

China's Aid to North Korea, Is It Exceptional? A Comparative Analysis with China's Aid to Africa*

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This paper examines whether there is a “special nature” involved in China's aid to North Korea by using comparative analysis to juxtapose it with Chinese aid to Africa. Chinese aid can be reviewed mainly as a tool to secure China's economic interests both in North Korea and Africa. In terms of aid volumes to both regions, the general trend is upward rising. Especially in the cases of Ethiopia and North Korea, assistance has continued regardless of the domestic political situations. With respect to method, assistance is mostly provided with investment characteristics rather than ODA features. It could be concluded that aid to North Korea and Africa are similar. Therefore, Chinese aid to North Korea is not the result of the “special nature” of Chinese-North Korean relations, but is instead tailored to the unique characteristics of Chinese foreign aid.

Keywords: China's Aid, North Korea, Africa, Ethiopia, Aid Motivation

I. Introduction

During the Cold War, the People's Republic of China (PRC; hereafter China) and the Democratic People's Republic of Korea (DPRK; hereafter North Korea) maintained a relationship as “blood brothers” that was forged during the Korean War and the Chinese Civil War (Lee 200, 228). When the Cold War system collapsed, however, the two countries took differing paths. China began to participate actively in the new world order and achieved tremendous economic success, rising rapidly

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to global superpower status as a part of the G2, alongside the United States. On the other hand, despite the end of the Cold War order, North Korea has continued to adhere to its socialist planned economy and has experienced excruciating economic hardship. Furthermore, through its nuclear and missile tests, North Korea has repeatedly engaged in offensive communication with the outside world; the international community has responded to this with sanctions.

Lately, the international community has criticized China—especially when taking into account China’s G2 status—for not taking appropriate measures towards the North Korean nuclear issue, and points to the “special nature” of Chinese-North Korean relations as the fundamental cause of China’s evasive, soft attitude towards North Korea. This paper explores the above claim and examines whether such a “special nature” actually exists in China’s aid to North Korea by comparing it with Chinese aid to Africa. Africa has been chosen as the comparative entity for two reasons: first, since there has been a hike in Chinese assistance to the region in recent times, an analysis of Chinese aid to Africa can help identify the general characteristics of China’s foreign aid patterns; second, a comparative case study of aid given to North Korea and Africa can support the validity of the research findings, owing to the entirely different diplomatic and geographical environments of the two regions.

Although China has been giving aid to North Korea for more than 65 years, previous studies on the subject were of little significance. This is because China’s aid to North Korea was mostly examined in the context of the general Chinese-North Korean relationship, and not as an independent subject in itself. The insufficiency of research is also due to the fact that China has never officially revealed the size of its aid to North Korea.¹ Nevertheless, recent attempts to estimate the volume of Chinese aid to North Korea, albeit through limited methods, have led

1. North Korea consistently keeps most material related to aid confidential due to the concern that aid, including aid from China, could possibly damage its national identity of *chaju* (political independence). Aware of North Korea’s position on the matter, China also refrains from disclosing relevant information (Im 2014, 9).

to the announcement of additional research. The existing literature can be divided into two categories: first, there are analyses that directly or solely focus on China's aid to North Korea; second, there are analyses that treat aid as a component of the broader Chinese-North Korean economic cooperation. The representative research of the first category is by Im (2014). Her study focuses on the economic limits of China's aid by dividing the years from 1957 to 1970 into three periods and attaching weight to the key variables of the Sino-Soviet conflict. Among the second category of analyses are the studies by Cho et al. (2005), Choi (2009), Song (2011), and Moon (2013). Cho et al. (2005) investigate the possibility of future infrastructure development projects emerging between China and North Korea. Meanwhile, Choi (2009), in introducing the current status of trade and investment between China and North Korea, claims that China has increased its assistance to North Korea in order to keep it under Chinese influence, which may result in a deepening of North Korea's economic dependency on China. Song (2011) points out that the size of China's aid to North Korea is very small compared to the enormous amount of aid given to other developing countries, and argues that because North Korea relies on China for oil and food, North Korea's nuclear and missile tests, which are undesirable to China, have strained the bilateral relations. Moon (2013) shows that China has changed its political stance, which it took during the period before and after the end of the Cold War, into an economic one; especially since 2009, China has approached economic cooperation strategically from a new perspective. All previous studies acknowledge the limitations in their research that arise from analyses based on limited information. Moreover, because the analysis is based on the bilateral relations of China and North Korea, a political economic aid approach is absent in most of the literature.

The first part of this paper introduces the research background and the literature review on Chinese aid to North Korea. Chapter II looks into the general discourse on foreign aid, and then analyzes the characteristics of Chinese foreign aid. Chapters III to V examine China's aid vis-à-vis Africa and North Korea. And finally, there are sum-

maries and a discussion of the limitations of this paper in chapter VI.

II. The Political Economy of Chinese Foreign Aid

1. The International Discourse on Aid

Economic cooperation among countries generally refers to the cooperation among countries through economic means or the joint effort made by countries to solve a common economic problem (Lancaster 2007, 9). Foreign aid is a type of economic cooperation whereby the public finance of one country is voluntarily transferred to another. This raises the question: why do countries sustain foreign aid even when it may entail high costs? The objective of aid-giving can be largely summarized by the realist and idealist perspectives.

Realists discuss economic cooperation in relation to security. In essence, they argue, because national security is of foremost importance to individual countries in an anarchic world order, the goal of all foreign aid is to promote and protect the country's national interest (Morgenthau 1962, 301-309). Through foreign aid, the donor country can acquire a strategic location, further solidify its alliances, or make economic gains by expanding its trade and investment with the aid recipient country. A classic example of this was the Marshall Plan. The United States allocated US\$13 billion in aid for the reconstruction and prosperity of Europe because the U.S. goal at the time was to maintain U.S. hegemony (Wood, 1986). Similarly, the former Soviet Union provided assistance to Cuba, despite the geographical distance between the two countries, in order to gain the upper hand in its power competition with the United States (Mesa-Lago 1997).² In more recent times, the South Korean government's continued aid to key recipient countries has greatly contributed to the activation of South Korea's economic relations with these recipient countries (Kim et al. 2015). Also, one of

2. From 1986 to 1990, the Soviet Union donated an average of US\$2 billion annually in grants, and offered loans amounting to US\$2.3 billion annually to Cuba; these commitments equaled 15% of Cuba's GDP at the time (Mesa-Lago 1997).

the key motives of Japanese foreign aid is to expand its national economic interest (Stein 1998, 27-53). For realists, altruistic motives vis-à-vis the recipient country are not considered because, ultimately, foreign aid is given solely for the national interest of the donor country. But while most cases of foreign aid can be interpreted from a realist perspective, some cases seem to be better represented by the idealist viewpoint. For instance, the foreign aid of Nordic countries focuses on humanitarian acts and has the objective of alleviating poverty in developing countries. The multilateral aid provided through international organizations is also based on humanitarian motives. Due to these cases and others, liberalists interpret aid-giving as an altruistic act, emphasizing the roles of international norms and organizations in economic cooperation, and arguing that conflict among countries can be mitigated as a result of cooperation.

2. *The Discourse on China's Aid*

Starting with military aid in 1950, China has continued to provide foreign aid to North Korea. In the 1950s, China was both the recipient of aid from the former Soviet Union, and a donor not only to its socialist neighbors, but also to other non-socialist countries (Poole 1966, 662). China maintains this dual status even today: it is the recipient of aid from the Organization for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) and also a donor country that provides assistance to Africa, Asia, and other regions.

The Chinese aid paradigm has reflected the distinct characteristics of different time periods. Before China's "reform and opening-up" policies, Chinese foreign aid, mostly grants and loans to socialist countries and Third World nations, clearly served the political and diplomatic motives of the time. For instance, as a result of China's aid to Africa, China successfully secured the support of United Nations (UN) African member states in the vote that granted UN membership to China instead of Taiwan at the 26th Plenary Session of the UN General Assembly in 1971 (Yeo 2016, 11-12). After China's reform and opening-up policies came into effect, the objective of Chinese foreign aid

shifted from its previous pursuit of political benefits to seeking economic profit. With China's transformation into a socialist market economy, the aspect of economic gains based on market principles was also emphasized in China's foreign aid policies. For example, the Export-Import Bank of China (China EXIMBank), which was established in 1994, offered concessional loans to important recipient countries at an interest rate of between 2 and 3% with a maturity of 15-20 years. This signified the beginning of the "marketization" of Chinese foreign aid: financial institutions used capital raised from the market as the financial resource for administering concessional foreign aid loans, which had previously been financed using the Chinese government budget (Yeo 2016, 16). In the mid-1990s, the marketization of China's foreign aid became more established. A transition in the Chinese aid framework took place, resulting in a shift from the previous concept of aid, which stressed ideology, to the new concept of mutual development cooperation in order to accelerate economic profit-seeking and marketization. By both giving aid to Africa and other underdeveloped countries and leading the cooperation efforts with these countries, the "Five Measures" and the "Eight Principles of Foreign Aid" announced by the Chinese government in 2005 targeted the African market with an economic trade strategy that mixed aid with trade (Woods 2008, 1205-1221). Thus, history shows that Chinese aid has been based on realistic motivations involving both economic and political aspects.

Table 1. The Shift in the Chinese Aid Paradigm

Period	Prior to Reform and Opening-up	1980s to Mid-1990s	Mid-1990s onwards
Characteristics	<ul style="list-style-type: none"> • Political and diplomatic motives • Grants or loans given to socialist and Third World countries 	<ul style="list-style-type: none"> • Economic motives • The marketization of aid 	<ul style="list-style-type: none"> • Intensified economic motives • Aid used as foreign economic strategy

Source: Authors.

Chinese aid is somewhat different from the OECD definition of official development assistance (ODA). In the international community, foreign aid is generally understood to mean ODA. According to the OECD-DAC,³ ODA is specified as flows that are: one, provided to developing countries or to multilateral institutions and nongovernmental organizations by official agencies, including state and local governments; two, administered with the objective of promoting the economic development and welfare of developing countries; and three, concessional in character with a grant element of at least 25%. However, Chinese foreign aid displays certain key differences from the OECD standard: Chinese aid is not distributed via development assistance organizations, it does not involve a specific grant element threshold, and it is linked to the economic situation of the recipient country. China commonly designates financial or human exchanges and infrastructure assistance as aid; moreover, the concessional loans⁴ supplied through China EXIMBank are conditional loans that require at least 50% use of Chinese companies, China-sourced labor, and Chinese equipment. The Chinese aid system further differs from the international aid regime in the following ways (Nam 2009). First, the Chinese aid regime has a bilateral-focused aid practice; the international aid regime, meanwhile, emphasizes the harmonization among OECD-DAC donors. Second, with regards to the type of aid-giving, Chinese aid targets projects, whereas the international community is focused on programme aid. Third, China deals mainly with preferential loans and export buyers' credit financed through the China EXIMBank; the international community aims at the disbursement of grant-type aid. Fourth, China mainly delivers tied aid to state-owned enterprises and the recipient country's firms; on the other hand, the international community gives untied aid to the recipient government. Fifth, Chinese aid is characterized as trade or an investment package-type economic cooperation grounded on the "non-interference in internal affairs" principle; meanwhile, international aid predominantly links gover-

3. <http://stats.oecd.org>. (10. March 2017).

4. The recipient country's sovereign credit rating and its political and economic situations are important for determining the interest rate of the loan.

nance reform as a conditionality, and it is disconnected from commercial activity.

Opinions about Chinese foreign aid largely divide into two sides. On the one hand, a positive assessment of China's foreign aid notes that it has "no strings attached." This policy is not only welcomed by recipient countries, but also considered to have a positive effect on the recipient country's economic growth by emphasizing economic objectives (Moyo 2010). Chinese aid strictly adheres to the principle of non-interference in internal affairs and appears to respect the recipient country's ownership; this is unlike the aid from advanced countries that can often have conditions attached (Nam 2009, 53-54). Additionally, the different method China brings to aid-giving has diversified the aid actors and brought about a new change in international development cooperation. Specifically, the expansion of Chinese aid has provided complementary sources for the funds needed to accelerate recipient countries' development. The presentation of a Chinese-style model, with its differences from the existing aid model established in advanced nations and international organizations, also introduces healthy competition into the international aid order, thereby inducing greater efficiency (Kim and Park 2016, 237-238). On the other hand, negative analyses of China's foreign aid point to its "no strings attached" policy as well. Critics argue that by offering aid without any stipulations, China is ignoring the human rights conditions in the recipient countries, and is serving to assist the persistence of authoritarian regimes in the name of political and economic gains. There is also criticism that China is distributing large-scale aid specifically to resource-rich African countries in order to secure the resources and energy necessary to sustain its own economic growth (Kim and Park 2016, 237-238). And finally, China has been the subject of criticism for not taking an active role in the international aid effectiveness agenda, although it has made independent efforts on this behalf. Ultimately, critics in the United States and in Western media regard Chinese "no strings attached" foreign aid as turning a blind eye to human rights violations and propping up tyranny (Won 2010, 102).

In terms of its motivations, Chinese aid is based on a realist

approach and, therefore, it offers aid differently from the OECD-DAC. Accordingly, if Chinese aid toward North Korea is also based on the unique characteristics of Chinese foreign aid, it can be said that China's aid to North Korea does not in itself have distinctive and exceptional characteristics but that it shares the attributes of all Chinese foreign aid. Moreover, if the type of aid that is evident in China's aid to North Korea also appears in China's aid toward Africa, it can be concluded that aid to North Korea is simply a very common case of how Chinese foreign aid works.

III. How Does Chinese Aid to Africa Work?

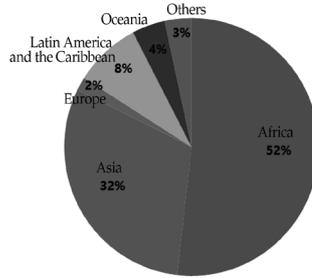
The grant to the Arab Republic of Egypt in 1956 was the first of China's aid efforts vis-à-vis Africa. Today, China's biggest aid recipients are on the African continent. China's aims in giving to Africa are mainly to develop its resources, increase its political influence in the region, and further its economic goals. For example, China continues to increase assistance to countries with an abundance of natural resources, such as the oil-producing countries, for the purpose of resource development. Additionally, in order to gain friends at the UN General Assembly and increase its political clout, China has excluded African nations that have established diplomatic relations with Taiwan from its list of recipient countries.⁵ Also, to facilitate the entry of Chinese businesses into Africa and increase the export of Chinese goods, China has helped its state-owned and private enterprises enter Africa by securing aid-based contract orders⁶ through the China EXIMBank's preferential loans.⁷

5. Burkina Faso, Kingdom of Swaziland, Republic of The Gambia, the Democratic Republic of São Tomé and Príncipe, and others.

6. Chinese enterprises obtain African infrastructure turnkey projects, and construction is carried out with labor, equipment, and materials procured from China.

7. Ever since China EXIMBank became wholly responsible for preferential loans in 1995, the volume of these loans has increased from US\$5 billion in 2006 to US\$20 billion in 2012 (The Export-Import Bank of Korea 2017).

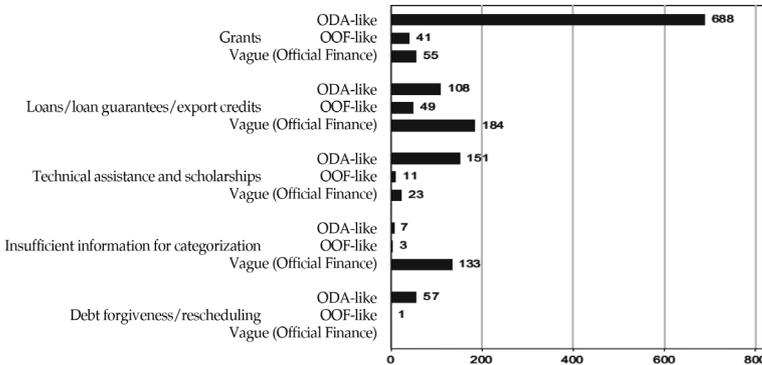
Figure 1. Regional Distribution of China’s Foreign Aid



Source: Lee. *US and China’s Economic Policies* (EAI 2017, 8).

A detailed examination of the trends in China’s assistance to Africa for the period between 2000 and 2011 reveals the following. First, China’s total financial commitments to Africa during this period reached US\$73 billion, and were disbursed through 1,511 projects to 50 African nations. Of China’s total commitments, US\$15 billion corresponded to the OECD-DAC concept of ODA (AidData 2015). In terms of the total number of projects, two-thirds were in the form of grants, and one-fourth were in the form of loans. However, with respect to the total amount of aid provided, grants only constituted 10%, while loans accounted for 86% (AidData 2015).

Figure 2. China’s Assistance to Africa by Project (2000-2011)



Source: China Development Finance to Africa (Center for Global Development 2013).

Second, a sectoral breakdown based on the number of assisted projects (Table 2) shows that the “government & civil society” sector received the largest amount of assistance with 209 projects funded (worth more than US\$1.7 billion). However, in terms of the total aid amount, the “transport & storage” sector secured the top spot with US\$17.2 billion, followed by US\$13.3 billion of infrastructure assistance in the “energy generation & supply” and “communications” sectors.

Table 2. Sectoral Distribution of China's Assistance to Africa (2000-2011)
(USD million)

Sector	No. of Project (Rank)	Amount (Rank)
Unallocated/Unspecified	214(1)	3,740(6)
Government & Civil Society	209(2)	1,718(9)
Health	182(3)	1,078(13)
Education	149(4)	239(15)
Transport & Storage	107(5)	17,230(1)
Agriculture, Forestry, & Fishing	98(6)	3,520(7)
Other Social Infrastructure & Services	87(7)	1,766(8)
Communications	80(8)	4,324(4)
Energy Generation & Supply	69(9)	13,301(3)
Emergency Response	57(10)	160(16)
Action Relating to Debt	56(11)	4,099(5)
Other Multisector	49(12)	16,937(2)
Water Supply & Sanitation	39(13)	1,666(10)
Trade & Tourism	35(14)	1,248(12)
Industry, Mining, & Construction	32(15)	1,521(11)
Food Aid	14(16)	24(19)
Population Policies & Reproductive Health	11(17)	36(18)
Banking & Financial Services	10(18)	313(14)
Business & Other Sectors	5(19)	41(17)
Women	4(20)	0(23)
Support to NGOs & GOs	2(21)	9(20)
General Budget Support	1(22)	1(21)
Non-Food Commodity Assistance	1(23)	0(22)
Total	1,511	72,971

Source: Tracking Underreported Financial Flows (SAGE 2015).

Chinese assistance to Africa is expected to rise steadily in the future. By 2025, the Chinese government plans to expand its aid volume vis-à-vis Africa to US\$1 trillion and to provide it in a comprehensive manner that includes concessional loans, commercial loans, and foreign direct investment. At the Forum on China-Africa Cooperation (FOCAC)⁸ held in 2015 in Johannesburg, South Africa, Chinese president Xi Jinping pledged funding support worth US\$60 billion to Africa, and in addition, promised to provide US\$60 million in free aid to the African Standby Force⁹ of the African Union (AU) in support of its operation and response to emergency situations.¹⁰

The example of China's aid to the Federal Democratic Republic of Ethiopia (Ethiopia), a major African recipient country of Chinese aid, clearly depicts the key characteristics of Chinese aid to Africa. During the 1950s, China maintained ambiguous diplomatic relations with Ethiopia due to the Haile Selassie government's participation in the Korean War as well as its diplomatic ties to Taiwan and the United States. From the 1970s onward, however, China began official economic cooperation with Ethiopia, including aid. Economic cooperation activities during this period included the donation of grants worth US\$84 million in 1971, the dispatch of medical teams in 1974, the construction of a main road to connect Woldiya and Wereta in 1975, and the completion of a diesel power plant in the region of Afar in 1978 (Martyn Dacies et al. 2008; Robert Rotberg 2008; The Export-Import Bank of Korea 2017). As in the past, China's goals in providing aid to Ethiopia continue to be connected to both political and economic issues; thus, they are basically similar to the objectives of Chinese aid to Africa in general. The goals are political, since they aim to increase Chinese clout within the AU. For example, China believes that giving aid to Ethiopia in particular will augment its influence on African countries through the AU because the AU headquarters are located in

8. The FOCAC is held every three years to support African development.

9. The African Standby Force is a standing army, under the direction of the AU, for voluntary conflict resolution within Africa and exists in order to conduct resolution activities outside international pressure.

10. http://www.focac.org/eng/ltada/dwjbzjjhys_1/.

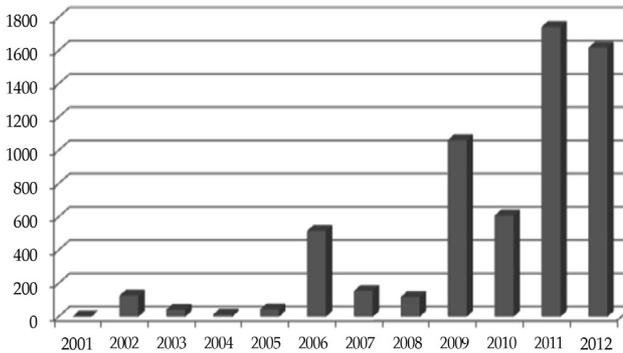
Ethiopia. Moreover, to achieve this specific goal, the Chinese government recently spent US\$200 million on building a new AU headquarters (Robert Rotberg 2008; The Export-Import Bank of Korea 2017). Simultaneously, the aid objectives are linked to economic issues, such as the use of cheap labor and access to export markets. For instance, the approximate tenfold gap difference in the per capita incomes of China and Ethiopia makes it possible for Chinese manufacturing companies to reduce production costs by producing in Ethiopia. In 2011, China built a shoe factory in Ethiopia upon request (The Export-Import Bank of Korea 2017). Later, this same Chinese shoe-manufacturing business grew rapidly and has now even entered the U.S. market.

During the period from 2000 to 2012 (table 3), Chinese commitments to Ethiopia were worth US\$6.1 billion and were allocated to 81 projects. A detailed assessment shows that the volume of assistance increased immensely over that time period, starting at just US\$220,000 in 2000 and exceeding US\$1.6 billion by 2016. A sectoral examination of Chinese assistance to Ethiopia during this period reveals a few trends. First, the largest sum was dispersed in the energy and transportation sectors. In particular, since 2005, China has constructed around 70% of the roads in Ethiopia and secured a predominant position in the construction of dams, roads, railways, and other infrastructure.¹¹ Second, several large-scale projects were also undertaken in the health sector, including the foundation of two hospitals, the Tirunesh Dibaba Beijing Hospital (2011; worth US\$13 million) and the Ethio-China Friendship Hospital (2011; worth US\$13 million), as well as an anti-malaria center. China also dispatched 16 medical teams composed of 255 medical personnel during this 12-year period. Third, China has consistently extended assistance in the education sector. In particular, China founded the Ethio-China Polytechnic College and provided technical education and scholarships. Fourth, assistance has also included military training and the provision of artillery, light armored vehicles, and other military supplies. Finally, China has also provided assistance to the “other food” sector (a total of US\$800,000 in

11. Construction includes Genale Dawa III dam, Dire Dawa-Dewalle highway, Addis Ababa light railway, and Addis Ababa-Djibouti railway.

2015), donated 90 government vehicles, provided technical assistance and jamming equipment against anti-government forces¹², and dispatched Chinese youth volunteers.¹³

Figure 3. The Volume of Chinese Assistance to Ethiopia (2000-2012)
(USD million)



Source: National Bureau of Statistics of China 2014.

Table 3. Sectoral Distribution of Chinese Assistance to Ethiopia (2000-2012)
(USD million)

Sector	Amount (Rank)	No. of Project (Rank)
Unallocated/Unspecified	1,917.28(1)	20(1)
Energy Generation & Supply	1,763.35(2)	8(4)
Transport & Storage	1,005.12(3)	9(3)
Other Multisector	716.37(4)	5(7)
Industry, Mining, & Construction	158.44(5)	8(5)
Action Relating to Debt	141.06(6)	2(10)
Agriculture, Forestry, & Fishing	123.84(7)	4(8)
Government & Civil Society	106.68(8)	6(6)

12. This is related to the regulation on anti-government radio programs based overseas, such as the Amharic-language programs of the Voice of America and Deutsche Welle.

13. Ever since 2005, China has sent youth volunteers to Ethiopia annually. The batch sent in 2005 was the first ever to be sent to Africa.

Sector	Amount (Rank)	No. of Project (Rank)
Water Supply & Sanitation	29.58(9)	1(12)
Trade & Tourism	25.10(10)	1(13)
Banking & Financial Services	25.00(11)	2(11)
Emergency Response	24.45(12)	4(9)
General Budget Support	15.81(13)	1(14)
Education	13.21(14)	10(2)
Total	6,065.29	81

Source: National Bureau of Statistics of China 2014.

IV. What Narrative is Involved in Chinese Aid to North Korea?

China's aid to North Korea began when the two countries agreed to a "blood alliance" with the provision of military assistance by China to North Korea during the Korean War in 1950. Even after the Korean War Armistice in 1953, China and North Korea continued their alliance, signing the "Sino-Korean Economic and Cultural Cooperation Agreement," under which China wrote off the entire sum of North Korea's war-time debt to China, RMB 720 million worth of supplies and costs, and additionally offered a gift of RMB 800 million in aid (石林 1989, 24; Im and Han. 2015a, 387-388). Moreover, China also supplied the machines and other equipment necessary to repair North Korea's railway traffic system, which had been destroyed during the war (Im and Han. 2015b, 280). In the late 1950s, China provided North Korea with massive aid in order to secure North Korea's support during the Sino-Soviet conflict. The provision of aid, owing to political homogeneity and the unique situational factor of the international environment under the Cold War system, took place under the "Sino-North Korean Treaty of Friendship, Cooperation and Mutual Assistance," which was concluded in 1961 and dealt with military, economic, and technical assistance. Interestingly, after the adoption of reform and opening-up policies in 1979, China began to display a tendency to pursue economic profit and interest in the implementation of its aid (Yeo 2016, 15). This tendency was the most

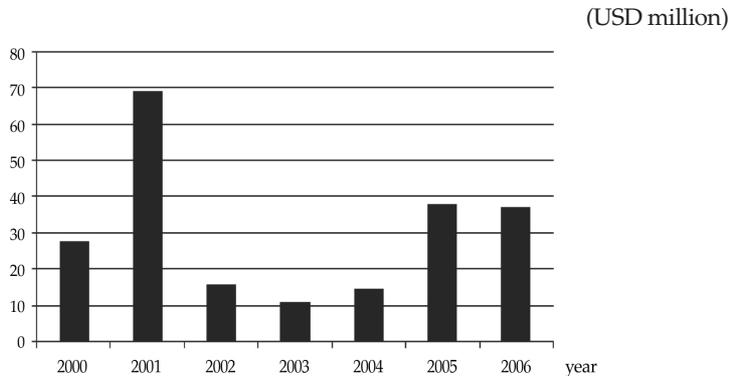
evident in the changed aid-giving practices of China to other socialist countries such as North Korea, Vietnam, and Albania: China completely terminated all aid to these countries and implemented foreign aid reforms instead. China's new direction, grounded on realism, was also detectable in China's trade relationship with North Korea: barter trade and the "friendship price system" was replaced with a cash payment system after the Sino-South Korean diplomatic normalization in 1992 (Cha 2016, 147-148).¹⁴ Recently, China's assistance to North Korea has expanded into the infrastructure sector with construction, particularly at the border areas. An example is the construction of a new bridge over the Yalu (Amnok) River, which began in October of 2010 after the signing of the "Agreement on Economic and Technological Cooperation between the Governments of the DPRK and China" in October 2009 (Song 2011, 201; 209). By 2020, China plans to secure access to the East Sea through North Korea's Rajin Port by investing in the construction of railways and highways to connect Musan, Chongjin and other areas to Rajin Port, in tandem with the Chang-Ji-Tu Development Project (Song 2011, 201; 209). Another example is the Quanhe-Wonjong multinational bridge connecting the ports of Quanhe and Yuantingli, which was built with Chinese aid and is currently in use (Lee Taehwan 2012, 34). When considering these recent trends, a continued gradual expansion in the increase of transport infrastructure systems between China and North Korea can be expected. In the past, China offered unilateral assistance and preferential treatment to North Korea because of the common ideology shared by the two countries. Now, the objectives of Chinese aid to North Korea are for the mutual economic development of the two countries and to ensure stability in the surrounding area for economic development.¹⁵

14. In 1995, however, China reintroduced barter trade and the favorable price system due to North Korea's deteriorating economy (Song 2011, 193).

15. Since the sinking of the South Korean naval ship, the *Choenan*, in 2010, many Chinese scholars believe that China provides aid to North Korea with two objectives: first, to ensure peace and security on the Korean Peninsula by countering the intensified joint military drills of the United States, South Korea, and Japan; second, for the mutual development of China and North

Although China is known to provide a considerable amount of assistance to North Korea, the exact total has not been revealed. However, an estimation based on officially released information presents the following statistics: through the "Agreement upon Economic and Technological Collaboration" signed during the visit to China by North Korean Deputy Premier Hong Song-nam in May 1996, China promised to supply North Korea with 500,000 tons of grain, 1.3 million tons of crude oil, and 2.5 million tons of coal, half for free, and the other half at a concessional rate equivalent to one third of international prices (Choi 2009, 22-23). In 1997, US\$348 million worth of official grants were given to North Korea, but this plunged to US\$28 million given in 2000. After receiving US\$69 million in 2001, the grants maintained an average level of around US\$15 million until 2004. However, from 2005 to 2006, the volume of Chinese aid to North Korea jumped to nearly US\$40 million.

Figure 4. Chinese Aid to North Korea: Grants (2000~2006)

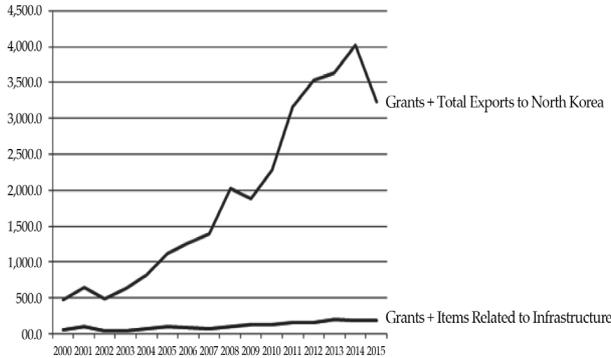


Source: Aid Grant 中华人民共和国海关总署. <http://www.customs.gov.cn/publish/portal0/>. (2017. 2. 23).

Korea. Meanwhile, on an international level, Chinese aid to North Korea is considered by some to be a means to eliminate the North Korean nuclear threat (燕玉叶 2011, 25-26).

Figure 5. China’s Assistance to North Korea: An Estimated Sum of Grants and Exports

(USD million)



Source: Authors’ estimation based on Trade-中国国家统计局, Aid Grant-中国海关信息网

Note: China’s assistance to North Korea suddenly decreased in 2015 due to the price decline of coal as an important export item.

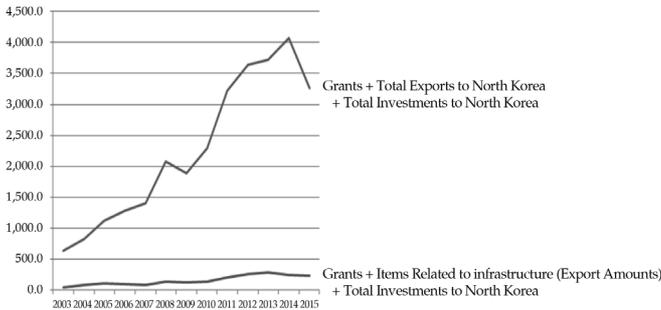
However, a more realistic measure of China’s aid to North Korea could perhaps be derived by deploying different methods. According to Choi (2009), because of the reciprocal characteristic of Chinese exports to North Korea, export figures should be included in the calculation of Chinese aid volumes to North Korea (Choi 2009, 22). Chinese export to North Korea also includes assistance in areas like crude oil and food that are carried out confidentially. Therefore, according to Choi, adding exports to the grant volumes leads to a more realistic estimate of the total amount of aid China gives to North Korea. The results of this calculation reveal that, before the temporary decrease in 2015, Chinese aid to North Korea was not only steadily on the rise, but also showed a sudden increase in recent years. However, this statistic may be skewed as it would be unreasonable to include all types of Chinese exports in the calculation of Chinese aid volumes to North Korea. Moreover, the recent focus of Chinese aid vis-à-vis North Korea on infrastructure construction at the border areas should be factored in. Thus, calculations can be made on certain select items: steel and steel

products, as well as coal, plastic, cement, and other infrastructure construction items. Estimates of Chinese aid to North Korea, including both grants and general export figures, show that even though the increase in aid volumes to North Korea has slowed down in degree, the growing trend is still visible (figure 5). Specifically, the estimated volume of Chinese aid to North Korea spiked up from US\$478 million in 2000 to almost US\$1.12 billion in 2005. Moreover, in 2014, the estimate exceeded US\$4 billion, which was almost nine times greater than the figure recorded in the year 2000.

The size of China's assistance to North Korea can also be estimated by adding the volume of investments to the volumes of exports and grants. In order to diversify the estimated figures, two types of calculations can be performed: the first method adds up grants, investments, and general exports; the second formula simply adds the exports of infrastructure items to grants and investments. Chinese investments vis-à-vis North Korea are included because the Chinese government actively pursues investments in North Korea, and the Ministry of Commerce has arranged a mechanism to safeguard the investment funds of those Chinese enterprises that suffer a loss from their investments in North Korea. Translated, this means that the Chinese government has subsidized a part of the total investments to North Korea. The estimated figures show that Chinese assistance to North Korea grew steadily until the year 2014, but decreased in 2015. When general exports and investments are added to grants, the estimated volume of Chinese assistance to North Korea ranges from a minimum of US\$478 million (2000) to a maximum of US\$4 billion (2014). On the other hand, when only the export of infrastructure items and investments are added to grants, the minimum estimated size of Chinese aid to North Korea is US\$40 million (2003); the maximum estimate is US\$202 million (2013).

Figure 6. China’s Aid to North Korea: An Estimated Sum of Grants, Exports, and Investments

(USD million)



Source: Authors’ estimation based on Trade-中国国家统计局, Aid Grant-中国海关信息网, Investment- 中华人民共和国商务部对外投资和经济合作司.

Note: China’s assistance to North Korea suddenly decreased in 2015 for the price declining of the coal as an important export item.

A sectoral breakdown of Chinese assistance to North Korea, usually provided in the form of commodities, shows that the “social and public infrastructure” sector and the “economic infrastructure” sector carried considerable weight.¹⁶ In 2006, the major items of Chinese official grants were items that fell under non-identified products and

16. Major Items of China’s Foreign Aid from 2010 to 2012, http://www.gov.cn/znhence/2014-07/10/content_2715467.htm.

Sector	Major Items	Number of Items
Social & Public Infrastructure	Hospitals, schools, civil construction, public facilities	360
Economic Infrastructure	Transportation & transport system, broadcasting & telecommunications, power supply	156
Agriculture	Agricultural technology demonstration centers, farmland irrigation, farm produce processing	49
Industry	Light industry, textile, construction materials, chemical industry, machinery & electronics	15

other trade goods, which were worth US\$37 million and represented almost 40% of all items; computer-related equipment (including machines and electric products) followed next. Between 2001 and 2006, grains, edible meat, and other food items necessary for the subsistence of the North Korean people occupied a large proportion of the items of Chinese exports to North Korea; since 2007, however, grain exports to North Korea have fallen.¹⁷ From 2007 to 2012, the export of electric appliances related to everyday life, plastic goods, other articles for daily use, fuel, machinery, and other industry-related goods were the main export items of China to North Korea. This trend in the ranking of Chinese exports to North Korea continued until 2015.

V. Similarities between China's aid to North Korea and Africa

Chinese foreign aid, which has expanded dramatically over the years, emphasizes the principle of political non-interference, setting it apart from the aid provided by other countries. The distinctive characteristics of Chinese aid are especially prominent in China's aid-giving vis-à-vis Africa. In the past, China provided assistance to Africa based on the unique characteristics of the international environment under the Cold War system; recently, however, China has increased its aid to Africa enormously based on the realist motive of economic benefits. Although most of the assistance to Africa is in the form of loans and tied aid, the method of providing assistance is gradually becoming more comprehensive. Chinese aid to Africa also adheres to the principle of non-interference in the domestic politics and governance systems of the recipient countries. Likewise, the characteristics of China's aid to North Korea are also clearly similar to the qualities of Chinese foreign aid in

17. China implemented a restriction on grain export at the end of 2007 amidst concern of worldwide agflation due to skyrocketing international grain prices (including the prices of wheat, corn and other major grains) in the spot and future markets since 2006. The fall in grain exports to North Korea is considered a part of China's food export restriction policies that started at the beginning of 2008.

general. First, Chinese aid to North Korea has shifted from a relationship based on political ideologies in the past to one based on a realist perspective of economic benefits in the present. Second, the method of aid-giving to North Korea has expanded from the traditional grant-type aids to loans that are long-term, of low interest, and involve repayment plans. Third, Chinese assistance to North Korea has accelerated in the sectors of traffic infrastructure and construction.

Table 4. A Comparison of China's Aid to Africa and North Korea

Region	Aid Objective	Trend in Aid Volume	Aid Type	Sectors	Miscellaneous
Africa	Realist motives (Focus on international political interests --> Focus on economic interests, but also still seek political interests)	On the rise	Loans/ tied aid	Assistance for transport & storage infrastructure (based on scale) / Assistance to government & civil society, health, etc. (based on number of projects) * Assistance to all sectors	The principle of non-interference in internal affairs
North Korea	Realist motives (Political logic of the alliance relationship --> Economic logic)	On the rise	Shift to loans/ tied aid	Previously centered on commodity (grain, energy, etc.) trade, but expanded to include construction of traffic infrastructure	The principle of non-interference in internal affairs

Source: Authors.

China's aid to North Korea clearly embodies the characteristics of Chinese foreign aid in general and, moreover, does not differ significantly from the characteristics of Chinese aid to Africa. First, with regards to aid motives, the goals of Chinese aid to Africa and North Korea are similar. In Africa, China seeks to assert political influence and secure Chinese interests in connection to relevant economic issues.

In the case of North Korea, Chinese aid can be seen as a tool to secure Chinese economic interests, to create a stable regional environment for China, and to ensure the mutual economic development of both China and North Korea. Second, in terms of aid volumes to both North Korea and Africa, the general trend is upward rising. Especially in the cases of Ethiopia and North Korea, Chinese assistance has continued and is on the rise regardless of the domestic political situations of the two countries.¹⁸ Both aid to Africa and aid to North Korea demonstrate an essential characteristic of Chinese foreign aid that stresses the principle of non-interference in the internal affairs of recipient countries. Third, with regards to the method of providing assistance, assistance vis-vis both North Korea and Africa are mostly provided with investment characteristics rather than with the characteristics of the existing international definition of ODA. In fact, the very characteristics of Chinese foreign aid that mark a clear difference from the characteristics of the international community's foreign aid are directly mirrored in the aid provided by China to both Africa and North Korea. Therefore, it can be concluded that Chinese aid to North Korea does not result from the "special nature" of Chinese-North Korean relations, but rather is dictated by the unique characteristics of Chinese foreign aid. Even in the future, it can be expected that provision of aid to North Korea will continue in accordance with Chinese foreign aid policies: aid will be based on the principle of non-interference in North Korea's internal affairs and along the lines of the realist goal of pursuing both economic and political interests.

18. North Korea's nuclear and missile test provocations and its domestic human rights situation hinder North Korea's chances of receiving large-scale assistance from the international community. The dire domestic situation of Ethiopia, in which a state of national emergency has been declared with internal conflict at an extreme, owing to anti-government protests, may halt international assistance toward Ethiopia. It can be said that the increase of continued assistance from China to the two countries, despite their domestic situations, results from the unique features of Chinese aid.

VI. Conclusion

This paper has examined whether there actually is a “special nature” involved in China’s aid to North Korea by comparing it with Chinese aid to Africa, and especially Ethiopia. Through the comparison, it is clear that there are similarities between Chinese aid to both North Korea and Ethiopia. First, China’s aid to both countries acts as a tool to secure China’s economic interests, create a stable environment, and ensure the mutual economic development of China and the recipient countries. Second, in terms of aid volumes, the general trend is upward rising, regardless of the domestic political situations of the two countries. With respect to method, assistance is mostly provided with investment characteristics rather than with ODA characteristics. Therefore, it is possible to conclude that China’s aid to North Korea does not result from the “special nature” of Chinese-North Korean relations, but rather springs from the unique characteristics of Chinese foreign aid. We can also predict that future aid to North Korea will continue, based on China’s foreign aid policies.

This paper has made a number of significant contributions to the research on Chinese aid toward North Korea, and in the process, has overcome the major limitations found in previous studies. The first limitation of previous studies stemmed from the lack of information on the exact volume of Chinese aid to North Korea, which ultimately hindered accurate analysis. To this end, we calculated a more realistic estimate of Chinese aid volumes to North Korea by not only using available and officially disclosed aid volume information, but also computing the relevant figures of transactions in the area of Chinese-North Korean economic cooperation that can be presumed as aid. Second, we tackled the problem of past analyses on this subject that focused on the general relations of China and North Korea by introducing an assessment of Chinese aid to North Korea based on a political and economic approach to aid. Additionally, considering the near absence of comparative analyses between North Korea and Africa with regards to Chinese aid, this study expands the scope of research. Moreover, we hope that our assessment can become a research base from which future pol-

icy implications are drawn. In particular, the international community has emphasized that China is responsible for the low effectiveness of sanctions implemented against North Korea. However, the findings of this paper reveal how the nature of Chinese aid to North Korea can help pave the way for new discussions on how to approach China with regards to sanction effectiveness. Nevertheless, this article still has some limitations. For example, even though we conducted a comparative analysis of Chinese aid to North Korea and Chinese aid to Ethiopia, our hypothesis was restricted to looking at the similarities with no mention of the differences. Further studies that also deal with the differences could lead to more fruitful and improved analyses. Moreover, the focus of our research has been on economic matters. We believe that further analyses that also incorporate the political issues on the subject more could enhance the in-depth understanding of China's aid to both North Korea and Africa.

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