

## How should Jang Song-thaek's visit to China be evaluated?

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Jang Song-thaek, the Chief of the Central Administrative Department of the Worker's Party of Korea (WPK), and his visit to China has garnered our attention for three major reasons. First, it is Jang's first official state visit as a de facto power player under the Kim Jong-un regime. Second, North Korea, which recently has been seeking changes to its economic policy, is expected to ask China for support and cooperation, and China's response to this request will have an impact on North Korea's policy directions. Third, it is highly possible that the relations between North Korea and China will be reestablished under the Kim Jong-un regime.

During Jang Song-thaek's visit, the North Korean media demonstrated considerable interest by meticulously reporting the North Korean delegation's movements in China. Under these circumstances, South Korea attributed Jang's visit to China as politically significant and also paid close attention to his every actions. However, at least in terms of formalities, the visit adhered to the "practical" matters that focused mostly on the development of the Special Economic Zone (SEZ). Following the day of its arrival, the delegation participated in the third meeting of the "North Korea-China Joint Guidance Committee," which focused on the joint development and management of the economic trade zones as well as the Hwanggeumpyong and Wihwado economic zones. Afterwards, the delegation visited the Jilin and Liaoning in order to request the local governments' cooperation.

It is assumed that when he returned to Beijing on the 16th, Jang

Song-thaek made his political move at the meeting with Wang Jiarui, the Director of the International Department of the Central Committee of the Chinese Communist Party, and paid a courtesy call to Premier Hu Jintao and Prime Minister Wen Jiabao the following day. According to reports from the Chinese media, the two leaders expressed their willingness to expand bilateral economic cooperation during Jang's courtesy visit. However, there are no reports in regards to the intensely speculated Kim Jong-un's visit to China or a large-scale loan and economic aid. It is still uncertain whether these issues were discussed during the visit or kept secret due to the sensitive nature of the information.

After the six-day tour of China, what did the Jang Song-thaek delegation gain and take home?

First, it was able to officially confirm the fact that the Hwanggeumbyeong and Wihwado economic zones will move forward with their developments, which until recently, have shown no signs of progress and even incited rumors that development would be cancelled altogether. The delegation's biggest triumph was reconfirming the Chinese leadership's resolve for economic cooperation. However, at the third meeting of the "North Korea-China Joint Guidance Committee," China proposed a principle of cooperation, which will reduce the role of the government in the project from "government-led" to "government-guided" and may become a restrictive factor for North Korea. Furthermore, this visit may have been an opportunity to normalize North Korean-Chinese relations, which had slightly deteriorated after North Korea's recent rocket launch. From the North Korean perspective, it was also an opportunity to build the foundations for attracting large amounts of investments of Chinese capital that is needed to resolve North Korea's economic problems in addition to receiving more economic aid.

Unfortunately, news concerning economic aid, the topic that most interests South Korea, could not be verified. It is highly probable, however, that North Korea requested the resources and funds necessary to successfully implement the "new economic management system," also known as the "6.28 Measures." In such a case, it is presumed that China will indicate a sign of courtesy in response.

Nevertheless, it appears that Director Jang Song-thaek procured more than just positive results when he returned to North Korea. The Chinese leadership offered proposals that have specific conditions attached with "demands for Jang." In regards to Jang's courtesy visit, the Chinese media described in detail that Prime Minister Wen Jiabao presented five means for the improvement of North Korea, which are necessary for revitalizing the economic cooperation between North Korea and China. They include the improvement of legal and regulatory systems, strengthening of the connection and cooperation between relevant zones, improvement of favorable conditions for land and tax matters by applying the market system, removal of obstacles that hinder investment companies, and the improvement of customs and quality management services.

These demands for improvement may be a burden on North Korea, since with these changes, the Chinese government will play an advisory role rather than the leading role in attracting investments from corporations. This is due to the fact that China's actions can be interpreted as a warning to North Korea that if it does not properly implement China's requests for improvements, then the investment of Chinese capital will be difficult.

Among China's demands for improvement, the issue that is presumed to be the most troublesome for North Korea is the application of the market system. Although the changes are formally limited to land and tax matters, the market system may be applied to the investment and trade exchanges between North Korean and Chinese corporations. In other words, this is China's means of demanding that the transactions between North Korean and Chinese corporations be allowed to compete freely and prevent the North Korean government from unjustly interfering with the results. This, in the short term, indicates that a more liberal market mechanism must be introduced in the cooperative businesses with foreign corporations. However, in the long term, it can also signify that North Korea will eventually face a situation in which its economic management structure must be substituted by a market mechanism. This can be a source of major headaches for the North Korean authorities. One may assume that Director Jang Song-thaek's footsteps back home are not as light as he wishes them to be. © KINU 2012

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