports North Korea through oil shipments, see Benjamin Katzeff Silberstein, “China’s Sanctions Enforcement and Fuel Prices in North Korea: What the Data Tells Us,” *38 North*, February 1, 2019, <https://www.38north.org/2019/02/bkatzeffsilberstein020119/>.

<sup>10</sup> See, e.g., Naomi Xu Elegant, “Why China’s Digital Currency Is a ‘Wake-Up Call’ for the U.S.,” *Fortune*, November 1, 2019, <https://fortune.com/2019/11/01/china-digital-currency-libra-wakeup-call-us/>.

<sup>11</sup> Hamish Macdonald, “N.Korean Diplomat Defector Talks Trump, Sanctions and Kim Jong Un,” *NK News*, January 25, 2017, <https://www.nknews.org/2017/01/n-korean-diplomat-defector-talks-trump-sanctions-and-kim-jong-un/>.

<sup>12</sup> Taehoon Lee and James Griffiths, “South Korea Suspends THAAD Deployment,” *CNN*, June 8, 2017, <https://www.cnn.com/2017/06/07/asia/south-korea-thaad-suspended/index.html>.

<sup>13</sup> See “South Korea’s ‘Three No’s’ Announcement Key to Restoring Relations With China,” *Hankyoreh* (Seoul), November 2, 2017, [http://english.hani.co.kr/arti/english\\_edition/e\\_international/817213.html](http://english.hani.co.kr/arti/english_edition/e_international/817213.html).

<sup>14</sup> See tweet, The Office of President Moon Jae-in, January 24, 2019 at 7:29 AM, <https://twitter.com/TheBlueHouseENG/status/1088413533136547840>.

<sup>15</sup> See tweet, Tara O, May 30, 2019 at 10:40 AM, <https://twitter.com/DrTaraO/status/1134107243660677120>.

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<sup>16</sup> See Choe Sang-Hun, "South Korea's 'Balancer' Policy Attacked," *New York Times*, April 9, 2005, <https://www.nytimes.com/2005/04/09/world/asia/south-koreas-balancer-policy-attacked.html>.

<sup>17</sup> Tara O, e-mail message to author, September 20, 2018.

<sup>18</sup> "S. Korea to Change National Identity from 'Free Democracy' to 'Democracy,'" Yonhap News Agency, June 21, 2018, <https://en.yna.co.kr/view/AEN20180621011400315>.

<sup>19</sup> Ibid.

<sup>20</sup> See, e.g., David Maxwell, e-mail message to listserve group, September 21, 2018.

<sup>21</sup> See, e.g., Sung-Yoon Lee, "Dear America: Don't Fall for Pyongyang's Predictable, Poisonous Ploy," *Hill*, January 4, 2018, <https://thehill.com/opinion/international/367379-dear-america-dont-fall-for-pyongyangs-predictable-poisonous-ploy>.

<sup>22</sup> See Colum Lynch, "U.N. Panel: North Korea Used Chinese Bank to Evade Nuclear Sanctions," *Foreign Policy*, March 7, 2016, <https://foreignpolicy.com/2016/03/07/u-n-panel-north-korea-used-chinese-bank-to-evade-nuclear-sanctions/>.

<sup>23</sup> See Christian Berthelsen, "U.S. Considered Blacklisting Two Chinese Banks Over North Korea Ties," *Bloomberg News*, April 13, 2018, <https://www.bloomberg.com/news/articles/2018-04-13/china-banks-aiding-north-korea-are-said-too-big-to-punish>.

<sup>24</sup> See Bruce Einhorn and Heesu Lee, "China's Big Businesses Risk Trump's Punishment Over North Korea," *Bloomberg News*, August 24, 2017, <https://www.bloomberg.com/news/articles/2017-08-24/china-s-big-businesses-risk-trump-s-punishment-over-north-korea>.

<sup>25</sup> Surreptitious commodity dealings between Chinese and North Korean parties almost certainly mean China's banks have been violating U.S. law. "Chinese customers are still violating U.N. sanctions by buying coal from North Korea," sanctions expert Joshua Stanton maintains. "They're almost certainly paying North Korea through our financial system, using a Chinese bank. Justice Department documents have implicated large Chinese banks in coal purchases from North Korea. If the Obama administration was willing to impose heavy fines on Europe's biggest banks for violating Iran sanctions, the Trump administration must be willing to hold Chinese banks accountable for breaking our laws and U.N. sanctions, too. A president's word must mean something." Joshua Stanton, e-mail message to author, December 8, 2017.

<sup>26</sup> Arthur Waldron, e-mail message to author, May 29, 2019.

<sup>27</sup> "China Calls on All Parties to Cherish Hard-Won Momentum for Dialogue on Korean Peninsula," *Xinhua News Agency*, November 14, 2019, [http://www.xinhuanet.com/english/2019-11/14/c\\_138555609.htm](http://www.xinhuanet.com/english/2019-11/14/c_138555609.htm).

<sup>28</sup> Jane Perlez, "Talks with North Korea? China Approves (No Matter the Outcome)," *New York Times*, March 7, 2018, <https://www.nytimes.com/2018/03/07/world/asia/north-korea-china-talks.html>.

<sup>29</sup> "Remarks by Vice President Pence on the Administration's Policy Toward China," *Hudson Institute*, Washington, D.C., October 4, 2018, <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-administrations-policy-toward-china/>.