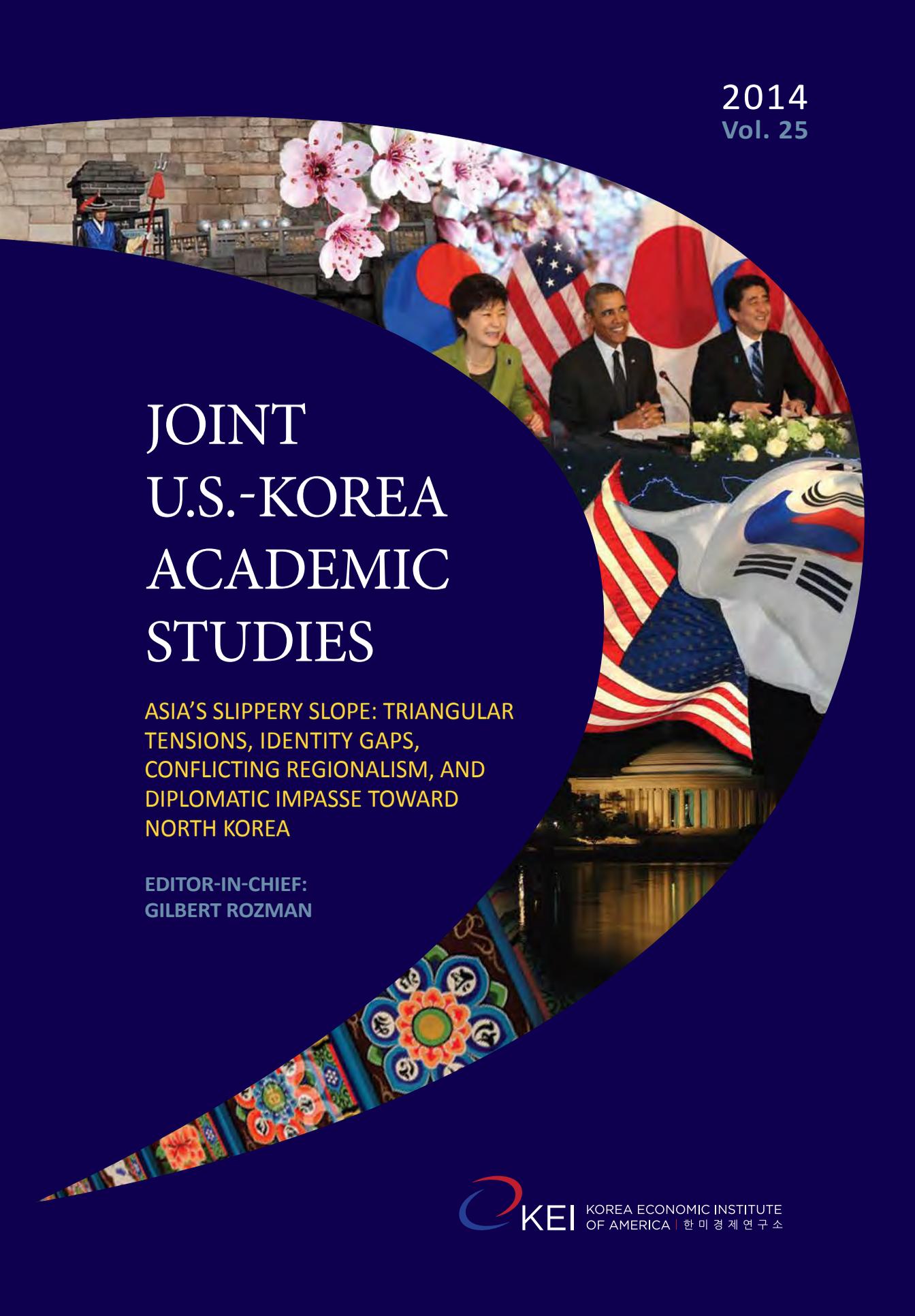


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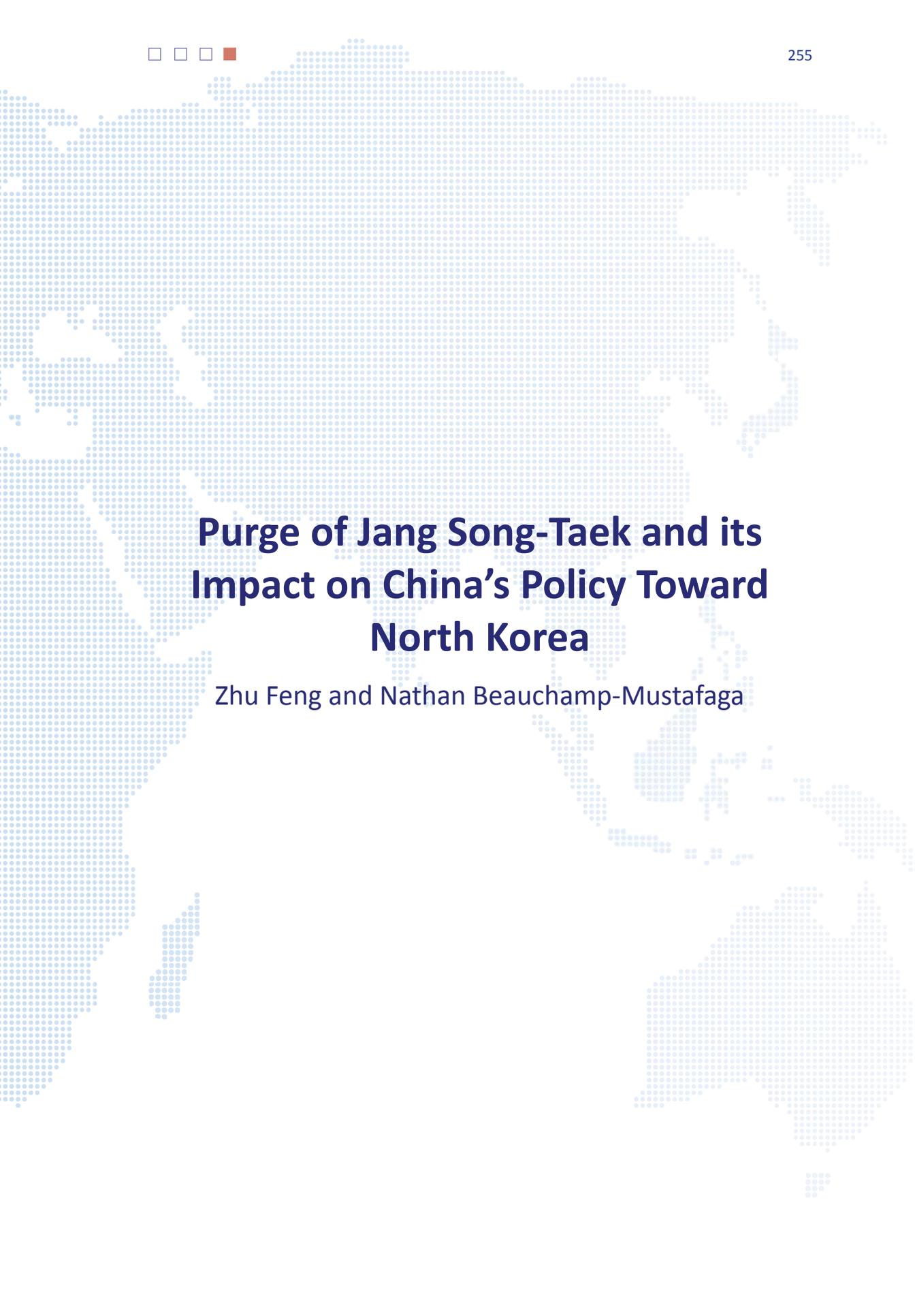
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NEW THINKING ON DIPLOMACY
TOWARD NORTH KOREA



Purge of Jang Song-Taek and its Impact on China's Policy Toward North Korea

Zhu Feng and Nathan Beauchamp-Mustafaga

On December 12 Jang Song-taek, largely considered the second most powerful man in North Korea and a well-known “China hand,” was executed for treason and corruption, leaving the Chinese government without its most trusted interlocutor and Chinese companies without their most important business contact. Jang, who was referred to by the KCNA as the “despicable human scum Jang, who was worse than a dog,” was publicly purged, arrested, and executed in just four days for “[perpetrating] thrice-cursed acts of treachery in betrayal of such profound trust and warmest paternal love shown by the party and the leader for him.”¹ These salacious, headline-making accusations were likely less shocking to Jang’s Chinese counterparts than the fact that he was purged and executed so suddenly, threatening their economic plans for North Korea and eliminating their bridge into their reclusive neighbor. Jang’s brutal purge presented Beijing with pressing questions and no real answers—does China understand Kim Jong-un; can China trust him; and do China’s interests still dictate support for Pyongyang?

JANG’S EXECUTION IRRITATES CHINESE LEADERS AND DISGUSTS THE CHINESE PEOPLE

Jang Song-taek’s execution surprised the world and China as well, but how this affects China-DPRK ties has been persistently mysterious since then. Even months later the implications remain truly hard to estimate, given Beijing’s unchangeable twin concerns about North Korea: denuclearization and instability. It is becoming clearer that Beijing might be more concerned with the reality that the young leader Kim Jong-un has proven to be more inexperienced and less trustworthy than his father. This reality is driving the policy balancing in China’s DPRK policy more than its previous sputtering thinking about a strategic buffer.

Jang’s brutal purge is a loss for China. As broadly believed, he is a well-known “China hand,” dominating most of the trading and economic transactions between Pyongyang and Beijing when he was powerful. His execution left China without its most trusted interlocutor for its economic counterparts and, perhaps, the trading partner with whom it was arguably best acquainted. Beijing’s surprise at Kim Jong-un’s relentlessness was quickly overshadowed by the huge disappointment at its inability to know what had previously gone on between Kim and Jang. Otherwise, Beijing would have perhaps sorted out some way to mitigate the predicament. A few question marks arose shortly after Jang’s execution, and there was no way to gloss over them—what is the real nature of the Kim Jong-un regime? Is it possible for the regime to take China’s interests seriously? And furthermore, should China’s genuine calculus be to continuously support Pyongyang as it is? Obviously, exploring such questions has fueled Chinese ire.

Beijing’s official response can be characterized as the “desperation of quietness.” China’s foreign ministry spokesman even emphasized that the execution is North Korea’s internal affair, and there is no appetite in China to intervene. But China’s real response was a mixture of growing irritation and mounting anxiety—irritation at the young Kim for his indifference to Jang’s China association, and anxiety over China’s lack of leverage to foresee North Korea’s domestic dynamics and, in a timely manner, to react.

The Xi Jinping administration quickly decided to let the young Kim know of China's irritation. Previously every time there was something big happening, Beijing would choose to send a high-ranking official—a special envoy from China's top leader—to visit Pyongyang to inquire in person. Or, an important figure from the North would quickly make his way to Beijing, asking about China's response. Jang's execution did not elicit any official communication between the two sides. The CCP International Department, a long-time messenger between the two countries, seems quite idle these days. The irony usually is this: there is no possible flow of assistance without the dispatching of a high-level official to Pyongyang. Since Chinese Vice President Li Yuanchao visited Pyongyang to attend the 60th anniversary of the end of the Korean War military parade in July 2013, the China-DPRK official connection has been frozen.²

Jang's execution immediately attenuated Beijing's diplomatic passion to pursue its "persuasion campaign" to achieve the restoration of the Six-Party Talks. China's chief representative to the multinational talks, Ambassador Wu Dawei, engaged in shuttle diplomacy among Washington, Seoul, and Moscow between September and November 2013 purporting to persuade the parties to return to Beijing for talks with the DPRK on the denuclearization process. So far in 2014, there seems to be little sign that Beijing will work on that "pull-and-push" policy any longer unless Pyongyang sincerely shows the world community that it will use nuclear abandonment to break its self-imposed isolation.

Without Beijing's bundle of promised assistance, North Korea's economic situation will quickly become desperate. The adverse consequences of Jang's execution have surfaced recently. Because Jang's followers have been similarly purged, Jang's business "empire," tangible and intangible, has broken into pieces. Even with the authorization to Prime Minister Park Bung-chul to fill the gap, it is most improbable that he could reestablish a massive network quickly to replace Jang's. Therefore, most Chinese business people are not able to contact their business partners in the North, and there is no way that they can maintain their activities both in the border areas and within North Korea. There is no exact number for the moment showing how hard the blow has been for China-North Korea underground trade and business, but it is virtually certain that the trading volume in 2014 will register a sharp drop.

Jang's execution has suddenly resulted in a huge loss of Kim Jong-un's financial income. Jang usually amassed money from his "empire," and provided funding for the operation of a goodly number of political activities and events to show people the benevolence of their leader. But with Jang's execution, the money provided through his network is gone. Kim Jong-un must know how it hurts. Whether this adversity will eventually be overcome might depend on China's decision to sustain the survival of the North or just to leave it alone.

Five months after the initial media hype over the motivations and implications of Jang's purge, the full fallout for China-North Korea relations remains a mystery, even to those in Beijing and Pyongyang. Exasperated as the Chinese leadership may be, its top priorities remain stability and denuclearization, and it is unlikely that Beijing will see this event as the tipping point for a new strategic calculus in China-North Korea relations. However, Jang's purge crystallizes Beijing's belief that Kim Jong-un is more inexperienced, more reckless, and less reliable than his father, Kim Jong-il. This lack of faith in the younger Kim is now driving Chinese policy more than the previous core belief of North Korea as a strategic

buffer. Under this new outlook, China may increasingly rely on threats and pressure rather than incentives and reassurances to alter North Korea's behavior. Furthermore, Beijing may be more interested in closer cooperation with the United States and South Korea now that Kim has started to directly impact Chinese economic interests and appears willing to gamble North Korea's political stability in his quest for greater personal power.

The Chinese government's official response has been one of studied calm, but other signs point to a surprised and worried benefactor. After the KCNA's official statement on the purge, Ministry of Foreign Affairs (MFA) spokesperson Hong Lei said the purge was North Korea's "internal affair" and defended the economic relationship by saying it "serves the interests of both sides."³ Anxiety about China's lack of intelligence on North Korea's domestic dynamics, reinforced by Beijing's surprise at Jang's purge, continues a disturbing trend, both for Beijing's own peace of mind and for the rest of the world—Pyongyang does not communicate crucial events to its only ally.⁴ The surprise at Kim's brutality was quickly followed by Beijing's disappointment at not being able to foresee and mitigate the impending purge of its most reliable advocate within the Kim regime.

FEARING A DOMINO EFFECT ON TRADE RELATIONS

Beijing fears Jang's purge will damage the economic ties it has been steadily building with North Korea, jeopardizing its economic interests and possibly Beijing's behind-the-scenes efforts for denuclearization. In contrast to the official line, Chinese commentary in the mainland media reveals that Beijing is remarkably concerned for the future of China-North Korea economic relations, especially the Rajin port after it was singled out by North Korea as one of Jang's crimes.⁵ This accusation is obviously targeted at China and suggests that North Korea also knew that Jang was China's man in Pyongyang, and no longer approved. While Jang's China ties may be a cover-up for the real domestic power struggle, the accusations could also signal Pyongyang's intention to reduce its economic reliance on Beijing or create negotiating leverage for a more equitable trade relationship going forward. In response to this perceived threat to Chinese economic interests in North Korea, one prominent Chinese scholar, Central Party School professor Zhang Liangui, even suggested that China should rethink its policy on non-intervention.⁶

Jang's purge has already affected Chinese traders and investors in North Korea, although the true impact may never be known since so much trade goes unrecorded. Since the purge extended to Jang's followers, his business "empire," largely funded by trade with China, has collapsed and Chinese businesses are having difficulty contacting their North Korean business partners to maintain normal trade relations. This, in turn, means that the Kim regime will be looking for new revenue streams, since Jang's network funded many of its activities.

Moreover, SIPRI's latest report on China-North Korea relations asserts that China's economic push into North Korea is part of the Chinese government's strategy for denuclearization.⁷ If this is true, then Jang's purge not only cost Beijing its most trusted interlocutor and its biggest supporter of Chinese trade and investment, but also threatens its plan for denuclearization. Thus, Jang's purge may force China to change its denuclearization strategy if North Korea

walks away from economic cooperation with China. This suggests that despite the Chinese government's nonchalance, Beijing is very worried about the message Jang's criminal accusations were intended to send to China and the potential impact not only on Chinese trade and investment with the North but also on denuclearization efforts.

BEIJING'S NEW APPROACH TO THE YOUNG LEADER: A COLD SHOULDER

In response to Kim killing China's inside man, Beijing has adopted a new approach to North Korean misbehavior—silence. When North Korea has made pivotal decisions in the past, China would either dispatch or receive a senior official—a special envoy from the top leaders—to communicate China's response in person. Yet since Jang's execution, there has been no such official communication between the two sides. Indeed, the CCP International Liaison Department has remained idle since political ties were frozen following Vice President Li Yuanchao's visit to Pyongyang. China's vital assistance will likely not resume until a high-level official visits either Beijing or Pyongyang; so the onus is on Kim to revive the relationship.

Beijing's silence has only been broken by a fleeting call for Kim to make his first visit to Beijing, likely for what would best be described by American diplomats as a “frank” discussion to explain his actions. Following the KCNA's official announcement of Jang's crimes on December 9, the Chinese state-run media made an immediate overture to Kim for a visit to China. On December 10, *People's Daily* ran a *Global Times* editorial stating that “China should help bring about Kim Jong-un's visit to China as soon as possible.”⁸ The resumption of talk about a Kim visit reveals that the Chinese government is concerned enough to want a face-to-face meeting with Kim, possibly after concluding that no one can challenge Kim for power now that Jang is gone. However, it is unlikely he will be extended such an honor unless Kim is prepared to come with a necessary concession—a readiness to give up North Korea's nuclear weapons.⁹

Chinese leaders are quickly growing tired of Kim's antics and politics. Kim Jong-un's third nuclear test last February and war-mongering threats last March and April outraged Chinese leaders. Jang's execution undoubtedly only increased President Xi Jinping's abhorrence for the young leader, as Xi's strong advocacy for cleaning up Chinese domestic politics stands in stark contrast to the Kim dynasty's lavishness and malicious personal cult. Xi's signature theme, the “China Dream,” focuses on enhancing the lives of the people, relegating the political darkness of North Korea to a bygone era. North Korea appears to increasingly realize that its behavior has pushed China farther away, but instead of mending relations with Beijing, Pyongyang has turned to other suitors. North Korea's recent overtures to South Korea suggest China's tougher policy is already having an effect.

OLD STRATEGY, NEW TACTICS?

Beijing may be nearing a critical juncture for its North Korea policy. Although China has, in the past, resisted altering its long-term strategic objectives on the Korean Peninsula in response to short-term problems, the current recklessness exhibited by Kim over his first two years in power may begin to loom as a long-term problem for Chinese leaders as they judge

he is not following the acceptable learning curve. Without China's continued assistance, North Korea will likely perish sooner or later, but unconstrained support will enable the long-stalled nuclear standoff to persist, and there will be no resolution to the growing uncertainty inside North Korea. Jang's execution will not be the straw that breaks the camel's back, but it does serve as a clear signal that continued non-action in support of the North Korean regime raises the stakes for the Chinese leadership.

Continuously resuscitating the North notably puts at risk for China not only the effects of the long-stalled nuclear standoff, but also the consequences from growing uncertainty inside that country. Kim Jong-un's third nuclear test last February and war-mongering threats last March and April outraged Chinese leaders. Jang's execution forces Chinese leaders to be conscious of the higher stakes at risk. Kim Jong-un's capricious nature compels Beijing to think about alternatives that would be instinctively different from previous ones. For example, China's three military exercises along the border with the DPRK in North Korea in less than two months, culminating with 100,000 troops from the unit stationed closest to the border, are presumably less focused on a scenario of an American military incursion, and more on that of the DPRK's domestic implosion as a result of Kim Jong-un's mismanagement. Immediately after news of Jang's purge, 3,000 troops from the 39th Group Army under the Shenyang Military Region, the region responsible for North Korean contingencies and the Group Army stationed closest to the border, exercised near Changbai Mountain. Then in late December, the Chinese Navy drilled in Bohai Bay, the waters between China and North Korea. Finally, in early January 2014, the PLA conducted a massive military drill, again near Changbai Mountain, with 100,000 troops from the same 39th Group Army, among others.¹⁰

For his personal popularity Xi Jinping chose to keep the DPRK far away. As long as Beijing holds the line on giving North Korea the cold shoulder, the Kim Jong-un regime will inevitably have to struggle to change its posture in order to secure its survival. Its recent grappling to court the ROK is evidence that China's policy turn of being tough will, as expected, have some bearing. Kim Jong-un might eventually want to visit Beijing to seek some lenience; however, it is out of the question that he would be welcome if he only comes with empty hands and no readiness to give up his nuclear weapons.

As Kim continues to ignore China's signs of increased frustration, Beijing is growing increasingly comfortable favoring "sticks" above "carrots" to remind North Korea who is the patron and who is the client. While Beijing is not considering a change in policy by Western standards, namely abandoning North Korea, it is looking to use new tools to better manage the relationship more in line with China's own interests. China's reaction to North Korea's third nuclear test may have provided the first glimpse of this tactical preference. The Chinese government agreed to an unprecedented level of UN Security Council sanctions on North Korea and even unveiled unilateral measures, including the Bank of China's decision to end banking ties with North Korea's Foreign Trade Bank and the Chinese Ministry of Commerce's September 2013 announcement of an export ban on certain dual-use items.¹¹ One notable change is that Beijing is more responsive to Pyongyang's bad behavior and less trapped in the view of North Korea as a buffer, i.e., China's North Korea policy is becoming more proactive. As long as North Korea continues to be provocative, Beijing will find no other option than to bring its policy more in line with the international community.

IS IT LIKELY THAT CHINA WILL TAKE A HANDS-OFF APPROACH TO NORTH KOREA?

Dramatically, Pyongyang seems to have turned to flattering the Chinese people rather than Chinese leaders. A North Korean diplomat published a rare article in *Global Times*, a notorious nationalist medium, to defend its policy of maintaining cemeteries of Chinese war dead from the Korean War of 1950-53. DPRK Ambassador Cho openly called at a press conference in Beijing for rebuking the United States and the ROK for their upcoming joint military drill. What we can imagine is motivating this is Pyongyang's worry about the drift of China away from it, and in trying to pull China back, it is resorting to traditional appeals to the "lips-and-teeth" friendship and to the American conspiracy theory. I am deeply skeptical how effective such tactics will be given China's increasing pluralism domestically.

It is quite likely that Beijing will continue to walk a fine line, and it is quite less likely that Beijing will thoroughly change its policy course toward the DPRK, i.e., abandoning Pyongyang by cutting off oil and food supplies. Actually, it is not realistic to expect China's policy toward the DPRK to embrace such a completely dramatic change given the intensified geopolitical complexity in East Asia. Yet, a remarkable change in China's policy is that it is more sensitive to Pyongyang's bad behavior and less entangled in its previous thinking. China's posture toward the DPRK shows signs of recognizing the need to be forward leaning. As long as the DPRK continues to be provocative, there is no way but to insist on a policy adjustment more in line with the international community.

For the time being, the challenge is for the United States and South Korea to respond to Beijing's cold-shoulder towards DPRK with a greater effort to find a shared vision. It could take the form of three-way consideration of how to deal with the endgame of the Kim Jong-un regime. The DPRK has never been weaker due to Chinese abhorrence of it.

Secretary of State John Kerry's visit to Beijing in February 2014 presented an opportunity for increased cooperation on North Korea policy as Beijing was giving a cold shoulder to Pyongyang. One tangible sign of increased Chinese willingness to move forward on policy would be its insistence on persuading Pyongyang to return to the Six-Party Talks without increasing the assistance level to its troubled ally. To what extent Beijing would use its leverage—cutting off oil provisions and even reducing food assistance—to force the North to recede seems uncertain for the time being. One of the obvious misgivings on China's side is that it has no willingness to carry on prominent discussions planning for a North Korea collapse scenario with the United States. Diplomatically, Beijing's current stance is to distance itself from the Kim Jong-un regime, and there is no doubt that it would not welcome the young leader's visit until he could show real sincerity for abandoning nuclear weapons. Instead, China will lean towards greater unity with Washington and Seoul on denuclearization. How to force North Korea to return to the talks remains a big struggle for Beijing, unless it is really ready to brandish its "stick." At least this much is true: Beijing has implemented trade sanctions against Pyongyang seriously and firmly since the third nuclear test in February 2013.

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