

China-Korea Relations:

The Winds of Change: Fresh Air or Pollution?

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The only major diplomatic event in North Korea-China diplomatic relations during the first quarter of the new year was a one-week visit to Shanghai and Beijing by DPRK National Defense Commission Chairman Kim Jong-il. However, Kim Jong-il's surprise visit holds potentially critical significance not only for the direction of North Korea's domestic policy, but also for China, which aims to strengthen its relationships with both Pyongyang and Seoul, and even for the future direction of U.S.-DPRK relations in the transition to the new George W. Bush administration. Sino-ROK relations included a deepening of official cooperation and joint research to examine transnational environmental problems, renewed expressions of South Korean interest in Tumen River area development projects, and stepped up business cooperation in China's telecom sector as Korean firms seek advantages in China to avoid the economic downturns in the U.S. and Japan.

The Dear Leader Does Shanghai

DPRK National Defense Commission Chairman Kim Jong-il has become a regular visitor to China, making his second visit to the PRC in less than eight months during January 15-20. Whereas the first secret visit last May primarily held political and diplomatic significance in the run-up to the inter-Korean summit in Pyongyang last June, this visit clearly was designed to send an economic message to his colleagues back home. Although there was time for diplomatic meetings with Premier Zhu Rongji and President Jiang Zemin, the primary significance of the visit was to underscore the need for "New Thinking" that had been emphasized by the leading institutions of North Korean society in the annual New Year's day joint editorial that had been released only two weeks prior to Kim Jong-il's arrival in Shanghai.

Chairman Kim Jong-il stayed in Shanghai at the Jin Jiang Hotel, the same hotel where Nixon stayed during his historic visit almost three decades ago. Kim Jong-il's itinerary included the Shanghai Stock Exchange, a U.S.-Chinese automobile manufacturing joint venture, and a variety of Chinese companies in the information technology sector, an area that has emerged as a special interest of the Dear Leader. At the Shanghai Stock Exchange, which he reportedly visited twice during his visit, Kim Jong-il is rumored to have taken over the presentation at one point, describing to his accompanying contingent of generals and leading officials the benefits and central role of a stock market as a

vehicle for mobilizing the capital necessary to catalyze economic growth. He praised China's decision to pursue economic reforms and his visit to Shanghai was reported in detail in North Korea's domestic broadcasts of the *Korean Central News Agency* (KCNA). Kim Jong-il is reported to have said, "This is my second visit to Shanghai in 17 years. But all things, except for the river (running through the city), seem to have changed."

Many foreign observers were caught off guard by the visit. Indeed, he has said and done more to open the way for the exploration of new economic approaches in North Korea than many external observers would have thought possible even one year ago. Even if Kim Jong-il has not repeated Deng Xiaoping's famous phrase that "it doesn't matter whether the cat is black or white, so long as it catches mice," the symbolism and message accompanying his Shanghai visit give North Korean functionaries plenty of room for maneuver and potential for experimentation as part of the political line of "New Thinking" in North Korea. Moreover, this message has been accompanied by the consistent implementation of a DPRK "charm offensive" during the past year, whereby Pyongyang has normalized its relations with almost all the European Union countries, Australia, New Zealand, and Canada, among others. North Korea has opened its door, but it's not yet clear what will come in with the winds of change. The basic problem remains; lower level functionaries don't know the parameters and limits of the reform process that has been endorsed by the Dear Leader. Further, it is not clear that there is a group of qualified technocrats in North Korea with sufficient training to effectively pursue the new direction that Kim Jong-il seems to be advocating.

In a meeting with Kim Jong-il in Beijing following his Shanghai visit, President Jiang Zemin reaffirmed that China would continue to support the inter-Korean reconciliation process, and that he may make a return visit to Pyongyang later this year. Zeng Qinghong, head of the Chinese Communist Party's (CCP) Organization Department, visited Pyongyang in late March, reportedly to make preparations for Jiang's first visit to Pyongyang as president of the CCP. The renewed interaction at top levels between Pyongyang and Beijing has come at a welcome time from Beijing's point of view. The summit and its aftermath have put into play several scenarios for a reshaping of regional security relations in Northeast Asia, and China's responses have revealed both nervousness and calculation in response to events as they have unfolded.

First, the announcement of the inter-Korean summit itself (and the fact that the preliminary arrangements for the summit took place on Chinese soil) was warmly welcomed by PRC Foreign Minister Tang Jiaxuan, not least because there was no third-party role for the United States in arranging the summit. Second, the extraordinary developments in the U.S.-DPRK relationship last fall, including the visit of Special Envoy General Jo Myong-rok to Washington last October, Secretary of State Albright's return visit less than two weeks later, and the prospect of a visit to Pyongyang by President Clinton, were largely unsettling to Chinese observers. The rapid pace of events raised the possibility that the United States might shape a Korean Peninsula reconciliation that would redound to the disadvantage of Chinese security interests by removing the North Korean "security buffer" created by Korea's division and replacing it

with a Korea that had been unified on U.S. terms. Other Chinese analysts, however, held their breath and hoped aloud that the United States would never allow Korean reunification to occur because it would be detrimental to the U.S. security strategy and presence in Asia. With the incoming Bush administration's "time out" to review the relationship and the prospect that U.S. pressure could derail inter-Korean rapprochement and again heighten tensions in the U.S.-DPRK relationship, China has returned to its traditional position of urging the United States to improve relations with Pyongyang.

Some analysts have in fact argued that Washington was yet another target of Kim Jong-il's visit to Shanghai. First, the timing of the visit put Kim Jong-il in Shanghai--surrounded by symbols of "renewal" and "fresh starts"--just prior to both the U.S. presidential inauguration and the Lunar New Year. Second, Kim Jong-il may have seen the symbolism of his visit and meetings with Jiang Zemin as another way of affirming that North Korea intends to come out and be a full participant in the international community, therefore U.S. containment policies toward Pyongyang are unnecessary. These messages had already been reinforced through the dialogue that had taken place regarding a U.S.-DPRK missile deal and possible Clinton visit to Pyongyang. In fact, the Kim Jong-il visit to Shanghai may have originally been conceived as a post-script to a possible Clinton visit as a way of further signaling Pyongyang's arrival on the international stage, while also balancing any possible diplomatic breakthroughs with Washington by providing reassurance to counterparts in Beijing.

Winds of Spring from the Gobi to Seoul: Environmental Cooperation Imperatives

Spring brings to Korea the annual problem of "yellow dust" from China's Gobi Desert, which blows in a wide swath across the Korean Peninsula. Environment ministers from Beijing, Seoul, and Tokyo have begun to meet regularly to encourage technical research and cooperation on this issue. This year's third Tripartite Environmental Ministers' Meeting is set for April 6-8, at which time the environment ministers will specifically discuss the "yellow dust," its composition, and issues of ecology restoration and monitoring in Western China, where the dust originates.

In addition, hundreds of international researchers, including representatives from the U.S. National Air and Space Administration (NASA) and the National Oceanographic and Atmospheric Administration are launching a major research project entitled, "Aerosol Characterization Experiments-Asia," sponsored by the International Global Atmospheric Chemistry Program, which is conducting experiments on global environmental change. Over 30 cooperating organizations will be involved in collecting data and organizing this research. Additional research in Korea during the past year has continued to raise concerns about the toxicity of the dust particles, which increasingly contain higher metal densities than in the past. The dust particles decrease visibility and can result in eye, nose, and respiratory illnesses. There also has been concern that such dust particles might be able to transmit the types of foot-and-mouth viruses that triggered the outbreak of that disease in the United Kingdom.

Sino-Korean Exchanges: The Good, the Bad, and the Radioactive

South Korea continues to benefit as the primary point of trans-shipment between Northeastern China and the rest of the world. Incheon International Airport, opened on March 29, is designed to serve as a key transit hub for the movement by air of people and supplies in to and out of China and throughout the region. The opening of the new airport has allowed over 30 new flights per week to be established between South Korea and China. The port at Pusan also surpassed Kaohsiung, Taiwan, as the third busiest container handling port in the world last year (with 7.54 million twenty-ton equivalents of cargo in 2000) behind Hong Kong and Singapore, largely on the strength of continuing growth in trans-shipments between Western Japan and Northeastern China, which require off-loading and transfer to smaller boats before proceeding to Chinese ports of entry.

The development of a Korea-focused regional transportation infrastructure has stimulated renewed interest on a limited basis in the Tumen River Area Development Project, a vision promoted by the United Nations Development Program from 1990. Although little progress has been made in the intervening decade, the inter-Korean reconciliation process and growing regional economic ties appear to have stimulated renewed interest by the Federation of Korean Industries in the project, and the prospect of multilateral funding for North Korea-related projects from the Asian Development Bank or other international financial institutions might stimulate renewed interest in pursuing the feasibility of the project. There have been regular trans-shipments to Northeastern China from Pusan to Rajin-Sonbong and overland transfer to China via a two-lane winding dirt road from Rajin-Sonbong to Hunchun. However, now that a four-lane highway from Hunchun to Yanji has been completed on the Chinese side, cutting significantly the travel time for container trucks, the next logical step will be to pave and widen the approximately 50-km road from the Chinese border to Rajin-Sonbong port and complete China's northern link to the sea by road through North Korea.

Despite the possibility of global economic recession, Sino-South Korean telecom links continue to grow, with South Korean competitors crowding in to snag a portion of the CDMA (code-division multiple access) contracts opening up as part of China's mobile telecommunications infrastructure. China Unicom started bidding for CDMA infrastructure projects expected to reach over \$1.5 billion in value (and an additional \$2.4 billion handset market) on March 26, with active participation anticipated by sectoral leaders Samsung Electronics and LG Electronics. China Unicom has also entered into a cooperation agreement with SK Telecom. Industry specialists predict the establishment of a single regionwide CDMA system among China, Japan, and South Korea by the end of the year. In addition, the weakening Japanese yen has led to corresponding decreases in the value of the Korean won, a phenomenon that is forcing more Koreans to seek off-shore manufacturing capabilities in China in order to retain cost competition for many manufactured goods. For instance, Hansol Electronics has initiated a joint venture to build PC monitors with China's Great Wall Group. The ROK government is moving to establish a second information technology support center (known as an iPARK) in Shanghai, China, to complement existing centers in Beijing and Silicon Valley, California. South Korea's Aerospace Research Institute has also announced that its

second KOMPSAT satellite will be launched in April 2004 by China's Great Wall Industry Corporation.

The negative impact of people flows has also made itself felt in the Sino-Korean relationship, with over half of the 188,995 illegal foreign residents in Korea during the year 2000 coming from China. Over 95,600 Chinese nationals overstayed their visas during the year 2000, 57,600 of whom are ethnic Korean Chinese. In addition, China remains the primary transit point for an increasing number of North Korean refugees, which continued to grow at a record-setting pace in the early part of 2001 over the 312 refugees that came to South Korea via third countries in the year 2000. Once again, pressures may be building for a diplomatic conflict between Seoul and Beijing over handling of North Korean refugee issues, as recent media reports have provided detailed descriptions of South Korean NGO efforts to help North Korean refugees in Northeastern China and Amnesty International has recently issued a report entitled "Democratic People's Republic of Korea: Persecuting the Starving: the Plight of North Koreans Fleeing to China." The Amnesty report is designed to put greater pressure on the PRC government to allow the UN High Commission for Refugees to become more active in China in responding to the needs of North Korean refugees.

In response to an education crisis in Korea, the number of Korean high school students who have been enrolled in Chinese schools in Beijing and other parts of China has doubled to over 500 students in the past year. However, China has become a potentially deadly place for Korean visitors, several of whom have been murdered within the past year while engaged in various activities on Chinese soil.

Finally, the possibility of a deal between Taiwan and North Korea to store low-level radioactive waste has again emerged as a subject of discussion. The plan to ship radioactive waste from Taiwan for storage in North Korean caves was originally explored in 1997 as a vehicle for solving Taiwan's nuclear waste storage problems in return for cold, hard cash, but the idea didn't go very far as a result of vehement objections from South Korea and China. Once again, representatives from Taiwan's nuclear industry have reportedly begun to explore such a deal, which Taiwan authorities state would require North Korea to meet minimum waste storage safety requirements before such storage would be authorized. However, the reported deal has again unleashed a firestorm of criticism in the South Korean media against both Taiwan for being willing to pursue such a deal and North Korea for considering accepting such waste without being able to guarantee the safety of underground storage facilities, including caves not naturally equipped to contain radioactive waste. Or perhaps the North Koreans have been thinking about placing radioactive waste from Taiwan at Kumchang-ri or those sites in Yongbyon that remain subject to special inspections before the DPRK can get a clean bill of health from the International Atomic Energy Agency (IAEA).

Chronology of China-Korea Relations January-March 2001

Jan. 4, 2001: Seoul Metropolitan Police unearth a South Korean-Chinese brokerage ring, which received huge commissions from North Korean defectors in return for arranging their relatives' illicit entry into Seoul.

Jan. 15, 2001: The Foreign Affairs and Trade Ministry issues a travel advisory for Koreans traveling to China, stating that the number of violent crimes such as murder and robbery involving South Koreans have been on the rise since late last year.

Jan. 15-20, 2001: DPRK National Defense Commission Chairman Kim Jong-il visits the Shanghai Stock Market and economic export zones in and around Shanghai.

Jan. 20, 2001: Chairman Kim Jong-il meets with PRC President Jiang Zemin in Beijing on his way back from Shanghai to Pyongyang and acknowledges China's "correct" economic policies.

Feb. 8, 2001: South Korea agrees with China to fix its fishing quota within South Korea's exclusive economic zone (EEZ) at double the level of Korea's in China's EEZ.

Feb. 12, 2001: The Bank of Korea announces that the Chinese bloc-China, Hong Kong, and Taiwan-emerged as the largest overseas market for Korean exports in the January-November period last year with \$51.43 billion in trade, surpassing South Korean trade with the United States.

Feb. 15, 2001: Haansoft announces the release of "Wenjie," a Chinese version of its popular word processing program "Hangul," in China.

Feb. 24, 2001: Former Taiwan Premier Vincent Siew, vice president of Kuomintang, Taiwan's largest opposition party, visits Seoul to receive an honorary degree from Sungkyunkwan University.

Feb. 27, 2001: Army Chief of Staff Kil Hyung-bo, the first ROK Army chief to visit China since the end of the Korean War, arrives in China for talks on military exchanges and cooperation with Defense Minister Chi Haotian, among others.

Feb. 27, 2001: The Federation of Korean Industries (FKI) announces that it will strengthen relations with its counterpart organizations in China.

Mar. 4, 2001: SK Telecom announces that it has signed an agreement to cooperate in the development of CDMA mobile technology with China Unicom.

Mar. 6, 2001: LG Electronics signs contract to set up a joint venture with Langchao Electronic Information Industry Group Corp., Cherry S/W, and Yan Tai Development Zone Distribution Center to develop CDMA handsets.

Mar. 15, 2001: Hansol Electronics announces a contract with China's Great Wall Group to co-manage the latter's personal computer monitor factory in Shiyan, China, with a production capacity of 2 million computers per year.

Mar. 20, 2001: Zeng Qinghong, head of the Chinese Communist Party's Organization Department, begins five-day visit to Pyongyang.

Mar. 22, 2001: FKI states that it may take part in a project to develop a trade zone in the Tumen River area, a region bordering North Korea, China, and Russia, to promote economic cooperation.

Mar. 29, 2001: Incheon International Airport opens with an additional 32 flights per week between South Korea and China.