

Chinese Foreign Policy Priorities in the Korean Peninsula

Introduction

In this paper I will explore how China's perceptions and foreign policy priorities change in response to different degrees and types of provocation on the Korean peninsula. The Korean peninsula has been host to significant and frequent military exercises, missile tests, and nuclear tests. China has been given a unique opportunity to demonstrate regional leadership, and a challenge to protect its own security. Historically, China has remained opaque about its foreign policy. This behavior is best explained by Deng Xiaoping's '24 character strategy' ¹:

Observe calmly; secure our position; cope with affairs calmly; hide our capabilities and bide our time; be good at maintaining a low profile; and never claim leadership.

By revealing how China has balanced its goals in the presence of varying provocation, this paper will identify stakes and friction points shared with other regional actors and help gauge China's appetite for pursuing regional leadership in its foreign policy.

This paper seeks to examine two factors of Chinese behavior in the situation in Korea. It first investigates the role of trade relationships and economic interdependence. I ask to what degree and under what conditions do trade relationships act as incentives for peaceful relationships and as policy options to achieve Chinese foreign policy goals. In essence, this question identifies the dichotomy of economic interdependence being a priority unto itself as well as a means to achieve other priorities. I hypothesize that Chinese trade relationships with the United States, Republic of Korea (RoK), and Japan act predominantly as incentives for a peaceful relationship, while the Chinese trade relationship with North Korea is more commonly used as a policy tool to achieve other goals such as a peace treaty or denuclearisation on the Korean peninsula. I will argue that increasing levels of provocation have an inverse relationship with the trade flows between China and the Democratic People's Republic of Korea (DPRK).

Next, this paper seeks to answer two questions surrounding Chinese perceptions of nuclearisation of the Korean peninsula. The first question asks what components China considers most important to the issue. This question aims to provide a descriptive analysis of the components of denuclearisation that China considers relevant, such as complete, verifiable, and irreversible denuclearisation (CVID) of DPRK capabilities or, alternatively, elimination of or cuts to the Republic of Korea's Terminal High

Altitude Area Defense (THAAD) system. The next question seeks to answer how important China considers denuclearisation relative to its other foreign policy priorities. I hypothesize that in the presence of accelerating nuclear-related provocation, Chinese messaging on the issue becomes stronger and more focused on specific denuclearisation efforts.

This research provides two important contributions that can be extended to situations and topics not directly related to tensions on the Korean peninsula. First, we can detail how China sees its role in the situation, for example as a leader, mediator, or stakeholder. In addition, this paper can help predict how China may behave in similar situations in the future, and the factors that determine the state's behavior.

Literature Review and Theory

While there are theoretical perspectives and events that support both sides of the economic interdependence dichotomy, the evidence that it is a dominant foreign policy priority is increasingly better at explaining Chinese relationships relevant to the Korea peninsula. Despite China's current and past attempts to use economic leverage to achieve its foreign policy priorities, I believe that economic interdependence acts primarily as an incentive for mutualistic relationships.

In 2010, John Mearsheimer provided a theoretical perspective that predicted China's modernization would lead to the state seeking regional hegemony and using its position of power to achieve its foreign policy priorities.² Although Mearsheimer's analysis focused on the Chinese challenge to the power of the United States in the region, the perspective predicts that China would use its economic interdependence with its neighbors to achieve specific foreign policy goals, rather than allowing that economic interdependence to determine the state's priorities. There is support for this prediction in recent events regarding the peninsula, particularly in the case of the China-DPRK relationship. However, I believe this is an exception to the rule, and China will increasingly prioritize its trade relationships higher in its foreign policy.

One of the most prominent examples of China using its economic leverage to achieve other foreign policy priorities occurred in 2017. In the first quarter of the year, China reported a substantial and mostly export driven increase in trade with North Korea of 37.4%, despite a ban on coal imports put in place in February.³ In the following months, the North Korean regime initiated several missile tests, and by the end of the year China-DPRK trade saw a reduction of 10.5% compared to 2016.⁴ Furthermore, the DPRK Budget Report for 2017 noted a slow down in economic growth in special economic zones, which are an important source of economic interdependence with China.⁵ While it seems clear from this example that China does not hesitate to use its trade relationships as tools to achieve its foreign policy priorities, this is some of the strongest evidence to support such an idea and there is good reason to believe that these events are the exception rather than the

rule. Trade with the North Korean regime is only a small portion of China's economy, and in a situation with more economic interdependence the results may be quite different.

In 2017, China also attempted to use economic leverage against the Republic of Korea in response to the deployment of the THAAD missile defense system.⁶ However in this instance, the effort had considerably less impact and the sanctions were removed in a short time frame. Before reconciliation of the dispute, China claimed that the RoK made three commitments. Called the 'three nos', the commitments ruled out US missile defense system integration, a trilateral military alliance with the US and Japan, and no additional deployments of THAAD. According to the RoK, these commitments were not promises made to China, but instead long standing foreign policy. Importantly, the 'three nos' did not include a walk back of the existing THAAD deployments in the RoK. In the case of the DPRK, there have been commitments to close nuclear test sites.⁷ While China may attempt to use economic leverage to its advantage, the success of this policy is limited for trade relationships that are highly interdependent.

There are convincing theoretical perspectives that support the notion of economic interdependence being an incentive for cooperative relationships and a goal unto itself. For example, the democratic peace theory stresses that interdependence and strong trade relationships create opportunities for communication by fostering cross-border social and business ties.⁸ In this perspective, well connected interests have too much to lose from instability and pressure their respective states to deescalate economic conflict. However, this only occurs when the economies in question are sufficiently well connected and integrated. Thus, China may selectively continue to use economic leverage only on states and actors it is only marginally connected with. The United States, Japan, and South Korea do not fit this description. According to Avery Goldstein, the economic and institutional ties between China and these other North East Asian actors are so central to China's continued economic development that it is unlikely they will be sacrificed for other foreign policy priorities.⁹

denuclearisation

- components
 - different definitions for different actors¹⁰¹¹
- priority
 - striving for achievement¹²
 - China can operate more aggressively in pursuing its priorities and goals
 - conflicting priorities for US¹³
 - US has several priorities, and there are trade offs between them

- China may see similar tradeoffs
- brief on current situation¹⁴
 - stability seems to be top priority
 - 2010 defense of NK
 - hesitance to place sanctions

Research Design

For the topic of economic interdependence, the first test will aim to determine China's willingness to use economic leverage as a tool to achieve other foreign policy goals. The dependent variable in this test is the China-DPRK trade relationship. From the UN Comtrade Database, yearly data for imports and exports in dollars between China and the DPRK is available. Representing geopolitical circumstances undesirable to China, provocations by the DPRK regime serve as the independent variable. The exact date of these provocations is available, so they will be grouped in years to make comparison with the trade data simpler. Then, exports and imports will be regressed on provocations in the same year and lagged years. While the dataset of provocations compiled by BeyondParallel has a long time span and is very precise in its event times, the trade statistics are more challenging. The first issue is that the data is not precise, since only annual totals are available through the UN Comtrade Database. Secondly, data for 2017 has not been reported yet.

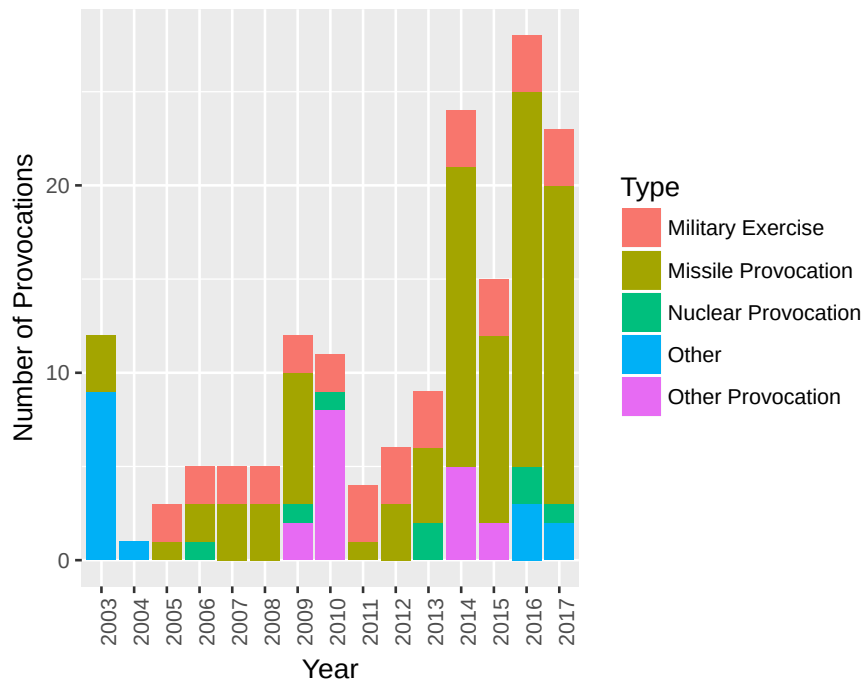
The second test will focus on China's trade relationships with other North East Asian actors, particularly the Republic of Korea, Japan, and the United States. Similarly, the UN Comtrade Database will be a source for annual US dollar denominated export and import totals. However, this test will use said data as the independent variable. The dependent variable will attempt to measure China's desire for a peaceful relationship with the North East Actors in question and specifically in regards to the Korean peninsula. Using several sources, including China's UN Security Council speeches, DPRK ambassador press releases, and state news articles, strength of messaging will be evaluated lexicographically and serve as the dependent variable.

denuclearisation

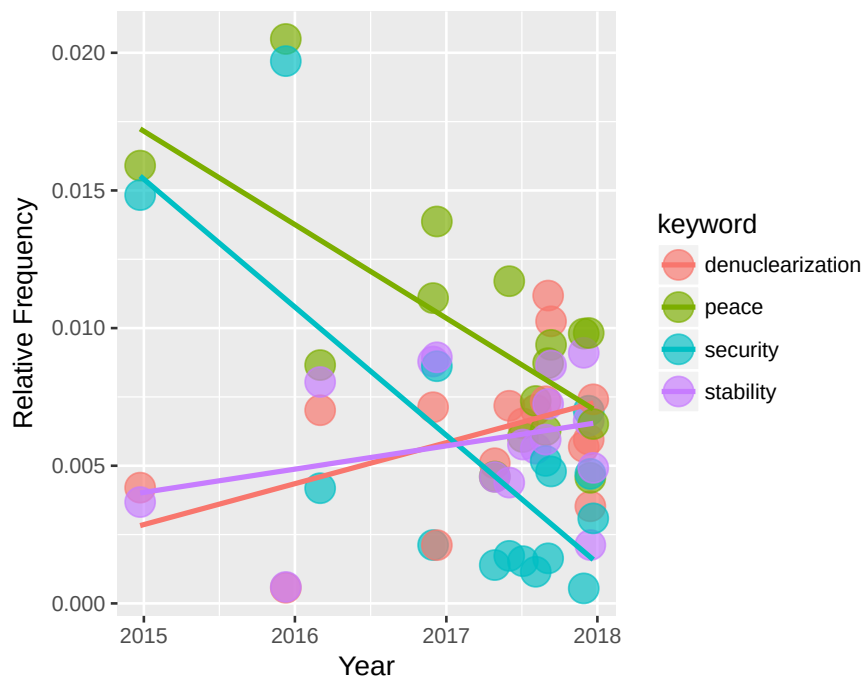
- components
 - descriptive analysis of mentions of related terms, could possibly relate to provocation data
- priority
 - strength of messaging using lexicographical analysis as a function of provocations

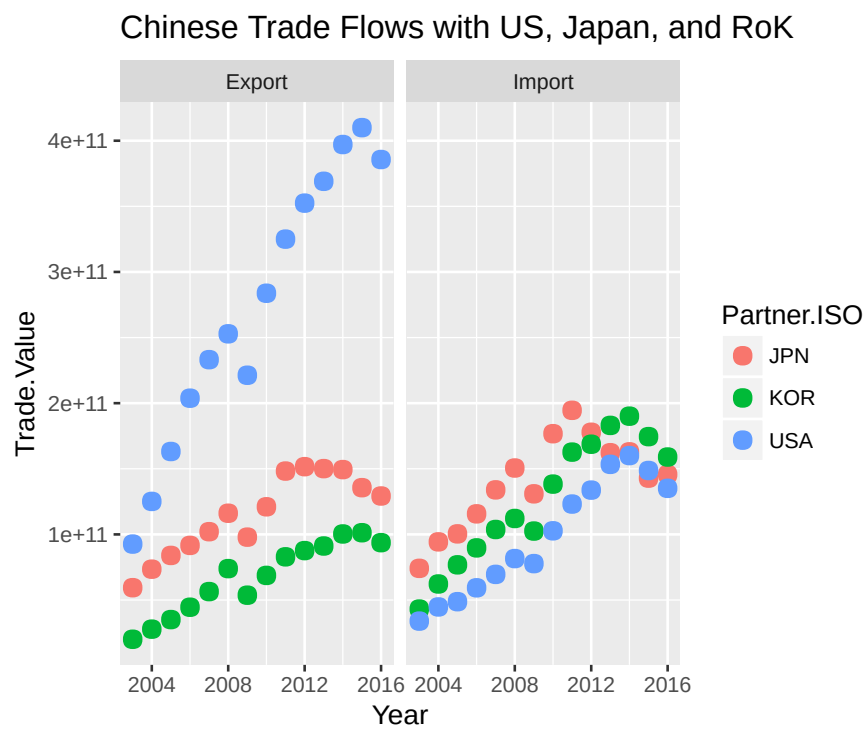
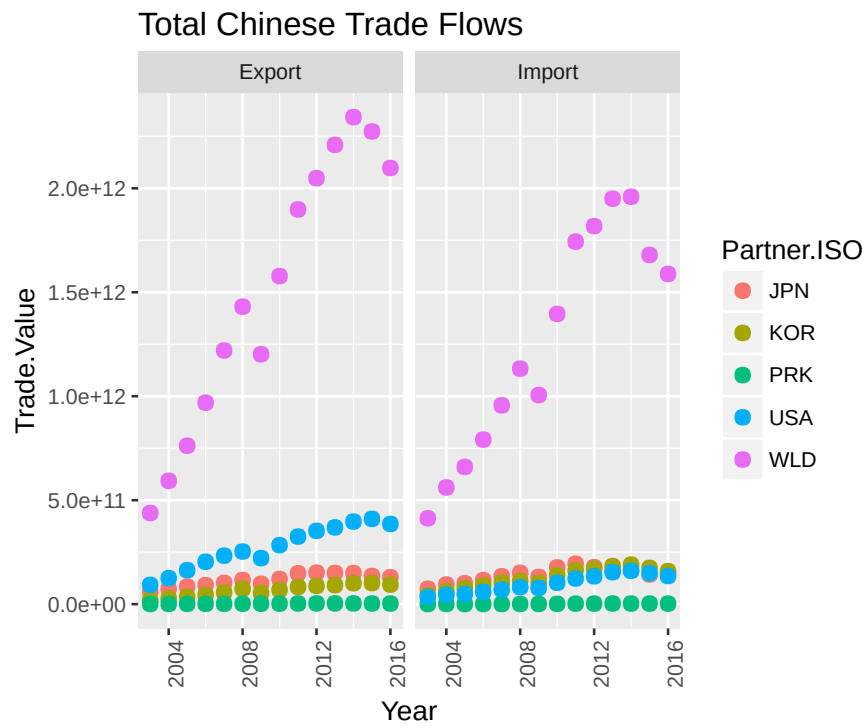
Results

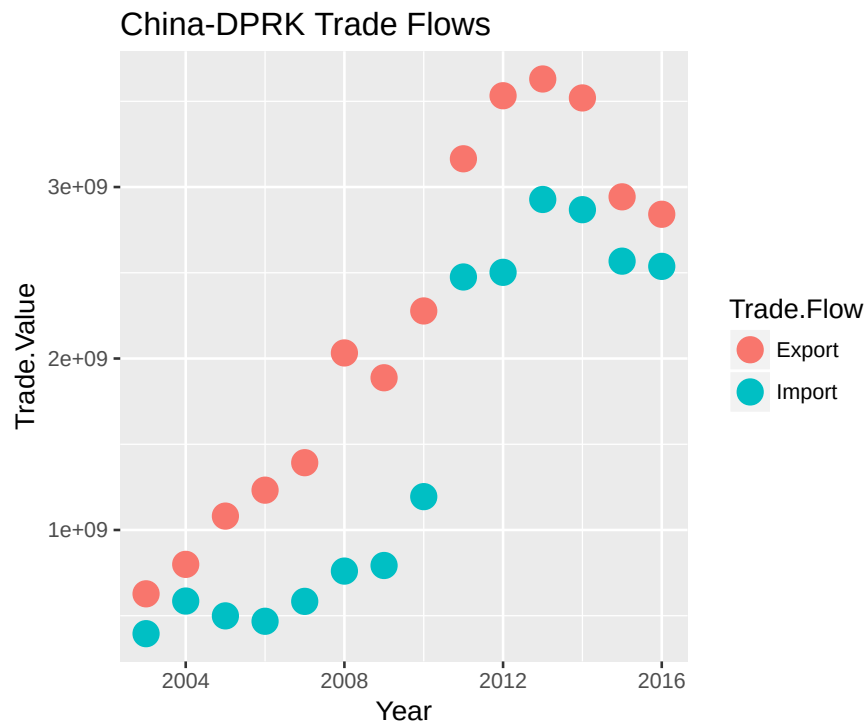
Korean Peninsula Provocations



Interests in China's UNSC Speeches







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