

China's Policies toward North Korea's Nuclear and Missile Programs

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China's policies toward North Korea's nuclear and missile programs have been a significant problem for the United States, South Korea, and Japan since the onset of six-party talks in 2003. China's diplomatic strategy and tactics in six-party talks seldom supported U.S. negotiating positions. China officially supported denuclearization of North Korea; but its negotiating strategy was to influence the talks, especially the Bush administration, into accepting more limited objectives that would allow North Korea to retain secret components of a nuclear weapons program. China opened criticism of North Korea when Pyongyang began to test nuclear warheads, thus unveiling secrets of its program, and long-range missiles. However, China rejected placing overt pressure on North Korea. It acted only in limited ways to enforce United Nations sanctions against North Korea. It allowed North Korea access to Chinese territory and institutions that Pyongyang used to advance its nuclear and missile programs.

China has been motivated by core objectives of supporting political stability in North Korea and preserving North Korea as a buffer against South Korea and the United States. China is also motivated by its policy of building relations with Iran, a key partner of North Korea in developing nuclear warheads and long-range missiles.

These long-standing Chinese goals and strategies suggest that China will pursue similar strategies and tactics in dealing with future scenarios, such as a continuing of North Korean nuclear and missile testing, a de facto moratorium by North Korea on testing but no negotiations, and a resumption of six-party negotiations.

Keywords: freeze, sanctions, enabler, uranium, proliferation

China's Role in the North Korean Nuclear and Missile Issues

As North Korea expanded its nuclear and missile programs in the 1990s and 2000s, one of the most vexing problems faced by the United States, South Korea, and Japan in dealing with this challenge has been developing a strategy to influence China's policies toward Pyongyang programs. The broad objective of Washington, Seoul, and Tokyo has been to persuade China to adopt a policy toward North Korea under which Beijing would employ multiple tactics of diplomatic proposals, diplomatic support for U.S. proposals, economic incentives, and economic pressure to induce North Korea to agree to terminate the programs or at least limit them.

After many years, the results of these efforts have fallen below the expectations of Washington, Seoul, and Tokyo, especially the United States, which has taken the lead in approaching China. U.S. officials frequently state that cooperation with China is good but add that China could do more. But, overall, little has been accomplished to halt or even slow North Korea's development of nuclear weapons and longer-range missiles. Since March 2013, credible reports and statements have emerged that North Korea has crossed a key nuclear threshold: developing and likely by this time mounting nuclear warheads on its intermediate range Rodong missiles.¹ These warheads likely are the product of Pyongyang's expanding facilities (known and secret) to produce weapons-grade uranium (HEU). North Korea successfully tested a long-range missile in December 2012. U.S. experts believe that this test demonstrates North Korea's goal to produce a missile with a nuclear warhead that could reach the United States. Pyongyang, itself, substantiates this belief by boasting that this is the

1. See, for example, the NBC News report of April 3, 2013, by Richard Engel, the long-time senior national security correspondent of NBC News. Engel reported that U.S. officials told him that they believed that North Korea had developed nuclear warheads for missiles but that the missiles had a range of only 1,000 miles. The missile of that range would be the Rodong. Chris Nelson reported in the *Nelson Report* of May 5, 2013, that within the U.S. government, the likelihood that North Korea had developed nuclear warheads for the Rodongs "seems far more certain behind closed doors than in public."

prime goal of the missile program.

Experts state a litany of reasons why China has not done more to stop North Korea's programs. They cite China having a primary interest in political stability for the North Korean government, which supersedes Beijing's concerns over the nuclear and missile programs. Instability could bring about regime collapse and reunification of Korea under the South Korean (ROK) government. China is believed to oppose reunification under Seoul, fearing that it would lead to the stationing of U.S. troops in what is now North Korea, near the Chinese border. Some experts also surmise that the Chinese government fears a reunified Korea under a democratic government that could influence Chinese public opinion to demand more freedom inside China. A reunified Korea also could attract politically the large ethnic Korean populations inside Manchuria. China is said to fear that a regime collapse could result in tens of thousands of North Korean refugees pouring across the border into China. Thus, according to many experts, China wants to maintain North Korea and its regime as a buffer protecting China from all of these alleged dangers.²

This analysis of China's attitudes appears credible. Elements of these attitudes will be cited throughout this paper. However, it seems to me that this analysis does not give a complete picture of the motives behind China's policy toward North Korea's nuclear and missile programs. China's strategy and tactics toward the nuclear and missile issues have changed outwardly over the course of the last decade, especially in the six-party talks and, more recently, in bilateral relations with North Korea. What is the meaning of China's more critical attitudes toward North Korea? This paper will lay out the evidence that China has acted over the years as an enabler of North Korea's nuclear and missile program. Such an enabling role goes beyond an objective of regime stability for the Pyongyang government. If so, why? What issues and questions do all of this raise for China's future role, including China's role in any new six-party talks?

2. Victor Cha, *The Impossible State: North Korea, Past and Future* (New York: Harper Collins, 2012), pp. 335-345.

Strategy and Tactics in Six-party Talks (2003-2008)

China reacted to the breakdown of the 1994 U.S.-North Korea [Nuclear] Agreed Framework in 2002 by taking the initiative to organize negotiations over the North Korean nuclear issue. China first offered to host U.S.-North Korea talks in January 2003; this evolved into six-party talks with China assuming the chairmanship of this group. Since then, China has been a consistent advocate of the six-party talks.

However, China's strategy and tactics in the six-party talks until the collapse in December 2008 is controversial. China relished its role of chairman of the talks; but Beijing was reluctant to use that role to make concrete proposals that would affect the North Korean nuclear program. China made two major proposals. It offered several drafts of a six-party statement in 2005 that eventually became the six-party statement of September 2005. But China did this only after North Korea had rejected a draft proposed by the United States — the Bush administration. China did take a unitary initiative when it issued a proposal in December 2008 reportedly on outside verification and inspections of North Korean nuclear facilities. The text of this has not been made public. Four of the six parties (United States, South Korea, Japan, and Russia) supported the Chinese proposal. North Korea rejected it, culminating in the collapse of the talks.

China, instead, pressured the Bush administration to make concrete proposals to North Korea. China advocated bilateral negotiations between the United States and North Korea. It even proposed that the United States establish diplomatic relations with North Korea.³ Beijing grew critical in late 2003 and early 2004 when the Bush administration rejected issuing proposals and even cursory contacts with North Korean officials at six-party meetings.

Beijing, however, did not hesitate to criticize U.S. proposals when the Bush administration did issue them. China's criticisms came following North Korea's rejection of the proposals. China first came out

3. Exclusive Interview with DPRK nuclear expert Li Dunqui, (in Chinese) *Zhongguo Qingnian Bao*, December 19, 2006.

against the 2004 Bush administration's proposal for "complete, verifiable, and irreversible denuclearization," known as CVID.⁴ When the Bush administration did enter into bilateral talks with North Korea in 2005, China sharply criticized the U.S. proposal for a six-party statement because the U.S. proposal did contain a commitment to North Korea to revive the light water reactor project that had been established by the 1994 Agreed Framework. Pyongyang had demanded a new commitment in any six-party agreement. China reacted by presenting several draft agreements that stipulated a commitment to build a light water reactor. In offering these drafts, China imposed strong pressure on the Bush administration to accept a clause on light water reactors, reportedly including a threat to denounce the Bush administration if a six-party agreement collapsed. The Bush administration finally accepted a Chinese draft as the basis of the September 2005 six-party statement.⁵

At the onset of the six-party talks, China had stated that the goal of the negotiations was a denuclearization agreement with North Korea. However, in the talks, China indicated that it favored a more limited agreement similar to the Agreed Framework. This, in effect, was an alternative to the U.S. proposal for CVID. China thus showed a positive view of North Korea's proposal for a return to a "freeze" on its nuclear operations. Chinese officials argued that North Korea had a right to a "peaceful" nuclear program, including light water reactors.⁶ And, they said, the United States must address North Korea's "security concerns."

4. Nicholas Kravev, "China: U.S. Urged to Be 'Flexible' toward North Korea," *Washington Times*, October 26, 2004.

5. Michael Hirsh and Melinda Liu, "North Korea Hold 'Em'," *Newsweek*, October 3, 2005.

6. "N. Korea Entitled to Nuclear Power under NPT-China," Reuters, September 1, 2005; Anne Wu, "Beijing's Stance on North Korea," *Asian Wall Street Journal*, February 18, 2005.

Collapse of the 2007 Six-party Agreements

Following North Korea's first nuclear test in October 2006, China endorsed (and apparently influenced) the Bush administration's decision to enter into bilateral negotiations with North Korea. China endorsed the agreement that came out of these talks, which became the six-party agreement of February 2007. Under this agreement and a supplemental accord of October 2007, the United States and North Korea each accepted two obligations. North was to allow a process of disablement of its plutonium nuclear facilities at Yongbyon and provide the other members of the six-party talks a "complete and correct" declaration of nuclear programs. The United States' two obligations were to remove North Korea from economic sanctions dating back to the Korean War and remove North Korea from the U.S. list of state sponsors of terrorism.

However, the substantive Chinese tactic after these agreements was urgings and pressure on the Bush administration to soften North Korea's obligations, especially the requirement that North Korea provide a "complete and correct" declaration of nuclear programs. China focused particularly on North Korea's alleged highly enriched uranium program (which North Korea continued to deny) and Pyongyang's proliferation of weapons of mass destruction, highlighted by North Korea's involvement in Syria's construction of a nuclear reactor, which Israel bombed in September 2007.⁷ China argued that North Korea should not have to disclose these programs in a disclosure declaration. The Bush administration, China reportedly asserted, should concentrate on the North Korean plutonium program, especially implementation of the provisions in the agreements for the disablement of the Yongbyon facilities.

The Bush administration initially took a strong position that North Korea must disclose details of its uranium enrichment program and nuclear proliferation activities. Assistant Secretary of State Christopher Hill said in February 2008 that: "The North Koreans promised not to

7. Cha, *The Impossible State*, pp. 247-249.

engage in nuclear proliferation. We want to make sure they follow through on their pledge.”⁸ However, even then, China was pressuring the Bush administration to drop these two issues from the nuclear programs that North Korea would have to declare.⁹ By April, the Bush administration agreed with China’s urgings. It offered no criticism when North Korea issued a declaration on June 26, 2008, that said nothing about uranium enrichment or proliferation programs. The administration also accepted North Korea’s declaration omitting important details about the plutonium program, including the number of nuclear weapons North Korea possessed and information about the sites and facilities where North Korea produces, tests, and stores nuclear weapons. A “confidential minute” cited by the Bush administration reportedly contained only a North Korean acknowledgment of U.S. concerns over uranium enrichment and the Syrian reactor.¹⁰

After the February 2007 six-party agreement was concluded, North Korea declared that it would not implement its provisions until the Bush administration ended the U.S. sanctions against Banco Delta Asia, a bank in the Chinese territory of Macao. The Bush administration had imposed the sanction in November 2005 in order to deny North Korea access to an account containing USD 25 million. The Bush administration justified the sanctions on the money being procured by North Korea through illegal smuggling and counterfeiting activities. North Korea’s “ultimatum” of 2007 was followed by public expressions by prominent Chinese that Washington should end the sanctions. Writing in *Renmin Ribao* (*People’s Daily*), the newspaper of the Central Committee of the Communist Party of China, Li Dunqiu, Director of Korean Peninsular Studies at the Institute of World Development — under China’s State Council — criticized the Banco Delta Asia sanctions as having caused North Korea’s nuclear test and as part of a [U.S.] “process effecting a regime change in North Korea,

8. Nicholas Kravov, “U.S. Urges Monitoring Flow of Nuclear Materials,” *Washington Times*, February 26, 2008.

9. *Ibid.*

10. Anne Gearan, “U.S. official: North Korea Has Agreed to Intensive US Verification of Its Plutonium Production,” *Associated Press*, June 26, 2008.

which is the fundamental goal of the United States.”¹¹ These statements appeared to reflect the view of the Chinese government. In April 2007, the Bush administration relaxed the sanctions, and North Korea received the money.

China, however, was consistent, in pressing the Bush administration to implement fully its obligations under the 2007 agreements. Chinese officials put special emphasis on the U.S. commitment to remove North Korea from the U.S. official list of state sponsors of terrorism.¹² Despite the impasse over verification in late 2008, the Bush administration removed North Korea from the list (despite evidence that North Korea was providing arms and other assistance to the terrorist group, Hezbollah).

These apparent diplomatic victories for China evaporated quickly in the second half of 2008. Newly acquired evidence of North Korea’s uranium enrichment program caused the Bush administration to reverse its permissive policy and call for a more intrusive nuclear verification regime for North Korea. The U.S.-North Korean deadlock over verification led China to offer its own verification plan at the December 2008 six-party meeting. This plan had sufficient credibility that, as stated previously, the remaining six-party members except North Korea accepted China’s proposal.

China’s “diplomatic victories” in 2008 turned out to undermine a successful implementation of the February 2007 agreement. Particularly, China’s urging of non-inclusion of uranium enrichment in the North Korean declaration of nuclear programs contributed heavily to the emergence of the verification issue. If China had supported the Bush administration’s original position that information on uranium enrichment must be included in the declaration, North Korea would have come under much greater pressure to comply. Even if North Korea still refused, the deadlock would have been over a specifically-

11. Li Dunqiu, “Getting to the crux of the problem in the six-party talks” (in Chinese), *Renmin Ribao*, December 3, 2006.

12. “Envoy Urges Not to Dwell on Past N.K. Nuclear Acts,” Yonhap News Agency, February 13, 2008.

stated clause in the February 2007 agreement rather than about U.S. subsequent demands for verification.¹³

China's Rejection of the U.S. Claim of a North Korean Uranium Enrichment Program

China's position regarding the uranium enrichment issue in 2008 was an extension of a tactic that China had employed since the beginning of the six-party talks. China consistently questioned and, in effect, rejected the U.S. claim that North Korea had a secret program to produce enriched uranium for use in nuclear weapons. The Bush administration made several efforts to convince China of the credibility of its intelligence information that North Korea had such a secret program. Several high U.S. officials, including Vice President Cheney, visited China and showed Chinese officials classified U.S. intelligence information about a North Korean uranium enrichment program.¹⁴

Chinese officials stated that they did not find the U.S. claim convincing or that they had doubts that North Korea had such a program.¹⁵ Chinese Foreign Minister Li Zhaoxing, for example, answered a question from the press on uranium enrichment by feigning ignorance: "I think you know more than I do, or to put it another way, I don't know anything more than you do."¹⁶ Former U.S. officials, Richard Bush and Jim Steinberg, reportedly believed that China, in fact, knew about North Korea's uranium enrichment program.¹⁷

Nevertheless, U.S. officials played into the hands of China's rejec-

13. For more details about the six-party talks, see: Bruce E. Bechtol Jr., *Defiant Failed State: The North Korean threat to International Security* (Washington, D.C.: Potomac Books Inc., 2010), pp. 71-100.

14. Adam Entous and Brian Rhoads, "Cheney Presses China on N.Korea, Gets Pressed on Taiwan," Reuters, April 14, 2004.

15. Joseph Kahn and Susan Chira, "Chinese Official Challenges U.S. Stance on North Korea," *New York Times*, June 9, 2004. Statement by Deputy Foreign Minister Zhou Wenzhong.

16. "Text of FM Li Zhaoxing's News Conference on March 6 During NPC Session," Xinhua, March 6, 2005.

17. Christopher Nelson, *The Nelson Report*, newsletter, January 15, 2004.

tion tactic in early 2007 when Assistant Secretary Christopher Hill and other officials voiced their own skepticism over whether North Korea was continuing a uranium enrichment program. More fundamentally, China's rejection tactic and position on uranium enrichment in 2008 reflected the long-standing Chinese view that nuclear agreements with North Korea should be limited in scope and should concentrate on the plutonium program.

China's rejection tactic has proven to be a fatal blow since North Korea admitted to a uranium enrichment program in 2009, showed a sophisticated uranium enrichment plant in 2010 to U.S. nuclear scientist, Siegfried Hecker, and probably tested a uranium warhead in 2013. Ironically, in February 2015, Chinese nuclear experts told Hecker and other U.S. experts that North Korea had about 20 uranium warheads with a major production capacity to produce another eight to ten uranium warheads annually.¹⁸

Pressure versus Inducements: the China-U.S. Disagreement

Early in the six-party talks, China and United States developed a strong disagreement over how to influence North Korea to adopt constructive actions on the nuclear issue. The disagreement was heightened by North Korea's two lengthy boycotts of the negotiations in the 2004-2006 period. The United States emphasized that China had the means to apply coercive pressure on the North Korea government to modify its behavior. U.S. officials advocated to Chinese officials that China should cut off oil shipments to North Korea. China had maintained oil shipments to North Korea at about 500,000 tons annually, not a huge amount but sufficient to enable Pyongyang to meet minimal energy needs, including the needs of its military. The Chinese government, however, rejected any prolonged suspension of oil shipments.

Here, China's fear of instability in North Korea apparently came into play. Moreover, while this disagreement went on, Chinese officials

18. *Washington Post* Editorial Board, "The Danger Next Door," *Washington Post*, May 11, 2015; Ankit Panda, "Chinese Experts Sound Alarms on North Korea's Nuclear Program," *The Diplomat*, April 23, 2015.

and experts repeatedly criticized the Bush administration for statements suggesting that there should be “regime change” in North Korea. Chinese officials took particular offense over the report that U.S. Secretary of Defense Donald Rumsfeld had circulated a memorandum proposing that the United States join with China to isolate and bring about the collapse of the Pyongyang regime.¹⁹ These Chinese suggested that “regime change” was the real Bush administration motive for its advocacy of a Chinese cutoff of oil. Chinese experts called on the United States to provide assurances to North Korea that it did not seek to overthrow the North Korean government.²⁰

China's approach to North Korea's bad conduct was just the opposite: offering North Korea financial and economic inducements for better behavior, including ending the boycotts. During the boycotts, China sent several high-level delegations to North Korea which offered lucrative aid programs. North Korea's initial decision in 2003 to join six-party talks was “rewarded” by USD 50 million in grant aid from China in late 2003. Over the next 2 1/2 years, China reportedly provided over USD 2 billion in aid and investments for North Korean port facilities, energy plants, and a USD 24 million “friendship” glass factory. One U.S. diplomat described this as a “massive carrot-giving operation.”²¹

China and United Nations Sanctions

Following North Korea's nuclear and missile tests in 2006, 2009, and 2012-2013, the United Nations Security Council approved measures

19. Samuel S. Kim, “China and the US-DPRK Nuclear Standoff.” Paper presented at an ICKS conference, Seoul, August 5-6, 2005.

20. Howard W. French, “Doubting U.S., China Is Wary of Korea Role,” *New York Times*, February 19, 2005.

21. Robert Marquand, “China Changes Game in N. Korea,” *Christian Science Monitor*, March 1, 2006; “China to Provide \$2 Billion in Economic Aid to DPRK,” Yonhap News Agency, October 30, 2005; “Bribing Pyongyang,” *Asian Wall Street Journal*, March 29, 2004.

applying sanctions against North Korea that increased in scope with each new measure. China supported these moves, although in negotiations in the Security Council, Beijing succeeded in softening some provisions against North Korea. The UN resolutions prohibit UN member states from exporting military equipment and technology to North Korea that Pyongyang could use in the development of nuclear weapons and missiles. They prohibit North Korea from exporting nuclear weapons, missiles, and related technology to other countries. The later resolutions call on UN member countries to search ships and aircrafts believed to be carrying weapons or materials and technology bound for North Korea that Pyongyang could use in a nuclear weapons program. UN member countries are called upon to prevent their banks from providing accounts or other assistance to North Korean entities that use these banks to transmit funds related to North Korea's proliferation of weapons of mass destruction. Finally, the resolutions ban UN member countries from exporting "luxury goods" to North Korea.

It is generally accepted that the Chinese government has followed a minimal policy toward enforcement of the sanctions. A Congressional Research Service (CRS) memorandum of October 10, 2010, summarized the common view. The memorandum, addressed to Senator Richard Lugar, stated that North Korea evades UN sanctions by routing "trade and financial transactions through friendly countries, most notably China."²²

China did announce a ban on the export to North Korea of several technologies that could be used to develop nuclear weapons and chemical and biological items.²³ In a highly publicized case in July 2009, Chinese border police on the China-North Korea border seized 70 kilograms of the strategic metal vanadium, often used in the produc-

22. CRS Memorandum to Senator Richard Lugar, October 8, 2010. My former colleagues at CRS prepared this memorandum nine months after I retired from CRS. The memorandum was made public by Bruce Klingner of the Heritage Foundation and by the Nelson Report.

23. Christopher Nelson, *The Nelson Report*, newsletter, September 25, 2013.

tion of missiles.²⁴ In another well-publicized case, the government-operated Bank of China closed the accounts of the Foreign Trade Bank of North Korea and suspended all financial transactions with the North Korean bank. The U.S. Treasury Department previously had imposed sanctions on the Foreign Trade Bank of North Korea and had urged the Chinese government to take similar action.²⁵

These singular actions, however, did not represent a broad, systematic policy to enforce UN sanctions. Chinese officials made clear that China would not act assertively in three main areas of the sanctions. Chinese officials questioned the ban on exports of "luxury goods" to North Korea. They argued that the language of the UN Security Council resolutions did not define "luxury goods." Therefore, as China's United Nations Ambassador, Wang Guangya, stated in 2006: "Luxury goods can mean many things for different people."²⁶ Ambassador Wang's words translated into inaction. In 2013, members of South Korea's Saenuri Party in the ROK National Assembly released figures that North Korea's imports of luxury goods from China in 2012 were valued at USD 585 million, compared to USD 323 million of luxury goods in 2009. Imports from China in 2012 included expensive cars (Mercedes), television sets, computers, liquor, watches, perfume, cosmetics, and furs. A South Korean National Assembly Member commented that the import of these goods in 2012 would have given North Korea the ability to import 1.96 million tons of wheat to alleviate its chronic food shortages.²⁷ The CRS memorandum to Senator Lugar stated succinctly that China "was not enforcing sanctions on luxury goods."

China secondly opposed any international effort to sanction banks

24. Lucy Hornby and Benjamin Kang Lim, "China Seizes Smuggled Metal bound for North Korea," Reuters, July 28, 2009.

25. "Cutting Banks' Ties, China Ups the Pressure on N. Korea," *Washington Post*, May 8, 2013.

26. Neil King Jr., "U.S. Seeks Asian Support on Squeezing Pyongyang," *Wall Street Journal Asia*, October 16, 2006.

27. "N. Korea Jacks Up Imports of Luxury Goods under New Leader," *Dong-A Ilbo*, October 4, 2013.

that allowed access to accounts by North Korean banks and trading companies. Despite the highly-publicized action of the Bank of China against the Foreign Trade Bank of North Korea, North Korean entities continued to use numerous smaller Chinese banks for financial transactions, including transactions related to the proliferation of missiles and nuclear technology. The *South China Morning Post* reported on March 14, 2013, that North Korea had many accounts in Chinese banks and in Chinese branches of foreign banks, in Shanghai and other cities. The amount of money in these accounts was hundreds of millions of dollars. The North Koreans reportedly developed ways to hide their identities in these banks, including using Chinese middlemen to open accounts in their name.²⁸

After North Korea's successful test of a long-range missile in December 2012, the Obama administration pressed in UN Security Council deliberations for new sanctions against banks that dealt with North Korea. China reportedly opposed the U.S. proposal, apparently fearing that the United Nations would sanction Chinese banks.²⁹ After the Security Council passed the 2013 round of sanctions, *The Economist* reported that China's "commitment to enforcing the sanctions seems half-hearted, and it appears to have insisted that Shanghai accounts in two of its biggest banks, holding hundreds of millions of dollars on behalf of Mr. Kim and his cronies, be excluded from the sanctions."³⁰ The *South China Morning Post* report of March 14, 2013, quoted Professor Du Jifeng of the Chinese Academy of Social Sciences that international pressure on China to freeze North Korean bank accounts in China "would create a dilemma for China's leaders."

China's third opposition to UN sanctions came in the form of

28. "Kim Jong-un's Secret Billions," *Chosun Ilbo*, March 12, 2013; Michael Green, "China's Evolution on North Korea," *Joongang Daily*, August 6, 2013. Mike Green is the former Director for East Asia in the U.S. National Security Council under President George Bush. The *South China Morning Post* article was reported in *Chosun Ilbo*, March 14, 2013; See also: Ahn Sung-kyoo, "North Money Laundering Done in Guangdong," *Joongang Daily*, June 15, 2013.

29. Christopher Nelson, *The Nelson Report*, newsletter, January 22, 2013.

30. "Korean Roulette," *The Economist*, April 6, 2013.

objection to the UN resolutions' call for UN member states to search vehicles carrying North Korean cargoes that pass through their territories and territorial waters. Chinese Ambassador Wang Guangya stated after the Security Council approved the first sanctions resolution in October 2006 that China found the provision allowing the boarding of ships to inspect cargo unacceptable.³¹ Chinese officials later stated that the Chinese government would not search vessels passing through its waters and ports unless it had "sufficient evidence" that the ships contained North Korean goods illegal under UN sanctions.³² In fact, since 2006, there have been few reported Chinese searches of vessels that had come from or were bound to North Korea. The CRS memorandum to Senator Lugar declared that "North Korea continues to use air and land routes through China with little risk of inspection."

Chinese officials said nothing about the issue of North Korea-related air traffic passing through Chinese airspace and/or airports. This silence appears to have been no accident, as I will discuss in the next section.

China's Enabling of North Korean Nuclear and Missile Programs and Proliferation

There is little open discussion of China's role as an active enabler of North Korea's nuclear and missile programs as well as North Korea's proliferation of weapons and technology to other countries, particularly in the Middle East. The U.S. administrations of Bush and Obama, in particular, have been unwilling to issue public information about Chinese enabling activities. This has been part of a tactic of refusing to disclose information on North Korea's own nuclear proliferation — sometimes by denying that North Korea is proliferating nuclear

31. "U.S. Seeks Asian Support on Squeezing Pyongyang," *Wall Street Journal Asia*, October 16, 2006.

32. "Inspection of N. Korean Vessels 'Complex and Sensitive' Issue: China," *Kyodo News*, June 23, 2009.

weapons technology — and only limited disclosures of information about missile proliferation.

Nevertheless, it seems to me that there is much credible information that China has been an active enabler. Scholars Joe Bosco of Georgetown University and Claudia Rossett of the Foundation for Defense of Democracies have written and spoken about this. Moreover, such a role would explain much about China's diplomacy in the six-party talks and the lack of a major effort to enforce United Nations sanctions.

The Namchongang Trading Company in China

In October 2010, the Institute for Science and International Security (ISIS), in Washington, D.C., published a major study, "Taking Stock: North Korea's Uranium Enrichment Program." The report came one month before North Korean officials displayed to U.S. nuclear expert, Siegfried Hecker, a sophisticated uranium enrichment facility at Yongbyon. The report detailed North Korea's program to create facilities with machines called centrifuges that could produce enriched uranium, including highly enriched uranium that could be used in nuclear warheads. It described North Korea's long collaboration with Pakistan's nuclear tsar, A.Q. Khan, in the 1990s and early 2000s to develop centrifuge installations. North Korea, the report stated, received from Khan about 25 centrifuges and related equipment. The report noted that after 2002, U.S. intelligence information about Pyongyang's uranium enrichment program dwindled. This led, the report noted, to the doubts expressed by U.S. officials about the continuation of the program in 2007.

The installation shown to Hecker a month after the report erased any doubts that North Korea had succeeded in creating a viable uranium enrichment infrastructure. A question became: How did North Korea do it? The ISIS, itself, provided a big part of the answer. It discussed at length the activities of the Namchongang Trading Company, a North Korean entity described by the report as subordinate to North Korea's Bureau of Atomic Energy. It was directed

from Pyongyang by Jun Byung-ho, a member of North Korea's supreme National Defense Commission and apparently in charge of the uranium enrichment program. Namchongang set up its main office in Beijing's main business district in the early 2000s. Namchongang's head official in China, Yun Ho-jin, set up a concealed branch of Namchongang named after China's Shenyang Aircraft Corporation in Dandong, China, on North Korea's border.

The ISIS report asserted that North Korea used its "nuclear smuggling networks" to procure nuclear and nuclear dual-use goods that appeared to be for construction of Pakistani-style centrifuges. The report's description of Namchongang made it clear that ISIS concluded that the trading company was a central part of this network. Its operation in China gave it a special advantage in procuring nuclear-related components and materials from Chinese companies and European firms. In 2003, Namchongang attempted to purchase 220 tons of aluminum tubes through a German company — enough tubes for 4,000 centrifuges. In a subsequent investigation by the International Atomic Energy Agency, Namchongang officials contended that it was purchasing the aluminum tubes for a Chinese company; the Chinese company denied that it had ordered the tubes.³³ The ISIS report described Namchongang's operations as involving the purchase of goods from subsidiaries of foreign firms in China or domestic Chinese firms, which in turn procured goods from foreign companies outside China. In this way, Namchongang and North Korea could conceal their hand behind these procurements.

The ISIS report cited European intelligence officials that from 2007 on, Namchongang procured goods likely for the uranium enrichment program. Western intelligence agencies gained information on these procurements. The procurements included computer-controlled machines used to manufacture centrifuge parts and operate a centrifuge plant, spare parts for centrifuge equipment, and components for use in assembling centrifuges. The report concluded that the

33. See also: Robin Wright and Joby Warrick, "Purchases Linked North Korean to Syria, Officials Say," *Washington Post*, May 13, 2008.

known North Korean procurements during the 2007-2009 period indicated that North Korea “has the capability of building at the very least, a pilot plant” but short of a plant with 3,000 centrifuges.

Another major mission of Namchongang in China was to procure components and materials for shipment to Syria for use in the construction of Syria’s nuclear reactor, which the Israelis bombed in September 2007. The *Washington Post* in May 2008 quoted U.S. and European intelligence and diplomatic officials that Namchongang “provided the critical link between Pyongyang and Damascus, acquiring key materials from vendors in China and probably from Europe, and secretly transferring them to a desert construction site near the Syrian town of Al Kibar.” The head of ISIS, David Albright, was quoted by the *Washington Post* that Namchongang acted “as a trading agent or middleman, buying items through Chinese trading companies or directly from foreign companies.”³⁴

The uranium enrichment facility with 2,000 centrifuges shown to Dr. Hecker one month later revealed that North Korea had advanced its uranium enrichment program beyond a pilot plant. It seems certain that the Namchongang Trading Company was continuing to procure between the 2003 procurement of aluminum tubes and the 2007-2009 procurements.

The ISIS report concluded that “NCG thrived in China.” It stated that Namchongang likely was continuing to operate in China possibly with a different name, especially since UN Security Council resolutions had sanctioned the company. The report stated that the ISIS had no evidence that the Chinese government “is secretly approving” North Korea’s use of China to acquire materials from abroad for the uranium enrichment program, but that the Chinese government needed to give greater priority to stopping these North Korean activities.

Nevertheless, it seems to me naïve to believe that the Chinese government did not know about Namchongang’s mission. The company operated in Beijing for at least a decade “under the nose” of the Chinese government. Using the Shenyang Aircraft Corporation’s name

34. Ibid.

illegally was blatantly transparent and no doubt known to Chinese intelligence and police officials. The Chinese government's non-interference with Namchongang may have been passive, but it still fits the definition of an active enabler of North Korea's uranium enrichment program.

China's role is unacceptable when one considers China's tactics in the six-party talks as described previously: questioning and criticizing the U.S. claim that North Korea had a secret uranium enrichment program and in 2007 and 2008 pressuring the Bush administration to give up the requirement that North Korea disclose information about the uranium enrichment program in the disclosure statement required by the 2007 six-party agreement.

Enabling of North Korea's Proliferation: the Iran Connection

American officials of both the Bush and Obama administrations have said much about North Korea's nuclear and missile programs over the years; but they have been silent about the "rest of the story": North Korea's collaboration with Iran in developing nuclear weapons and missiles and China's role in enabling this collaboration. But the story of China's role is important in order to understand a key motive behind China's policy toward North Korea. And it is important because of the importance to both North Korea and Iran of their collaboration with each other.

I first began to examine the North Korean-Iranian relationship in the mid-2000s while I still was with the Congressional Research Service. In 2007, I authored a CRS Report entitled "North Korea's Nuclear Weapons Development and Diplomacy." I included in the report a section entitled "Nuclear Collaboration with Iran and Syria." I included much information reported and attributed to intelligence agencies and defense ministries, but nearly all of these sources were foreign: German intelligence and defense ministry sources, European intelligence and defense officials, "western" intelligence sources, and Israeli officials and intelligence sources. A key *Los Angeles Times* featured article cited a former Iranian intelligence officer as a key source.

Other reports were based on statements by high-level Iranian and North Korean defectors. Nothing came from U.S. government sources, especially after 1995.

Nevertheless, the non-U.S. information has been extensive. More information has come after 2010 when I retired from the Congressional Research Service. The information has documented a North Korean-Iranian relationship that began to grow after North Korea first successfully tested the Rodong intermediate range missile in 1993. From this, North Korea began to provide Iran with Rodongs and sent experts to Iran to help Iran develop indigenous production facilities for missiles with Rodong components, including the Shahab-3, the twin of the Rodong. Missile cooperation expanded into full-scale nuclear cooperation by the late 1990s or shortly after 2000. An active program to jointly develop nuclear warheads was first reported in 2003. The program reportedly gave first priority to developing warheads for the Shahab-3 (and of course, for the Rodong). Subsequent reports described North Korea sending missile and nuclear technicians to Iran to train and work with Iranian counterparts. The German newspaper, *Der Spiegel*, published a lengthy article in November 2009 describing Iran's involvement with North Korea in the Syrian nuclear reactor bombed by Israel. *Der Spiegel* detailed that U.S. and Israeli intelligence agencies received information about the reactor from a high level Iranian defector.³⁵

The reports also cited Iranian payments of large sums of money — hundreds of millions of dollars — to North Korea for this assistance. Reports indicate that North Korea receives USD 1.5-2.0 billion or more annually from Iran for its multi-faceted collaboration.³⁶ The reality is that Iranian money is an important part of the North Korean govern-

35. Erich Follath and Holger Stark, "The Story of Operation Orchard: How Israel Destroyed Syria's Al Kibar Nuclear Reactor," *Spiegel Online*, November 2, 2009.

36. See, for, example, "Iran 'Paid Millions for Ringside Seat at N. Korean Nuke Test'," *Chosun Ilbo*, February 18, 2013. *Chosun Ilbo* cited an earlier Kyodo News Agency report detailing Iran arranging payment to North Korea through the Bank of Kuniun in Beijing.

ment's strategy to finance the nuclear and missile programs and to subsidize the North Korean leadership and elite in order to maintain the regime.

In "North Korea's Nuclear Weapons Development and Diplomacy," I documented reports of Israeli government concerns over North Korean-Iranian collaboration. These included reports that Israeli officials voiced this concern to Bush administration officials and to prominent visiting Americans, such as former Secretary of State Madeleine Albright.

With the beginnings of North Korea's nuclear tests and long-range missile tests, reports came from various sources that Iran had sent high level delegations to observe these tests and undoubtedly receive all the data from these tests.³⁷

After 2010, much of the information has indicated that the collaboration has expanded in scope. Iran and North Korea publicly signed a technical cooperation agreement in September 2012, which drew attention from other governments. At the signing ceremony, Iran's supreme leader, Ayatollah Khamenei, stated that Iran and North Korea have "common enemies" and have established an "anti-hegemonic front."³⁸ Other reports alleged that Tehran and Pyongyang had signed a secret agreement in April 2012 for increased cooperation on "strategic projects."³⁹

A significant change was in the direction of the collaboration. Previously, the flow of missile components, missile and nuclear technology, and technicians and scientists had been from North Korea to Iran except for Iranians observing North Korean tests. After the 2012 agreements, a second flow of nuclear and missile experts and technicians from Iran to North Korea emerged. Credible reports emerged in 2012 that Iran sent missile experts to North Korea to assist the North

37. See Larry A. Niksch, "North Korea's Nuclear Weapons Development and Diplomacy and Development." CRS Report for Congress, January 5, 2010.

38. Ali Akbar Dareini, "Iran, North Korea Sign Technology Agreement," Associated Press, September 2, 2012.

39. "North Korea, Iran Agree to Deepen Strategic Ties: Insider," Kyodo News, July 23, 2012.

Koreans in preparing for the December 2012 test of the long-range missile.⁴⁰ When North Korea tested a nuclear device in 2013, other reports described high-level Iranian nuclear officials visiting North Korea to observe the test.⁴¹ An Iranian opposition exile group, the National Council of Resistance of Iran, issued a report in May 2015 detailing visits by high level North Korean delegations to Iran in 2015, including North Korean nuclear and missile experts.⁴²

Where does China Fit in to the Story of Growing North Korea-Iran Nuclear and Missile Collaboration?

Just ask yourself: How were missile components transferred from North Korea to Iran? How were nuclear and missile experts from both countries able to travel thousands of miles back and forth between Pyongyang and Tehran? A look at a map provides part of the answer — across hundreds of miles of Chinese air space. And, as the evidence shows, use of Chinese airports to refuel and sometimes to transfer components, people, and probably money between the North Korean and Iranian aircraft. And, as described previously, the role of the Namchongang Trading Company in China in procuring components and shipping them from China to Syria for use in the Iran-assisted Syrian nuclear reactor. Other reports describe a clandestine network of shipping by sea that North Korea has developed to ship missile components and other weapons to Iran. North Korea uses multiple Chinese ports (Dalian in Manchuria, Shanghai, Hong Kong) to load

40. "Iran to Observe North Korea Missile Test," United Press International, December 7, 2012; Bill Gertz, "Iran-North Missile Cooperation Undermines Recent Geneva Nuclear Deal," *Washington Free Beacon*, November 27, 2013.

41. "N.Korea's Nuke Test 'Funded by Iran'," *Chosun Ilbo*, February 20, 2013. *Chosun Ilbo* cited reports by the *London Sunday Times*, *WorldTribune.com*, and the Kyodo News Agency about Iran financing the February 2013 nuclear test and sending a high level delegation to observe it.

42. John Irish, "North Korean Nuclear, Missile Experts Visit Iran-Dissidents," *Reuters*, May 28, 2015.

and load again shipments of weapons aboard different ships to enhance concealment and avoid detection. Ships carrying the concealed arms leave Chinese ports ultimately bound for Iran or Syria.⁴³

Even as six-party talks began in 2003, the Bush administration reportedly began to complain to the Chinese government about North Korean airplanes flying over Chinese airspace to Iran to deliver missiles, missile components, and other weapons. In 2004, the U.S.-China Economic and Security Review Commission (established by the U.S. Congress in 2000) issued a report claiming that China "continues to permit North Korea to use its air, rail and seaports to transship ballistic missiles and WMD-related materials."⁴⁴

These early U.S. complaints had no effect. Then, in 2007, the Bush administration saw over ten open transfers of large crates of apparent North Korean missile parts from North Korean aircraft to Iranian aircraft at the Beijing airport. Classified U.S. documents released by Wikileaks disclosed that Secretary of State Condoleezza Rice instructed the U.S. Ambassador to China to press China to block "the transshipment of ballistic missile parts between North Korea and Iran via Beijing." A cable from Rice to the U.S. Embassy on November 3, 2007, said that the Chinese government should "make Beijing airport a less hospitable transfer point."⁴⁵

There is no evidence that China has taken any action to prevent the traffic between Pyongyang and Tehran. In July 2009, the State

43. Council on Foreign Relations, North Korea-Iran Nuclear Cooperation. Interview with Jeffrey Lewis, Director of the East Asian Non-Proliferation Program at the James Martin Center for Non-Proliferation Studies; John Park, "The Iran Secret: Explaining North Korea's Rocket Success," *The Diplomat*, December 25, 2012; "How N.Korea Goes about Exporting Arms," *Chosun Ilbo*, March 10, 2010.

44. "U.S. Nuclear Inquiry Finds China-Iran Link," Reuters, June 15, 2004; John J. Tkacik Jr., "Decision Day Looms over North Korea," *Asian Wall Street Journal*, July 17, 2003.

45. Simon Tisdall, "China Pressed over Iran and North Korea's Nuclear Trade," *The Guardian (London)*, November 28, 2010; Michael Forsythe and Peter S. Green, "China's Defense of North Korean Ally Risks Alienating Top Trading Partners," *Bloomberg News*, November 29, 2010.

Department arranged for a briefing by “two senior administration officials” on North Korea. The officials disclosed that “with respect to China,” U.S. officials had “discussed” U.S. “concerns we have about how North Korea might engage in activities that violate [UN Resolution] 1874 — shipments over land, shipments by air, shipments by sea.” The officials stated an “impression” that the Chinese “understand each of these elements.” They did not state that the Chinese had given any commitment to stop the transshipments.⁴⁶

Several months after the State Department briefing, North Korea shipped to Iran by sea a large quantities of arms. The shipment passed through two Chinese ports, Dalian and Shanghai where the cargo was transferred to two different ships. The cargo was finally intercepted in the United Arab Emirates. There apparently was no effort by Chinese authorities to inspect the cargo.⁴⁷ In November 2010, the Government of Thailand intercepted a North Korean-chartered transport aircraft that contained 35 tons of North Korean weapons. The Thai government later notified the United Nations that the weapons were bound for Iran. Notably, the aircraft flew over 1,000 miles of Chinese air space without any attempt by the Chinese government and military to force it to land and be inspected.

Additional evidence of Chinese inaction came in the form of a report from UN experts to the UN Security Council about the performance of countries in enforcing UN sanctions against North Korea. The confidential report, leaked to the press in May 2011, asserted that North Korea and Iran were “suspected” of exchanging missile technology, missiles, and arms. The report referred to exchanges of scientists and technicians, exchange of data, and reciprocal participation in tests and analysis of results. The report alluded to transshipments through a “neighboring third country.” The main vehicles were aircraft from North Korea’s Air Koryo and Iran Air. Several UN diplomats said the third country was China. Analysts who saw this information

46. U.S. Department of State, Background Briefing on North Korea, July 15, 2009.

47. “Iran Bought Masses of N Korean Arms,” *Chosun Ilbo Online*, December 4, 2009.

unanimously concluded that the “third country” was China.⁴⁸ The report was leaked after China reportedly blocked a public release.

In February 2013, Japan's Kyodo News Agency reported that the Iranian government had paid North Korea “tens of millions of U.S. dollars” in order to send a high level delegation of Iranian nuclear experts to North Korea to observe Pyongyang's nuclear test. Kyodo quoted “a western diplomatic source” that Iran transferred the money to North Korea through the Bank of Kunlun, a Chinese bank in Beijing.⁴⁹

A key question is the influence of the Iran connection on China's motives in its policies toward North Korea. It seems to me that the Iran connection creates an important Chinese motive that goes beyond the motives cited earlier to keep North Korea stable as a buffer between China and the U.S.-South Korea alliance. Chinese foreign policy since the early 2000s has been to deepen Chinese relations with Iran. China imports large quantities of oil from Iran. Before the United Nations imposed sanctions on Iran, China's state-owned oil companies had committed over billions of dollars in investment in Iran's oil industry. Even before the conclusion of the Iran nuclear agreement in July 2015, Iranian and Chinese oil officials began meeting undoubtedly to reopen these investments.⁵⁰ China has become Iran's largest trade partner — USD 45 billion in 2013 — and source of foreign investment — over USD 250 million since 2000.⁵¹ Projections have trade reaching USD 160 billion by 2024.

China's President Xi Jinping has met several times with Iranian President Hassan Rouhani. Iran has become a “founding member” of China's new Asian Infrastructure Investment Bank. President Xi has

48. Louis Charbonneau, “N.Korea, Iran Trade Missile Technology — U.N.,” Reuters, May 14, 2011; James Carafano and Owen Graham, “While North Korea and Iran Collaborate, China Covers Up,” *The Daily Caller*, May 23, 2011.

49. The Kyodo report was described in “Iran ‘Paid Millions for Ringside Seat at N. Korean Nuke Test,’” *Chosun Ilbo*, February 18, 2013.

50. Shannon Tiezzi, “China's Already Preparing for a Post-Sanctions Iran,” *The Diplomat*, April 8, 2015.

51. “China-Iran Relations,” *Wikipedia*, last modified August 6, 2015, https://en.wikipedia.org/wiki/China-Iran_relations.

invited Iran to join the Shanghai Cooperation Organization, a continental security organization proposed by China.⁵² The conclusion of the Iran nuclear deal increases the likelihood that Iran will join the Shanghai group. Military relations are growing. China is providing support for Iran's missile program. The defense ministers met in 2014 and declared that Iran and China have "common views over many important political, security, regional, and international issues."⁵³

In short, China's growing stake in building its relationship with Iran has created another important motive for China not to interfere substantively in North Korea's nuclear and missile programs. China has perceived firsthand the major role Iran now has in North Korea's nuclear and missile programs. China no doubt believes that its non-interference is a factor in building its ties with Iran and that any change of policy toward interference would damage its strategy toward Iran. And it seems that this non-interference continues to apply to North Korean-Iranian use of Chinese territory and Chinese banks to advance their collaboration. With the conclusion of the Iran nuclear deal and the prospective lifting of UN sanctions on Iran, China will have even more incentive to continuing its policy of non-interference in the North Korean-Iranian nuclear and missile collaboration.

China's Growing Criticism of North Korea: What Does It Mean?

Since 2005, China has enunciated criticisms of North Korea over its nuclear and missile programs. These criticisms have come from government officials, government and Communist Party-controlled media organs, and individual Chinese experts on North Korea situated in research organizations and universities. Recently, several prominent

52. Tiezzi, "China's Already Preparing for a Post-Sanctions Iran."

53. U.S. Center for Naval Analysis, *A Closer Look at China-Iran: Roundtable Report*, September 2010; Adam Kredo, "Iran, China expand military ties," *Washington Free Beacon*, May 5, 2014.

“retired” Chinese officials have issued pointed criticisms of North Korea. There also has emerged broader criticism of North Korea from elements of the Chinese public. The Chinese internet and “social media” have contained sharp criticisms of North Korea from thousands of individual Chinese.

There are three elements of this criticism worth noting. One is that the focus of the government’s criticism has been on North Korea’s nuclear and missile tests. Government officials have called for North Korean leader Kim Jong-un (and previously his father, Kim Jong-il) to halt further nuclear and missile tests. They have accused North Korea of exacerbating tensions in the Korean Peninsula.⁵⁴ Since the February 2013 nuclear test, China has instituted a diplomatic shunning of the North Korean regime. Diplomatic contacts reportedly have been reduced in number and in the level of contacts. Most important, Xi Jinping has not invited Kim Jong-un to visit China. There are reports that Xi has demanded as a condition for a visit that Kim pledge that he will order no further nuclear tests.

Some Chinese not directly in the government have gone further in their criticisms. A few experts and advisers to the government and larger numbers of Chinese over the social media have advocated that China end its support for North Korea and terminate the China-North Korea mutual defense treaty.⁵⁵ Zhang Lianqui, a Korean expert at the Central Party School of the Communist Party of China, called on China to act strongly to block North Korea’s goal of obtaining nuclear weapons.⁵⁶ Even more directly, retired Lt. General Wang Hongquang, a former high level commander, wrote in the Communist Party newspaper, *Global Times*, in December 2014, that China does not have to sustain North Korea in the future and that if the North Korean people

54. Jane Perlez, “China Bluntly Tells North Korea to Enter Nuclear Talks,” *New York Times*, May 24, 2013.

55. “A High Stakes Games,” *Washington Post*, March 4, 2013. Online; Steven Mufson, “Chinese Express Scorn for Longtime Ally,” *Washington Post*, April 14, 2013.

56. “Prominent PRC Expert Says DPRK Determined to Keep Nuclear Weapons,” Open Source Center, June 23, 2009.

do not support the regime, “collapse is just a matter of time.”⁵⁷

These criticisms probably have several meanings related to Chinese policies. Chinese leaders, no doubt, perceive that Chinese influence on North Korea has declined, and they are furious about this. They see this loss of influence in Kim Jong-un’s execution of his uncle, Jang Sung-taek, the North Korean leader considered most friendly with China. They are aware of denunciations of Chinese policies, especially votes for United Nations sanctions, coming out of the North Korean leadership.⁵⁸ They see Kim Jong-un seeking to build ties with Russia, apparently in part to weaken Chinese influence. The Chinese also see that the sizeable financial resources Iran provides to North Korea weaken China’s economic power over the Pyongyang government.

However, it seems to me that the heart of Chinese government criticisms come from the government’s attitude toward the North Korean nuclear and missile programs. Prior to October 2006, there were no significant Chinese criticisms of these programs. Chinese officials stated in the six-party talks that China favored North Korea’s proposal of a nuclear freeze and that North Korea should have a “peaceful” nuclear program. Then came the October 2006 nuclear test as the catalyst for open Chinese criticism. It seems to me that prior to the first nuclear test, Chinese policy was to give tacit support to North Korea’s nuclear weapons program as long as North Korea kept it secret. A freeze would have prevented open activity of the plutonium program, but clandestine work could continue. China shielded the secret uranium enrichment program from U.S. claims, again, because North Korea kept it secret. In short, China’s policy toward the nuclear program prior to October 2006 was: Keep It Secret and We Can Live With It! Shen Dingli, a scholar at Shanghai’s Fudan University was, in my view, correct when he stated in 2005 that China would accept a nuclear North Korea as long as North Korea did not

57. Jane Perlez, “Chinese Annoyance with North Korea Bubbles to the Surface,” *New York Times*, December 20, 2014.

58. Jeremy Bender, “North Korean Officials Accuse Their Only Ally of ‘Being in Bed with Imperialists’ in an Internal Memo,” *Business Insider*, June 3, 2014.

conduct a nuclear test.⁵⁹

North Korea undermined China's "Keep It Secret" policy with the nuclear test of October 2006. It undermined it further with its later nuclear tests. Pyongyang's tests of longer-range missiles also added to the undermining, as the missile and nuclear tests increasingly became linked in North Korea's stated objective of marrying missiles and nuclear warheads. North Korea's boasts of its accomplishments in its tests and the boastful admission in 2009 that it had a uranium enrichment program further undermined Chinese policy.

China's criticisms are partly intended to put North Korea's nuclear program "back into a bottle of secrecy," or at least reduce the attention given to it by other governments. Behind China's "Keep It Secret" policy was the objective of reducing the likelihood of strong military responses coming from the United States and keeping South Korea and Japan from considering nuclear weapons programs. The criticisms do not represent any intention of the Chinese government to end support to North Korea. However, statements advocating an end to support plus broader public criticism of North Korea demonstrate that there is a real debate developing in China. In past instances in which there was discussion of policy toward North Korea, the Chinese government was able to shut down independent voices suggesting policy change. However, today's debate and discussion appears to be too broad for the government to control completely.

Issues and Questions for the Future

The conditions surrounding North Korea's nuclear and missile programs have changed dramatically since the collapse of the six-party talks in 2008. China will face new challenges and decisions in dealing with it in the future. However, it is less certain that China will move away from the pattern of its past policies as described in this paper. It seems to me that much of these patterns are set firmly in the minds of

59. Joshua Kurlantzick, "China is Not the Answer," *New Republic*, June 6, 2005.

the current Chinese leadership and within those government organizations that set policy toward North Korea.

Therefore, it seems to me that China will seek two basic goals in the future. One will be to contain the North Korean nuclear program, to limit its growth and scope. However, this goal will not include limiting North Korea-Iran nuclear and missile collaboration. The second goal will be to cool the tensions among the United States, South Korea, and Japan and lower the attention they give to the North Korean programs. If so, the challenge will be to adjust past strategies and tactics to the changing circumstances of today and the future in order to achieve these goals.

The new conditions of North Korea's nuclear and missile programs likely could include one or more of three scenarios in the future.

Scenario One: North Korea Conducts New Nuclear and Long-range Missile Tests

This would be a continuation of the situation that existed during the 2009-2013 period. North Korea would continue to assert that the objective of the tests was to develop a long range missile and a nuclear warhead that could hit U.S. territory. There would be new reports of Iranian missiles experts in North Korea and Iranian nuclear experts observing the nuclear tests.

The Chinese government likely would step up criticism of North Korea and reduce diplomatic interactions with Pyongyang. There could be singular acts of enforcement of sanctions such as tougher inspections of border traffic, restrictions on a few more Chinese banks, and even some reduction in luxury goods going to North Korea. However, there would be no comprehensive enforcement of sanctions such as a wholesale crackdown on North Korea's accounts (open and concealed) in Chinese banks and on Chinese firms that do business with North Korean trading companies. Key North Korean trading companies would continue to operate in China. China would take no action to end or even limit North Korea and Iran from using Chinese air space, airports, and seaports to further their collaboration.

China would continue to call for a resumption of six-party talks. It likely will argue that the “success” of the Iran nuclear deal creates a strong case for resuming six-party talks. If the United States holds out for prior conditions on North Korea, China might become increasingly critical of the U.S. government.

In short, the pattern of Chinese policy demonstrated since the collapse of six-party talks in 2008 would continue under this scenario. Perhaps the biggest change would be in the expression of critical views of North Korea from Chinese outside government. That could expand in volume and number of people involved.

Scenario Two: No New Negotiations but No New Tests

This would be a longer continuation of the situation since the December 2012 and February 2013 missile and nuclear tests: no major tests like those for the last 2 1/2 years — although the May 2015 test of a missile from a submarine drew concern but also skepticism that the test was actually from a submarine. If this no testing situation should last two or three more years, China likely would believe that its criticisms and diplomatic shunning of North Korea were succeeding. There could be a lessening of Chinese criticism of North Korea, possibly a Chinese invitation to Kim Jong-un to visit Beijing, and an overall improvement in relations. China might begin to increase some economic and financial aid to North Korea as a reward for “good behavior.” Diplomatically, China could be expected to call for an end or at least a reduction in United Nations sanctions.

With apparent stability achieved in the North Korean nuclear and missile programs, China might focus more on decreasing tensions between North and South Korea, including discouraging North Korean provocations. China’s growing involvement in North-South issues would be partly aimed at increasing Chinese influence on South Korea’s future defense and foreign policies.

China undoubtedly would continue to call for a renewal of six-party talks. It would contend that a prolonged period of no North

Korean testing meant that prospects had improved for real negotiating progress if the talks were resumed.

Scenario Three: Re-opening of Six-party Talks

A resumption of six-party talks thus could be an outgrowth of Scenario Two, but it could come about in other ways, too. Like the earlier six-party talks, China would seek to avoid having to issue major proposals to bring about a shrinkage of North Korea's nuclear program. China would press the U.S. administration to negotiate bilaterally with North Korea. China would revert to its earlier six-party strategy of seeking a freeze of North Korea's nuclear program by urging the United States to negotiate a North Korean moratorium on future nuclear tests. China would urge and pressure as quietly as possible as in 2008. Chinese officials would argue to U.S. officials that such a freeze would contain North Korea from moving ahead to develop a nuclear warhead that could be mounted on a long-range missile that could hit U.S. territory. It is less certain whether Chinese officials would include in their urgings that the United States also seek a North Korean moratorium on future tests of long-range missiles. However, China strongly condemned North Korea's attempted long-range missile launch of April 2012 because it used ballistic missile technology.⁶⁰ But China also has agreed to UN sanctions in response to the missile tests. A moratorium on the testing of missiles from submarines could be included in China's proposals.

China at this juncture probably would cease to advocate that North Korea receive a light water reactor from the United States. But China could be expected to urge the U.S. administration to offer important concessions and benefits to North Korea in return for the North Korea moratoria on testing. China likely would call on the U.S. administration to offer North Korea diplomatic relations, an end to

60. Bonnie S. Glaser and Brittany Billingsley, *Reordering Chinese Priorities on the Korean Peninsula*, Report of the Center for Strategic and International Studies, November 2012, p. 11.

United Nations and U.S. sanctions, guaranteed food aid, and energy assistance. China could be expected to offer North Korea a basket of Chinese economic and financial aid as an incentive for them to agree to a freeze on future testing, possibly including increased shipments of oil.

China's strategy in new six-party talks would play upon the now frequently-stated U.S. concern that North Korea is nearing the achievement of a capability to strike the United States with a nuclear warhead-armed missile. Thus, a freeze-moratorium deal could have some appeal to a U.S. administration. Some American experts have argued that this should be the real U.S. objective in any new six-party talks.

While advocating active U.S.-North Korean negotiations on this kind of freeze, it seems to me that China would take the opposite approach to North Korea's other major accomplishments of its nuclear and missile programs: the development and mounting of nuclear warheads on Rodong missiles and the expansion of nuclear and missile collaboration with Iran — the proliferation issue. China likely would take a position similar to its position of 2007-2008 that North Korea should not be required to include uranium enrichment activities and proliferation activities in its declaration of nuclear programs.

Such a Chinese strategy might be effective in dealing with the United States and South Korea. A U.S. administration could find the containment of North Korea's testing of a nuclear long-range missile so attractive that it might adopt Chinese suggestions. Most likely, a U.S. administration would insist that a freeze deal include a moratorium on the testing of long-range missiles.

It seems possible that some elements of the Chinese proposal would match the initial objectives of the United States in renewed six-party talks. China's advocacy of deferring the Rodong warhead and proliferation issues might be acceptable to the United States and South Korea. Both the U.S. and South Korean governments clearly are unwilling to disclose publicly that North Korea has developed nuclear warheads for the Rodongs. It seems to me that they believe that public disclosure would create new policy problems for them. For example, disclosure would undermine the U.S. position that the

United States never will recognize North Korea as a nuclear weapons state. In nuclear negotiations with Iran, the Obama administration likely has feared that disclosure of Rodong nuclear warheads would result in questions being raised about such warheads being suitable for Iran's Shahab-3 missile, a twin of the Rodong developed with considerable North Korean input. The ROK government, no doubt, fears that disclosure of nuclear warheads on Rodongs would ignite demands in South Korea that South Korea begin to develop its own nuclear weapons.

China, no doubt, would try strongly to keep the proliferation issue, i.e, Iran, off the six-party table. Any proposals to end North Korean-Iranian collaboration would confront China with major obligations, decisions, and problems. It would be a major task for the Chinese government to shut down the North Korean network in China that maintains essential North Korean dealings with Iran. Beijing would not want to risk its growing relationship with Iran by denying Iran access to North Korean nuclear and missile experts, North Korean nuclear and missile facilities, and North Korean components and materials. This would include keep the Rodong warhead issue off the table, given the connection between the Rodong and Shahab-3 Iranian missile. China might even promise North Korea that the six parties would not take up proliferation as an inducement for North Korea to negotiate with the United States over a testing moratorium.

Surprisingly, this element of Chinese strategy might be attractive to a U.S. administration. Both the Bush and Obama administrations have refused to release information of nuclear collaboration between North Korea and Iran. The Bush administration never disclosed to Congress that Iran was involved in the Syrian nuclear reactor (It revealed North Korean involvement only after it received heavy pressure from the House of Representatives.) Obama administration officials have continued this "blackout" of information, denying that it has information on nuclear collaboration. Now, the Obama administration has an added incentive: the nuclear agreement it has negotiated with Iran. Obama officials know that revelations of North Korea-Iran collaboration on nuclear weapons would disrupt and possibly cause a

collapse of the agreement.

In order to divert the Rodong warhead and proliferation issues from six-party talks, China might go back to its 2007-2008 strategy of urging a concentration on the plutonium issue. This would entail influencing the United States to follow a freeze deal with North Korea with a second negotiation to secure a second freeze or disablement of the five megawatt plutonium reactor and plutonium reprocessing plant at Yongbyon. China would exploit U.S. concerns over North Korea re-starting these installations in 2014. China probably would have to support, as part of this strategy, a return of the International Atomic Energy Agency to Yongbyon, including IAEA access to the uranium enrichment plant there shown to Dr. Hecker in November 2010.

The threats or variables that China's six-party strategy would face would be these. South Korea, and even more likely, Japan may not agree to keep the Rodong nuclear warhead issue off the negotiating table. Rodongs with nuclear warheads threaten them, not the United States. China would have to hope that once the United States accepted the negotiating process suggested by China, Washington would be able to influence a compliant Japan.

North Korean actions would be a second threat. China's strategy would aim at getting North Korea back into a "Keep It Secret" mode with regard to its nuclear program and now its missile program. However, North Korea chose to break out of this mode with the 2006 nuclear test, subsequent tests, boastful proclamations of progress, and threats of nuclear attack against the United States. The Kim Jong-un regime might not be satisfied to remain in a "Keep It Secret" mode for very long.

North Korea, too, could upset China's view of the best negotiating process by demanding that the six parties, especially the United States, agree to negotiate over North Korea's long-standing demand that the United States must "end its nuclear threat" to North Korea as a condition for progress in "denuclearization." Or Pyongyang could insist that the six parties agree to North Korea's related long-standing demand that the United States negotiate a bilateral Korean peace

treaty with North Korea (without South Korea's participation). Both of these demands seek to force the United States to negotiate with North Korea over the U.S. military presence in South Korea. North Korea defines the "U.S. nuclear threat" as U.S. forces, U.S. weaponry, and U.S. military exercises in South Korea.

In the past, China has avoided taking strong stands on these North Korean demands. North Korean pressure on the six parties to give these demands a priority in negotiations would force China to make difficult decisions over whether to accede to North Korea and possibly have to adopt a firmer position on the issue of U.S. troops in South Korea.

Nevertheless, if these threats and variables did not materialize or were kept under control, this Chinese strategy would have a credible prospect of success. China's overall objective toward the North Korean nuclear and missile issues would be to use a moratorium on testing (or a prolonged de facto moratorium as in Scenario Two), a suspension of the facilities at Yongbyon, and a long implementation process for these agreements as the means to reduce the tensions over North Korea's programs and bring about a lowering of attention to North Korea's programs. These agreements, in effect, would end the *visible* components of North Korea's missile and nuclear programs. The secret, concealed components could proceed: secret installations, research, underground production of enriched uranium and nuclear warheads, and working with the Iranians. But to Chinese strategy, the American proverb "Out of Sight, Out of Mind" likely would be the result desired by China.

For the United States, South Korea, and Japan, the choice that would face them if they return to six-party talks and deal with China likely would be: Would an "Out of Sight, Out of Mind" result be good enough to satisfy their core security interests?

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