



Why China will continue to back the dictator of Pyongyang

In another move to raise the stakes, the dictator of Pyongyang has just decided to restart his nuclear programme. And who is going to stop him, now that his long-range missile can hit parts of the American West Coast? At least in theory. During the recent test, it took him days to prepare the vehicle on its launch pad. During the take-off there were once more problems with the liquid fuel system and the guidance configuration. If this were for real, it would not have the least chance to survive a pre-emptive strike by America or Japan, who saw the launch as a dreamed opportunity to test some of their new military hardware and joint command facilities. North Korea might have its rocket, but it is still a decade away from the kind of nuclear deterrence that would frighten its rivals.

It is China that is most badly damaged by the fall-out of North Korea's nuclear nationalism. For years it has been preaching restraint and arguing that Kim Jong-Il could be brought to other thoughts via silent diplomacy. It invested a lot in the Six Party talks and seized it as an opportunity for proving its role as a responsible regional broker. That image is severely affected. The DPRK's contempt for requests to renounce the test and to revise the decision to kick out UN Observers have led to another failure of China's non-interference policy. It has strengthened the diplomatic position of Tokyo and Washington, and more painfully, it has highlighted how small China's actual leverage is.

China is tied to its autocratic neighbour with a panoply of interests. Since the Korean War it considers North Korea as a buffer state, and up to today, it seeks to defend the status quo. The baseline is that China still has the 1961 Defence Treaty with its neighbour and that any intervention by third countries will force it to either respond or lose confidence of other traditional allies in Asia.

To some extent it is thus history that binds them together, but more important is the existence of a harmful security dilemma. Rivalry with other powers like the US, Japan and Russia inhibits Beijing to effectively tackle non-traditional security threats for the long haul, because pressure once again might undermine its regional influence in the short term. A worst-case scenario would be a peaceful regime change that allows Japan and the United States to move in. Equally troublesome is unification with South Korea, as this would again require Japanese support, and might bring about a more self-determined Korea with economic and political ambitions that could challenge China's growing influence in Northeast Asia.

Profiting from the DPRK's diplomatic isolation, China has also built up an impressive commercial empire. In the last five years, China's trade with North Korea has grown three-fold, dwarfing the commercial linkages of Russia, Japan, and even South Korea. China has bought itself into the mining sector. The Province of Jilin is making preparations for new ports, roads and railways to penetrate the resource-rich heart of its neighbour. It barter electricity for copper. The DPRK is its cheapest supplier of coal and iron ore, and vice versa it charges 25 percent extra for its oil exports. North Korea is also an excellent low-end consumer market for Provinces in China's northeast. The tighter the international sanctions get, the more profitable North Korea becomes for China's numerous traders.

Another reason for keeping close relations with Kim Jong-Il is that Beijing sees no alternative for him. For decades China has sponsored Kim's regime for various reasons, but now that his one-man show turns out to be a nightmare, it is replete of fallback options. In the past few years, China has successfully diversified its contacts with military leaders and other apparatchiks, but this can't make up for the connections with the Dear Leader. Continuing to back him means reduced diplomatic manoeuvrability, but weakening the dictatorship in Pyongyang and an eventual regime collapse would cause severe instability along the Chinese border. China already counts up to 50,000 North Korean refugees in the Northeast. In case of a political crisis this can easily become 500,000.

North Korea's missile launch and the many other provocations highlight China's ailing neighbourhood policy. China knows that it needs to stabilize its backyard, but it continues to support dictators and weak regimes alike. In a climate of uncertainty about each other's future intentions, regional powers like China continue to carefully watch the balance of influence. For the years to come this context will continue to allow thuggish leaders to pursue thuggish strategies. At best Beijing can cautiously show its concern with Kim Jong-Il's policies, to make sure that he successfully manages to transfer power to his heirs, and then to see whether his successors are willing to build their domestic legitimacy upon domestic development instead of nuclear muscle flexing.

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China's commercial relations with Korea at a glance

	Import	Export
China	1.393	584
India	480	N.a.
Russia	104	34
Japan	78	9
ROK	36	62
Mongolia	0	0

Table 1. The DPRK's trade with selected partners (Mio USD). Source: UN Comtrade 2008

Exports		Imports	
Oil	377	Coal	163
Synthetic textile	47	Iron Ore	80
Pork meat	39	Zinc	49
Wheat	35	Mollucs	26
Crustaceans	35	Pig Iron	22
Motor vehicles	32	Suits	20
Soy	29	Suits	20
Rice	26	Precious metals	16

Table 2. Chinese trade with the DPRK. Source: UN Comtrade 2008

	2002	2003	2004	2005	2006	2007
Exports	467	628	799	1.081	1.232	1.392
Imports	270	395	468	499	584	586
Balance	737	1.023	1.267	1.580	1.816	1.978

Table 3. China's trade with the DPRK (Million USD). Source: Chinese Customs

	2002	2003	2004	2005	2006	2007
Oil export (mio USD)	76	121	139	197	246	281
Ore imports (mio USD)	9	15	60	95	118	166
Coal import (mio USD)	7,4	15	49	97	108	163
Oil export (1.000t)	472	573	531	522	524	523
Coal import (1.000t)	406	745	1571	2485	2798	3742

Table 4. Trade in selected commodities. Source: UN Comtrade 2008 with China as reporter

Prices imported coal	Prices exported oil	
Thailand	0,098	DPRK 0,539
Brazil	0,097	Malaysia 0,510
World	0,088	Indonesia 0,494
Mauritania	0,084	Japan 0,491
South Africa	0,083	USA 0,489
Kazakhstan	0,082	World 0,435
Peru	0,080	Australia 0,405
Australia	0,076	Thailand 0,384
Indonesia	0,065	Rep. of Korea 0,375
DPRK	0,059	Singapore 0,294

Table 5. Prices of imported commodities. Source: UN Comtrade

