

# CHAPTER 1

## China's Role in the War on Terrorism

### Overview

The terrorist attacks in Washington, Pennsylvania, and New York on September 11, 2001 brought about profound changes to the threat perceptions of Americans and, consequently, to America's national security strategy. Those changes can be seen in the Bush Administration's explicit doctrine of preemption (more accurately, preventive war), the campaign against Al Qaeda and the Taliban, the creation of a Department of Homeland Security for the first time in the nation's history, the campaign to topple Saddam Hussein and rebuild Iraq, as well as more limited involvements in Indonesia, the Philippines, and fields of battle that remain classified. Of great importance has been the merger of efforts to deal with failed states, rogue regimes, terrorist groups, and proliferation problems.

As the interests and energy of America have been directed at crushing global terrorism and its possible marriage with weapons of mass destruction, countries around the world have felt the effects of these efforts. China is no exception. China's senior leaders and policy makers have made the war on terrorism a focal point for their international (and some domestic) policy actions, and there has been a demonstrable increase in Beijing's counterproliferation efforts on the Korean

peninsula, as Chapter 3 explains.<sup>7</sup> Former president of China, Jiang Zemin, declared at the Asia Pacific Economic Cooperation summit meeting in October 2002, "China has suffered much from terrorism, and it strongly condemns and opposes terrorism in all forms and manifestations."<sup>8</sup> Nonetheless, as China has sought to portray itself as a U.S. partner in the war on terrorism, its leaders simultaneously harbor reservations about potential future American actions in the ever-evolving campaign. These reservations include concerns about Washington's willingness to be constrained by well-established international institutions; American development of new military and nuclear doctrines and hardware, which Beijing fears lower the threshold for the use of nuclear weapons and for the use of force more generally; and the basic problem of defining who or what groups are "terrorists."

Despite the initial successes of eradicating the Taliban regime in Afghanistan and the capture of many senior Al Qaeda operatives since early 2002, the world has witnessed a growing resurgence of terrorism in 2003. High-casualty bombings in Bali, Riyadh, and Jakarta, the ongoing carnage of the Chechen conflict with Russia, as well as attempts to shoot down civilian passenger aircraft with

surface-to-air missiles, collectively constitute ominous signs for the future. Moreover, the U.S. occupation of Iraq appears to be drawing jihadists from around the world to confront America, as evidenced by the deadly summer 2003 attacks on the Jordanian Embassy in Baghdad, the UN mission in Baghdad, and the Imam Ali Mosque in Najaf, Iraq, the last of which resulted in the death of Ayatollah Mohammed Bakir Hakim, an influential religious figure willing to work constructively with Washington. Even before the developments enumerated above, Deputy Chief of the People's Liberation Army (PLA) General Staff Xiong Guangkai argued, "The global coalition against terrorism is facing new tests."<sup>9</sup>

Though not absolutely immune, China has not been a central target for major global terrorist organizations. Nevertheless, the People's Republic of China (PRC) does have three primary national interests at stake in the war on terrorism. To start, Washington principally views contemporary foreign relations through the lens of the war on terrorism and the associated issue of the proliferation of weapons and technologies of mass destruction. As former National Security Council senior director for Asia, Kenneth Lieberthal, argued, "[Washington] will reward those who agree with [the United States] and pay back those who fail to cooperate with America's top priorities"—the Chinese recognize this fact.<sup>10</sup> Because relations with America are critical to China's economic development and stability, Beijing wants to be perceived as being helpful to Washington's area of primary concern. Next, international terrorism threatens to affect international trade and global economic performance. Major shipments

across the Mexican and Canadian borders, for instance, were temporarily frozen after September 11, and terrorism via cargo plane or container transport could jeopardize China's access to its largest export market. Finally, China fears that its own domestic insurgents, or "separatists," could become progressively more radicalized by external groups.<sup>11</sup> The replication of Moscow's problems with Chechen terrorists is a nightmare scenario when Beijing's leaders look toward the Muslim population of Xinjiang, China's western autonomous region, and the 2008 Olympic Games.

China can make contributions to the U.S.-led struggle against terrorism and proliferation through its role in the United Nations, through bilateral efforts, and, as in North Korea, through multilateral efforts. It is clear, however, that China is not on the front lines of the war on terrorism. Beijing's impulse to cooperate has been dampened somewhat by the PRC leadership's concerns about the use of American military power abroad and China's changing security environment, which is reflected in the North Korean nuclear crisis, Japan's more active military posture, and the U.S. presence in Central Asia. Kenneth Lieberthal correctly says that China is uncomfortable with the role of the United States as a global transformational power. Beijing hopes to steer future actions of the war on terrorism and counterproliferation into the United Nations, where China can perhaps modulate Washington's actions.

The current U.S.-China relationship is the strongest it has been in more than a decade—cooperation in the war on terrorism helps account for this development.<sup>12</sup> Although bilateral relations took a sharp downturn after the

Bush Administration took office and the April 2001 EP-3 incident occurred (for a fuller discussion see our previous monograph, *U.S.-China Relations in a Post-September 11th World*), President Bush since met with Jiang Zemin four times in his first two-plus years in the White House. This is in contrast to former President Bill Clinton, who never had a full-fledged summit with the Chinese president during the U.S. president's first term. Moreover, George W. Bush met with China's new president, Hu Jintao, on three different continents in 2002 and 2003. Historically, U.S.-China relations have been best when there has been a common security challenge and when leadership exchanges have linked the highest levels of both systems. The war on terrorism and counterproliferation efforts have created these conditions and have reduced the perception of China as a threat to U.S. national interests, though the durability of this development is uncertain. As scholar Jiang Liangfei noted, the conflict between the United States and China is "no longer the most important conflict in the world."<sup>13</sup> Rather, eradicating terrorism and the dangers of proliferation have become the foci for at least limited cooperation.

This chapter starts by examining two major areas in which China has provided a meaningful contribution to the war on terrorism: the war in Afghanistan and bilateral cooperation with the United States on a variety of security initiatives. Next, the chapter examines China's own experience with terrorism, both domestically and internationally, including a discussion of separatist and other groups in Xinjiang. The chapter concludes with an overview of how Chinese scholars view the war on terrorism, its relevance to China's national

interests and foreign policy, and its prospects for success.

### **The War on Terrorism in Central Asia**

The first major phase in the U.S. war on terrorism took place in Central Asia with the destruction of Afghanistan's Taliban regime and Al Qaeda camps in late 2001 and early 2002. For America's military to strike in that remote area, the United States needed access to nearby military bases, particularly in some of the states of the former Soviet Union, such as Kyrgyzstan, Tajikistan, and Uzbekistan (Russia also has new bases in Kyrgyzstan and Tajikistan).<sup>14</sup> To Afghanistan's south, Pakistan was key, as it stood to be destabilized by the military campaign in Afghanistan because of the presumed sympathy of extremists in Pakistan (a fear that did not immediately materialize) for their besieged brethren next door. Moreover, because the Afghan-Pakistani border was a haven for cross-border terrorists and the Pakistani intelligence service had intimate links to warlord groups and extremists in Afghanistan, Islamabad's cooperation was essential if the war was to be successfully prosecuted and Afghanistan stabilized thereafter.

Central and South Asia have long been volatile regions of competing influences, and they are areas in which the PRC has major security and energy interests, with China seeing Pakistan as a balance to India on the subcontinent. In this complex geopolitical setting, China became a key player, from a U.S. perspective, by initially encouraging Pakistan to cooperate with America in the prosecution of the war in Afghanistan, by not obstructing U.S. cooperation with Central Asian states, and by working to avoid Indo-Pakistani conflict at a critical moment in the summer of 2002.<sup>15</sup>

Moreover, Beijing has continued to strengthen the six-nation (China, Russia, Kazakhstan, Uzbekistan, Tajikistan, and Kyrgyzstan) Shanghai Cooperation Organization's (SCO) antiterrorist abilities.<sup>16</sup> From Beijing's perspective, however, the SCO is less about fighting terror abroad than about stanching separatist activities in China's own western autonomous region of Xinjiang. As Fuller and Starr put it, the SCO "is best seen not as an aggressive effort to project power against its neighbors but as a policy of strategic denial, in which strict control by neighboring states over the activities of their citizens with respect to Xinjiang are rewarded with concrete benefits in the areas of trade and investment."<sup>17</sup>

#### Operation Enduring Freedom and Rebuilding Afghanistan

During the prosecution of the U.S. war against the Taliban and Al Qaeda in Afghanistan, which began on October 7, 2001, China was not as central as Pakistan and did not provide staging areas for U.S. military forces, as did some Central Asian states. Nonetheless, China actively encouraged Pakistani President Pervez Musharraf to cooperate with Washington (more on this to follow). In addition, Beijing provided limited direct assistance to Washington. To start, the PRC closed its border, preventing the escape of Taliban and Al Qaeda operatives into China, though their destination of choice appears to have been Pakistan's tribal areas.<sup>18</sup> Soon after the attacks on September 11, Beijing arrested numerous suspects in China who had ties to the Taliban and Al Qaeda,<sup>19</sup> though there always was uncertainty in Washington that China might be using the mantle of the war on terrorism to suppress more legitimate rights of political and religious

expression, particularly as they related to the Turkic people of Xinjiang Autonomous Region (the Uighurs).

Since the conclusion of the more active phase of the war in Afghanistan and the establishment of Hamid Karzai's interim government in December 2001, China has been more directly involved in helping reconstruct Afghanistan.<sup>20</sup> When President Karzai visited Beijing in January 2002, China pledged \$150 million in aid to Kabul over five years and signed an additional agreement on economic cooperation worth \$30 million.<sup>21</sup> Following an earthquake in Afghanistan in May 2002, the Chinese sent aid and medical supplies. Beijing also has exempted Kabul from previous debts owed to China.<sup>22</sup> Most recently, China has earmarked \$15 million for the construction of the Parwan Irrigation Project and the Kabul Republic Hospital, and donations from Chinese children have raised \$250,000 to fund the construction of two new schools.<sup>23</sup> Lastly, in May 2003, Chinese Vice President Zeng Qinghong thanked Afghanistan for its aid in China's campaign against Muslim separatists and pledged to provide an additional \$1 million to Kabul. Although this aid is clearly not enormous, and far short of the massive infrastructure rebuilding that war-torn Afghanistan needs, it is significant by Chinese aid standards and it symbolizes Beijing's interest in being perceived as helpful by its neighbor, by Washington, and by the world community in general.

#### Beijing's Influence in Islamabad

Beijing's relationship with Islamabad is perhaps China's most valuable, though indirect, contribution to the war in Afghanistan. Beijing's relationship with Islamabad has been critical. Pakistan's

help during the invasion of Afghanistan, its not entirely successful efforts to close its borders to Al Qaeda operatives, its actions to enforce order in tribal areas, and its ongoing cooperation with U.S. forces to capture Al Qaeda fugitives (most notably Khalid Sheikh Mohammad, Abu Zubaida, and Tawfiq bin Attash) have been fundamental to Washington's hopes of crushing Al Qaeda and thwarting future attacks.<sup>24</sup>

Because Islamabad is Beijing's closest ally, China has helped facilitate Pakistan's assistance. The two nations have long shared economic, political, and military ties—unfortunately, this includes nuclear weapons development cooperation in the past and perhaps ongoing missile cooperation.<sup>25</sup> Given Pakistan's relations with the Taliban regime and its own restive Muslim fundamentalist population, immediately after September 11, it was not initially clear how helpful Islamabad would be, despite President Musharraf's evident desires in this respect. In this context, had Islamabad been forced to choose between conflicting demands from Washington and Beijing, Pakistan likely would have been less forthcoming with the former. During a five-day visit to Beijing in December 2001, when Washington was pressuring Islamabad to become more active in the fight against the Taliban, General Musharraf assured China's leaders that “the cornerstone of Pakistan's foreign policy is its close association and relationship with China.”<sup>26</sup> The Chinese underscored their interest in ties to Islamabad by offering \$12 million in aid and by signing multiple economic and trade agreements.<sup>27</sup> By all accounts (Chinese, American, and Pakistani), Beijing encouraged Musharraf to cooperate with Washington.

China's unequivocal support of America's war on terrorism and its encouragement of Pakistan to help destroy the Taliban regime was a galvanizing factor in Islamabad's calculations. Following his December 2001 visit, Musharraf stated, “I can also say with satisfaction that our Chinese counterparts showed a complete understanding and support of the rationale behind our joining the coalition to fight terrorism.”<sup>28</sup> China's leaders have had a series of high-level exchanges with Pakistani officials throughout the U.S. operations in Central Asia. In June 2002, Secretary of State Colin Powell thanked China for playing a constructive role in the war in Afghanistan and in stabilizing the volatile situation between Pakistan and India, a conflict that some in the summer of 2002 feared might go nuclear.<sup>29</sup>

Although Pakistan has provided ongoing and significant assistance to the United States, some scholars believe that this will only continue if this assistance does not conflict with China's interests. “The Pakistanis are never going to jeopardize their Chinese alliance for ties with the U.S.,” said Central Asia expert Svante Cornell. “They're only going to do this as long as the two are compatible.”<sup>30</sup> Although this statement is likely true, the interests of Beijing, Washington, and Islamabad have remained minimally congruent throughout the war in Afghanistan. For its part, Beijing wanted to be rid of the troublesome Taliban regime and to destroy the Al Qaeda camps that could mobilize the PRC's own potential Islamic insurgents, particularly in Xinjiang.

#### Closing the Circle

As a result of the war in Afghanistan, the U.S. military presence in Central Asia has greatly expanded. As scholar Lin

Huisheng summarized, “The American military activities around China constitute a severe challenge to the security interests of China.”<sup>31</sup> China traditionally has feared encirclement by other great powers and believes that the United States and other powers, which are now in the region to fight fundamentalist terrorism, could, at a later date, direct such forces against China as leverage in some unforeseen game of power politics. China remembers, for instance, that Washington and Beijing had once cooperated with the Muslim fundamentalists they now oppose when those Muslim “freedom fighters” struggled against the Soviet Union in the 1980s. Many Chinese security analysts worry that America seeks to surround China with bases and military relationships that stretch from South Korea, through Japan and Taiwan, down to Australia, through the subcontinent, and up to Central Asia. Adding new forces along China’s northwestern flank would nearly complete the circle. As one Hong Kong analyst remarked, “To China, it means that the United States fills in the last gap in the northwest of its ring of encirclement.”<sup>32</sup>

The U.S. military presence in Central Asia came at a time when China was warily watching NATO’s eastward expansion and was organizing the SCO to, in part, guard against U.S. influence in the region, while also dealing with the genuine problem of cross-border terrorism that, on occasion, affected Chinese diplomats and businesspeople in the region, as well as in Xinjiang itself. As analyst Yuan Jingdong described it, “Beijing has great interest in seeing [the SCO] succeed as a counter model to the U.S.-led military alliances [in the region].”<sup>33</sup> The SCO was China’s first effort to create a multilateral institution and to extend its influence in

the region. However, Washington’s ability to quickly sway the support of some SCO member capitals to allow U.S. military forces to operate in their countries underscored Beijing’s lack of real strategic leverage. The United States now has a potentially permanent footprint in the region, including major new airfields in Kyrgyzstan and Uzbekistan.

### Strengthening the SCO

As noted earlier, the SCO was founded with an eye to excluding or limiting the U.S. presence in the region (see sidebar). The other major mandate of the organization is to combat what Beijing calls the “three evils:” separatism, extremism, and terrorism.<sup>34</sup> This organizational mission has been strengthened by the war on terrorism, and the organization may be in its second phase of development. The SCO recently established an antiterrorist center in Bishkek (the capital of Kyrgyzstan) and founded a secretariat in Beijing.<sup>35</sup> More important, China and four members of the SCO (Uzbekistan did not participate) recently launched a joint multilateral military exercise—a first for the SCO—that rehearsed a strike on terrorist camps.<sup>36</sup> The six-day exercise involved more than a thousand soldiers and was located in Kazakhstan and the Chinese city of Yili in Xinjiang (Yili was the site of significant minority unrest in 1997).<sup>37</sup> The maneuvers, complete with tanks and helicopter gunships, simulated a hostage rescue, an attack on a terrorist base camp, and a border closing. The Chinese have hailed the exercise as a major success. Central Military Commission Vice Chairman Cao Gangchuan called the event “a glorious page in the history of friendly interaction” among SCO members.<sup>38</sup>

Initially viewed in the West as a weak organization of states with diverging interests and historic frictions, the SCO may be evolving into a stronger entity. It has more substance than it did a year or two ago. In addition, other nations are increasingly looking to the SCO as a useful organization. Pakistan, India, Iran,

and Mongolia are reportedly asking to join the group.<sup>39</sup> In August 2003, Malaysia announced that it was studying the SCO's antiterrorist efforts and its regional structure.<sup>40</sup> Malaysia has also founded an antiterrorism center in Southeast Asia, similar to the SCO center in Bishkek.

*History of the Shanghai Cooperation Organization:*

The SCO began as the Shanghai Five, so called because of a border agreement signed between the five participants—China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan—in Shanghai on April 26, 1996. The original mission of the group was to form a regional security agreement and reduce armed forces along the shared borders of these countries. It was not to be a military alliance. Over time, the relationships among the five countries grew, and in June 2001, the group adopted a new name, the Shanghai Cooperation Organization; a new charter, which obligated states to coordinate efforts to

combat the three “isms” of Islamic extremism, terrorism, and separatism; and, a new member, Uzbekistan.<sup>41</sup> According to some observers, the group also expanded its mission to provide a vehicle to oppose U.S. foreign policy in the region.<sup>42</sup> By October 2002, the group seemed to be forging even closer ties, as China and Kyrgyzstan undertook a joint bilateral military exercise aimed at combating terrorist groups. This was thought to be China's first joint military exercise ever conducted with another country.<sup>43</sup>

**U.S.-China Cooperation on Counterterrorism**

In addition to China's support in Central and South Asia during the opening stages of the war on terrorism, China has continued to work directly with the United States to combat terrorism. To be sure, because China is not on the front lines of this struggle, its help has been somewhat limited. Nonetheless, because Beijing wishes to improve relations with Washington and because Beijing sees its own interests as at least partially compatible with Washington's, the PRC has been tangibly constructive. Externally, China has shown active support of all UN counterterrorism resolutions, including resolutions 1368

(China's first explicit vote in favor of the international use of force) and 1373 (aimed at disrupting terrorist finances).<sup>44</sup> Internally, China has amended the criminal law of the PRC to address terrorism and terrorist financing.<sup>45</sup> Washington and Beijing also have made joint efforts to crack down on the financing of terrorist activities. For instance, in September 2002, former U.S. Treasury Secretary Paul O'Neill hosted a meeting with then-Chinese Finance Minister Xiang Huaicheng to discuss financial and economic cooperation. The two focused their discussion on the Financial Action Task Force and on

financing mechanisms outside the mainstream financial system.<sup>46</sup> The United States and China have instituted a series of forums to discuss progress in the war on terrorism, and China has been helpful in several other ways, as the following text describes.

#### Securing American Ports

First, China's support of the Container Security Initiative (CSI) marked a critical area of cooperation. On February 22, 2002, the U.S. Customs Service (now within the Department of Homeland Security) announced the creation of the CSI, which was designed to increase the screening of container cargo entering the United States for weapons of mass destruction. Security analysts cited the poor inspection levels of incoming cargo and suggested that a weapon of mass destruction easily could be hidden in the depths of a container ship. Approximately 16 million cargo containers move into the United States annually,<sup>47</sup> and half of all U.S. imports arrive in sea cargo containers.<sup>48</sup> The plan's initial stage called for U.S. customs inspectors to be stationed in the world's top 20 ports that ship to America. These customs agents would be stationed in foreign ports and would work with local officials to inspect high-risk cargo and stop that threat before it leaves port for America. The top 20 ports account for approximately two-thirds of U.S. cargo imports, and China controls the biggest ports on the CSI's list—Hong Kong, Shanghai, and Shenzhen (Shekou).<sup>49</sup> These three ports account for approximately two-thirds of China's total port trade.<sup>50</sup>

The CSI program has four main components: (1) use intelligence to identify high-risk containers, (2) screen containers identified as high-risk at the

port of departure, (3) use advanced detection technology to screen the containers before they depart for the United States, and (4) use tamper-evident containers.<sup>51</sup> Presidents Bush and Jiang Zemin discussed the initiative during their October 2002 meeting in Crawford, Texas, and came to an agreement, in principle. Jiang referred to their agreement in the APEC meeting in Los Cabos only days later and urged APEC to increase cooperation on "transportation and transport security."<sup>52</sup>

Although China's support for CSI is critical for the success of the initiative, some Chinese writers argue that the measures are too intrusive. "People cannot help associating this 'proposal' [with] the 'extraterritorial authority' that some countries enjoyed during the last century—the authority by which these countries could exercise their jurisdiction in another country or region," wrote one Hong Kong author.<sup>53</sup> Even so, Beijing has decided to join the program. Hong Kong, the seaport that sends the most containers to the United States (more than 6,000 per day), joined CSI in May 2003.<sup>54</sup> Two months later, on July 29, Shanghai and Shenzhen joined the CSI program,<sup>55</sup> or, as the Chinese Embassy put it, they "signed a cooperation declaration."<sup>56</sup> The U.S. Customs Service has lauded China for its help and now plans to expand the program to additional ports around the world.

#### Strengthening Counterterrorism

A second major area of cooperation against terrorism has occurred on the legal front. During a three-day visit to China in late October 2002, Attorney General John Ashcroft announced the opening of the first Federal Bureau of Investigation liaison office in China. The Legal

Attaché Office, located in the U.S. diplomatic compound in Beijing, is the first in China, though the FBI has a similar overseas presence in 50 other countries.<sup>57</sup> “I want to express my appreciation for China’s support in the war on terrorism. . . . [Chinese officials have] uniformly indicated that wherever, whenever, however terrorism can be disrupted, it needs to be disrupted,” said Ashcroft after his meeting with Luo Gan, China’s top law enforcement official.<sup>58</sup> Previously, the FBI had one counterterrorism expert stationed in Beijing on an interim basis. The new permanent office will handle counterterrorism, international crime, and other legal issues. Already, China has been sharing intelligence on militant Islamic groups based in Asia.<sup>59</sup> Notably, China has declared that it reserves the right to set up a similar office in the United States.<sup>60</sup>

The new (renewed) willingness of Washington and Beijing to share some intelligence has led to several major international criminal arrests. Although this may fall outside the realm of strict counterterrorism cooperation, the Bush Administration has made the link between international crime and terrorist operations. In May 2003, U.S. and Chinese law enforcement officials confiscated a major heroin shipment into the United States and arrested the organization’s Chinese leaders.<sup>61</sup> This was the first coordinated effort by the two nations to disrupt a narcotics trafficking organization. In addition, the Hong Kong Special Administrative Region, with Beijing’s support, has extradited to the United States several persons wanted on criminal charges.<sup>62</sup>

#### Restricting Missile Technology Exports

China published a long-awaited set of missile and other technology export restrictions on August 25, 2002, during a visit by Deputy Secretary of State Richard Armitage. Although China is not a formal signatory of the Missile Technology Control Regime, Beijing has pledged to adhere to its guidelines and parameters. Following an agreement with the United States to enhance its export controls in November 2000, China was slow to publish the regulations. From Washington’s perspective, Beijing’s foot-dragging was a source of friction in the bilateral relationship. However, when the regulations were enacted the Chinese were eager to publicize their move. As scholar Lin Huisheng remarked, “From August 2002 on, the Chinese government has promulgated regulations on exporting missile, biological and chemical materials, showing the solemn stand and mean-business approach of the Chinese government on the issue of nonproliferation.”<sup>63</sup> However, Washington recently sanctioned five Chinese firms for proliferation concerns regarding Iran, and U.S. officials, such as Assistant Secretary of State Paula DeSutter, have criticized Beijing for following the letter, not the spirit, of nonproliferation agreements.<sup>64</sup> Notably, China’s announcement of its new regulations came one day before the United States labeled a small Uighur separatist organization as a terrorist group. China’s experience with domestic terrorism is the subject to which we now turn.

#### China’s Experience with Terrorism

China’s experience with terrorism has been significantly different from that of the United States—and not nearly as lethal. Internationally, Chinese have not

often been the targets of major terrorist acts, but some have been killed during bombings and assassinations. Domestically, China is facing a complicated mix of ethnic unrest, minority separatism, political dissidence, and sporadic terrorist actions—though the lines delineating these categories are difficult to draw. Many of the ethnic and separatist problems are centered in Xinjiang. Located in the vast northwest corner of China, Xinjiang has been termed by some observers “the scene of the most violent internal threat faced by China’s Communist government.”<sup>65</sup> The true extent of this threat, and whether it can broadly be equated with terrorism, is a matter for debate. As Graham E. Fuller and S. Frederick Starr pointed out in their report entitled *The Xinjiang Problem*, there are a variety of viewpoints among Muslims in Xinjiang, including “assimilationists,” those who seek greater autonomy from Beijing within the framework of China, and out-and-out independence seekers, some of whom are predisposed to use force and others who seek their goals nonviolently. Given these categorical differences, Washington’s inclusion of a Uighur group on its terrorist list can either be seen as a victory in the war on terrorism or a defeat in the battle to protect civil liberties.

#### China’s Brush with International Terrorism

China’s experience with terrorism beyond its borders has not been extensive, though it has been important. Chinese have been targeted in comparatively small-scale incidents. They have been killed and wounded in bombings from Jerusalem to Jakarta. Though Chinese civilians have not been targeted abroad in ways similar to attacks on Israel, America, Europe, Saudi Arabia, or even South Korea, many

Chinese have been killed and wounded during indiscriminate attacks on civilians (see Table 1). Four Chinese workers, for example, died in suicide bombings in Jerusalem and Tel Aviv in 2002, and several Chinese were wounded during the August 5, 2003, bombing of the Marriott in Jakarta.<sup>66</sup> Two mainland Chinese were killed aboard American Airlines flight 77 during the attack on the Pentagon.<sup>67</sup> In addition to these casualties, Chinese officials and businesspeople have been direct (as opposed to inadvertent) targets of assassination abroad. In June 2002, for example, Chinese Consul Wang Jianping was shot to death in Bishkek, Kyrgyzstan.<sup>68</sup> Chinese authorities blamed the attack on Xinjiang separatist groups.

#### Terror on the Mainland

China also has suffered from domestic terrorism. China’s troubled history with restive minority areas, particularly in Tibet and Xinjiang, has occasionally produced riots, racial violence, and terrorist bombings. Most notably, forces in Xinjiang that aim to establish a separate East Turkestan state have been blamed for sporadic killings and bombings during the past two decades. Beijing recently has sought to include these actors in the global fight against terrorism. China has approximately 19 million Muslims, mostly non-Han minorities living in western China. The Uighurs, a Turkic population of about nine million, live in Xinjiang. Beijing worries that militant Islamic movements in Central Asia and the Middle East may radicalize some in this population.

On August 26, 2002, the United States declared that the East Turkestan Islamic Movement (ETIM) was being added to the list of terrorist organizations—the United Nations quickly followed suit.

**Table 1**  
**Chinese Killed by Terrorists Outside China Since January 2002**

<u>Date</u>	<u>Location</u>	<u>Casualties</u>	<u>Attack</u>
April 12, 2002	Israel	2	Suicide bombing in market <sup>69</sup>
June 29, 2002	Kyrgyzstan	2	Chinese official assassinated <sup>70</sup>
July 17, 2002	Israel	2	Suicide bombing <sup>71</sup>
January 5, 2003	Israel	1	Suicide bombing <sup>72</sup>
February 6, 2003	Laos	1	Bus attack <sup>73</sup>
March 20, 2003	Sri Lanka	15	Attack on fishing boat <sup>74</sup>
March 27, 2003	Kyrgyzstan	19	Bus attack
Total		42	

ETIM is a small Uighur minority separatist group largely unknown before August 2002. Deputy Secretary of State Richard Armitage made the announcement in Beijing shortly after China released long-sought regulations on missile technology exports. The U.S. declaration triggered immigration controls and financial sanctions on the group.<sup>75</sup>

Minority separatists in Xinjiang have been blamed for a number of bombings in China. The most destructive series occurred in early 1997. On February 25 of that year, during funeral observances for Deng Xiaoping, bombs ripped through three buses in Ürümqi, Xinjiang's capital, killing nine.<sup>76</sup> Two weeks later, during a National People's Congress meeting, a bus exploded in downtown Beijing, wounding nine.<sup>77</sup> There have been other attacks as well. According to Xiong Guangkai, deputy chief of staff for intelligence of the PLA, "The so-called East Turkestan terrorists have launched over 260 terrorist attacks in China since 1990, claiming 170 lives and leaving 440 wounded."<sup>78</sup> Of course, all these figures cannot be independently confirmed or confidently attributed to any particular group.

Although the attacks mentioned here may well be connected with Uighur groups, it is worth noting that China has a problem with frequent public bombings having nothing to do with restive Muslims. Explosives are easily obtained in China, and many explosions are the work of criminals, deranged lovers, or bitter tenants. Then-Premier Zhu Rongji made a notable public apology for erroneously ascribing an explosion in Jiangxi that killed dozens of children to a deranged madman, when in fact they had been working in an illegal fireworks factory.<sup>79</sup> Thus, clearly attributing bombings or explosions to terrorist groups becomes complicated by their frequency and the diverse origins of such events.

Beijing had lobbied for months for Washington's acknowledgment that China too faced its own terrorist threat, particularly in Xinjiang. On October 12, 2001, weeks after the terrorist attacks in New York and Washington, a Chinese foreign ministry spokesman stated, "We hope that our fight against the East Turkestan [Xinjiang] forces will become part of the international effort against terrorism."<sup>80</sup> Initially, the United States was skeptical of the accusations against Uighur groups; as late as July 2002,

Washington had not included any such organizations on its list of foreign terrorist groups. The U.S. State Department informed Beijing, as did President Bush during his October 2001 visit to Shanghai, that combating terrorism was “not an excuse to suppress legitimate political expression or freedom of religious belief. Effective counterterrorism requires a respect for fundamental human rights.”<sup>81</sup> In declaring ETIM to be a terrorist organization, some critics argued that the Administration traded Beijing this act for export controls or for a UN vote on Iraq. Responding to questions about this potential political bargain during his October 2002 trip to Beijing, John Ashcroft stated that the decision was “not based on political negotiations or a sense of timing. . . . It is based on the availability of evidence that supports the designation.”<sup>82</sup>

The U.S. acknowledgment of ETIM’s terrorist designs complicates Washington’s ability to object to the harsh suppression of Chinese minorities as Beijing readily tars them with the brush of terrorism. Washington has sought to target terrorist groups that have “global reach” and to avoid allowing the war on terrorism to become an excuse for domestic repression. According to the late Mike Jendrzeczyk, former Human Rights Watch Director: “The administration is trying to manage a balancing act, getting China’s cooperation on Iraq and counterterrorism and keeping up pressure on human rights. . . . So far the record is mixed.”<sup>83</sup>

Many foreign terrorist experts, who were unfamiliar with ETIM before Washington’s announcement, suggested instead that the attacks in Xinjiang were the work of “scattered individuals or small

groups.”<sup>84</sup> Some analysts pointed to the lack of an organized move toward independence and saw, instead, a dissatisfied minority group with diverse political aspirations, many cultural frictions, shared poverty, and occasional, spontaneous outbreaks of violence. All of this has been exacerbated by the rapid growth of the Han population migrating into the autonomous region.

In a nutshell, the problem is how to distinguish legitimate Chinese government responses to terrorist activity from political repression. Of course, the Chinese rightfully ask what nation or international organization is empowered to designate who is, and who is not, a terrorist or terrorist group. Unsurprisingly, the Chinese are not alone in resenting the implication that Washington is the sole judge and jury on this issue worldwide.

#### China’s Terrorists and Al Qaeda— Is There a Link?

Before the horrific events of September 11, Beijing had not identified specific terrorist groups among the Uighurs, rather stating that “splittists” (separatists) were found among this ethnic group. After September 11, the Chinese government sought to legitimize its suppression of Uighur oppositionists by depicting them as “Muslim extremists and allies of the Taliban and Osama bin Laden.”<sup>85</sup> However, substantiating strong ties between groups in China and the Taliban and Al Qaeda is difficult.

Although Beijing paints a picture of close relations, aid, and training between Uighur separatists and Al Qaeda, this is uncertain, and the links are probably looser. Conservative Wahhabi mosques have increased in Xinjiang, and two

Chinese Uighur members of the Islamic Movement of Uzbekistan were found fighting with Chechen forces.<sup>86</sup> Former Vice Premier Qian Qichen asserted that 1,000 Chinese Uighurs might have received training by the Taliban prior to Operation Enduring Freedom.<sup>87</sup> Chinese authorities have said they arrested more than a hundred Xinjiang “terrorists,” who allegedly surreptitiously entered China to plan attacks, though evidence substantiating this has not been offered.<sup>88</sup> Beijing also claims that Washington is holding more than a dozen Chinese Uighurs in Guantanamo Bay, though Washington will not comment on the assertion.<sup>89</sup> The U.S. State Department has suggested a close financial relationship between Al Qaeda and some Uighur groups based on information purportedly coming from the Uighur detainees in Cuba.<sup>90</sup>

ETIM is not the only separatist group among the Uighurs, but so far it is the only one to appear on the international terrorist list. Its leader, Hahsan Mahsum, denies any link between his group and Al Qaeda.<sup>91</sup> Others also doubt this connection, suggesting instead that Beijing is simply trying to equate its suppression of minorities with Washington's efforts against Al Qaeda. Nonetheless, in the most recent and dispassionate analysis currently available on the subject, Fuller and Starr asserted, “The reality is the Uyghurs [Uighurs] are indeed in touch with Muslim groups outside Xinjiang, some of them have been radicalized into broader jihadist politics in the process, a handful were earlier involved in guerrilla or terrorist training in Afghanistan, and some are in touch with international Muslim mujahidin for Muslim causes of independence worldwide.”<sup>92</sup> The Chinese government

has not been able to point to specific attacks sponsored by ETIM but suggests that they are involved in some of the more than 200 terrorist attacks since 1990.<sup>93</sup> A white paper issued by Beijing in January 2003 attempted to make the case by arguing, “The iron-clad details of these bloody facts are irrefutable proof of the nature of ‘East Turkestan’ forces as a terrorist organization that does not flinch from taking violent measures.”<sup>94</sup>

Beijing has retained a tight grip on Xinjiang for several reasons. First, Beijing believes that if Xinjiang became an independent state, it could serve as a dangerous precedent for other minority groups within China (e.g., Tibetans, Mongolians, and the people on Taiwan) and could ignite a domino effect, splintering the country. Moreover, Xinjiang (meaning “new territory” in Chinese) is the PRC's most recent hope for increased domestic oil and gas production, as the government believes that the Tarim Basin holds vast reserves.<sup>95</sup> Finally, unrest in Xinjiang could affect China's national stability and challenge China's ruling leadership. As the *Economist* observed, “China's recent history shows that going soft on dissent can be politically suicidal for any newly promoted leader.”<sup>96</sup>

To the degree that the Chinese crackdown on separatists infringes on legitimate civil rights, it is indeed worrisome. China's top prosecutor, Han Zhubin, stated that more than 3,400 people have been arrested for subversion, espionage, and trafficking in state secrets (an amorphous charge) between 1998 and 2002. Approximately half of those arrests came in the 15-month period following September 11, 2001.<sup>97</sup> One-fourth of the arrested were from either Tibetan or Uighur minorities,

though these minorities account for less than 5 percent of the total population. Many of those arrested came from Xinjiang's Uighur population, including businesswoman Rebiya Kadeer, charged with sending newspapers to her husband in America.<sup>98</sup> Nearly everyone arrested for endangering state security is convicted, and China has one of the highest application rates of the death penalty worldwide (it employed the death penalty more than any other nation in 2002).<sup>99</sup>

### **The War on Terrorism and the International System**

Given the tremendous impact of September 11 on international politics and the global economy, Chinese scholars and officials have sought to understand the root causes of global terrorism, identify the best methods to combat that scourge, and understand and anticipate Washington's thinking on U.S. national security. In this endeavor, there has been a disjuncture between thinking in the PRC and the trend in most American discourse on the subject. Publicly articulated thinking in America has tended to be very circumspect in its examination of root causes of the 9/11 attacks, particularly if the implication were to be drawn that American policies in the pre-9/11 era contributed to the environment in which the attacks occurred. In China, there has been a much more openly expressed belief that the post-Cold War American quest for hegemony, America's staunch support for Israel, Washington's unilateralism, and a yawning North-South economic chasm amidst globalization are all part of the background for the attacks on September 11.

Irrespective of root causes, however, Chinese scholars generally believe that the

effort to combat terrorism is defining the current geopolitical environment. There is growing anecdotal evidence that Chinese officials and scholars are taking the threat of terrorism increasingly seriously. For instance, a prominent Chinese foreign policy journal, *International Strategic Studies*, has published numerous articles on terrorism and, in its April 2003 issue, included an article on biological and chemical terrorism. The authors of the article explained, "After '9.11', bio-chem terrorist attack has been lingering around like a ghost in many places around the world."<sup>100</sup>

### **The Roots of Terrorism**

Several Chinese scholars have attempted to explain the root causes of Islamic fundamentalist terrorism and its effects on the Middle East. In general, these scholars have asserted that terrorism has sprung from a combination of poverty, radical ideology, the Palestinian situation, and American hegemony. Consequently, as scholar Jiang Dading described, "It is no incidental phenomena that the Middle East has become a hotbed for terrorism and a major base for international terrorist groups."<sup>101</sup> Former Chinese Foreign Minister Tang Jiaxuan advocated addressing the origins of terrorism: "The prolonged violence and impoverishment in some developing countries has made them easy prey to the manipulation of terrorists. Only when we succeed in achieving common development . . . can we eradicate the root causes of terrorism."<sup>102</sup> Thus, many Chinese have advocated efforts to narrow the economic gaps among countries and peoples.

### *The History of Xinjiang Separatism*

Unrest among the Uighurs, a Turkic ethnic group of Muslim faith in China's Xinjiang Autonomous Region, has grown since the implosion of the Soviet Union and the resulting independence for Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan, all nearby to the Uighurs in Xinjiang. Uighurs resent their poverty, lack of educational opportunities, religious repression, and the systematic inflow of Han Chinese into an area that was predominantly Uighur. The first major uprising occurred in April 1990, in the city of Baren.<sup>103</sup> Other uprisings followed in 1997 in the town of Yili.<sup>104</sup> Since that time, the Uighurs have become more restive, and that feeling has manifested itself in scattered bombings, fighting between Uighurs and Chinese security forces, and the distribution of pro-independence literature.

China's relationship with the Uighurs has been tense for centuries. The Chinese government has consistently repressed Uighur movements for independence, and the nation's harsh treatment of this minority population has received strong condemnation from the United States, other countries, and many international human rights groups. For a considerable period into the 1980s, Beijing's political leader in the region, First Party Secretary Wang Enmao, ruled with an iron fist—he was known locally as “the butcher of Xinjiang.”<sup>105</sup>

The history of Xinjiang is somewhat murky. According to official Chinese history, the Uighurs first settled in Xinjiang in A.D. 840, approximately 900 years after the Han Chinese appeared in the region. Uighurs exercised fluctuating control over the area for the next several centuries. China did not establish firm control over the region until the 18th century.<sup>106</sup> The Uighurs, however, comprised a much larger percentage of the

population than the Han through most of the previous centuries. Throughout that time, between periods of domination by outsiders, the Uighurs enjoyed brief periods of independence as East Turkestan. The current tensions began in 1881, when China and the Russian empire split East Turkestan between them.<sup>107</sup> The Uighurs became citizens of the Republic of East Turkestan after World War II and, with the backing of the Soviet Union, held their independence until Mao Zedong's new regime in Beijing regained control of the region in 1949.<sup>108</sup> First Mao, then his successors, funneled money and government projects into Xinjiang to increase the Han population. This strategy was successful—the Han population increased from approximately 6 percent of the region's population in 1949 to 40 percent in 2001.<sup>109</sup>

Although Chinese official proclamations highlight the importance of national unity and the acceptance of all ethnicities in the motherland, Uighurs and some other minorities have experienced variable and often significant restrictions on their religious freedoms. In May 1996, the state media in Xinjiang specifically identified Islam as the source of all uprisings and violence in the region.<sup>110</sup> In 1996, the Chinese Communist Party (CCP) initiated the Strike Hard anticrime campaign. Officially, this program targeted the separatist underground, but distinctions among separatists, sympathizers, and simply devout Muslims often were lost in the struggle.<sup>111</sup> In addition to the military crackdown, the CCP launched a media campaign aimed at Muslims in Xinjiang. Immediately following a bomb explosion in Beijing in March 1997, Muslim extremists fighting Chinese rule in Xinjiang were the suggested culprits, although Chinese security forces failed to offer evidence to support the theory.<sup>112</sup>

Another major aggravating factor, in the general Chinese view, is American hegemony and power. China's former ambassador to Egypt, An Huihou, argued: "The root causes of terrorism are complex and multiple. But one cannot but admit that the terrorist activities directed against the U.S. were bitter fruits largely due to the erroneous policy the U.S. has pursued in the Middle East for a long time."<sup>113</sup> Many Chinese scholars believe that the United States does not yet really comprehend the role it plays in generating resentment in other countries. As scholar Shih Chunyu argued in a recent editorial, "The U.S. lacks a deep understanding of the historic origin and social basis of how terrorism came about."<sup>114</sup> The bullying and power politics that some Chinese ascribe to Washington builds antagonism in some sectors of the globe and creates a target for frustrated ambitions. After describing a "vicious interaction" in which hegemonism feeds terrorism, one Chinese scholar concluded that "hegemonism is the main root cause of intranquility in the world."<sup>115</sup> Another Chinese scholar argued that the actions of the United States will "evoke a violent rebound among the Arab countries and further intensify contradictions between the U.S. and the Islamic world. . . . Threats of terrorist activities against the U.S. will be on the increase not on the decrease."<sup>116</sup>

#### China's Counterterrorism Principles

Whether or not Chinese scholars have accurately captured the sources of terrorism, Beijing is determined to aid the war on terrorism and help write the rules governing future phases of the war. Chinese officials paint the struggle as one affecting all countries, and consequently, one in which a majority of countries must agree on future actions. Xiong Guangkai

has stated that the PRC has adapted its security concept to new threats and the changed world situation. Accordingly, China has four principles in its counterterrorism policy:<sup>117</sup>

1. Condemn and oppose terrorism of all forms and manifestations
2. Address the symptoms and causes of terrorism
3. Take an integrated approach to combat terrorism
4. Give full play to the leading role of the United Nations in coordinating an international counterterrorism campaign

China's leaders are apprehensive about potential future phases of the war on terrorism and related counterproliferation initiatives. The United States has demonstrated a determined willingness to use military force and to abandon multilateral forums in an attempt to achieve its security goals. In addition, with crises brewing with North Korea and perhaps Iran, Beijing can only wonder how those potential conflicts will be addressed.

Moreover, Beijing harbors two long-term concerns about U.S. foreign policy. First, the United States may become accustomed to, and practiced at, using military force to intervene in other sovereign countries for whatever reason. According to scholar Qin Zhonghe, America is "seriously threatening the sovereign independence and national security of these countries. This very practice of the U.S. has shaken the foundation of the current international order existing ever since WWII, which regards the nation states as the mainstay."<sup>118</sup> China's support of further troop deployments in the Philippines,

Yemen, Central Asia, or elsewhere is likely to be limited.

Second, Chinese scholars worry that Washington may simply make things worse. For example, there are signs that terrorism may be rebounding strongly following the U.S. invasion of Iraq, and Chinese scholars are concerned that the United States has failed to address the origins of terrorism. “The antiterrorist campaign tends to focus on addressing symptoms rather than the root causes of terrorism,” remarked Li Jianying.<sup>119</sup> Moreover, rather than deter nations from seeking nuclear weapons, Beijing worries that the lesson to be learned is that only nuclear weapons can protect a small country from American military intervention. “Medium and small countries, in particular, will try every way to acquire strategic countercontrol levers, with weapons of mass destruction as the primary consideration, in order to ward off the same fate as the [one that] befell Iraq,” argued scholar Qin Zhonghe.<sup>120</sup> Moreover, interruptions of oil supplies and spreading militant Islam are problems China wants to avoid.

Chinese scholars and officials have urged several prescriptions for the continued war on terrorism. First, Chinese scholars advocate a precise and widely agreed-upon definition of terrorism. This principle is likely to set limits to future actions and to avoid what Chinese term “double standards.” Quite simply, the Chinese worry that the United States will push countries to support attacks on what Washington considers terrorists but not on what Beijing considers terrorists—for example, Xinjiang separatists.

China's additional requirement is that all actions in the war on terrorism be

channeled through and approved by the UN Security Council. This is a measure designed to regulate the muscular and unilateral employment of American power abroad.

### **Conclusions and Observations**

Although China is not at the epicenter of the war on terrorism, it has played a valuable supporting role in significant aspects of the conflict and in attempts to prevent future terrorist attacks. China's cooperation has its origins in the fact that the war on terrorism serves some of its key national priorities, even as it creates anxieties along other dimensions. Examining China's behavior in this campaign reveals several factors that will guide China's future actions in the war on terrorism.

First, in China, as everywhere else, domestic politics is the soil in which foreign policy grows, to a considerable extent. Beijing promotes cooperation with Washington in the war on terrorism because preserving constructive ties with the United States is fundamental both to its internal economic transformation and to preserving an international environment in which the PRC can continue to focus on internal development. Moreover, just as Washington almost immediately changed its tune on Russia's war against Chechen “terrorists” in the wake of 9/11, so too can Beijing expect Washington to be more understanding of its own internal security requirements. To some extent, this objective has been realized, though not to the extent Beijing had hoped. For its part, by pushing the envelope on civil liberties in its own domestic and foreign prosecution of the war on terrorism, Washington erodes its capacity to lecture other nations on civil liberties.

Second, China has increasingly seen its own security as threatened by international terrorists and their cousins, the proliferators. China's strengthening of the SCO partly reflects this realization, as does the PRC's increasingly robust pressuring of North Korea in connection with its proliferation activities and Beijing's issuance of increasingly robust (but still imperfect) export-control guidelines. When all is said and done, however, the Chinese government and people still do not have the visceral anxiety about terrorism and proliferation that has been felt elsewhere for many years and in the United States since September 11.

Third, as the United States has moved toward a concept in which Washington takes the initiative in defining threats and coalitions appropriate to deal with them, China has adopted, in the words of Shanghai Academy of Social Sciences scholar Pan Guang, "a new concept of security." According to Pan Guang, "China's national security was [is] inextricably tied to the more comprehensive notion of global security, which includes political, economic, and social aspects, and that China's antiterrorism cooperation is guided more by principles of equality and mutual trust."<sup>121</sup> Ironically, therefore, just as the United States has moved away from the

concepts of collective and cooperative security that dominated thinking in the 1990s and moved toward a more unilateral posture in the post-9/11 era, China has become a chief advocate (along with many of America's traditional allies) of the policy position Washington has abandoned to some extent.

This suggests, therefore, that cooperation in the war on terrorism presently will be accompanied by struggle between Washington and Beijing over the role of international organizations, the need for UN approval for muscular policies, the root causes of terrorism in the first case, and the issue of whether the United States can unilaterally achieve its own security without, in the process, endangering everyone else's. In short, Sino-American counterterrorism and counterproliferation efforts will continue to be a sweet and sour combination of friction and cooperation. Moreover, China will often stand closer to some of America's traditional allies than to America itself. Most fundamentally, Beijing will attempt to channel more aspects of the war on terrorism into the United Nations or other multilateral forums in which it can exercise some influence on Washington's planning. Having said all this, nonetheless, China's assistance in the war on terrorism has been important—indeed critical—in the opening phases.





## CHAPTER 2

### China's Place on the Road to Baghdad

#### Overview

The Bush Administration's determination to eradicate Iraq's presumed weapons of mass destruction and supporting programs and its underlying objective of toppling Saddam Hussein's repressive regime in Baghdad presented nations around the world with difficult choices in late 2002 and throughout 2003. Although many nations sympathized with Washington's desire to root out what was widely assumed to be a deadly stock of weapons and to terminate a brutal regime, they also worried about the unprecedented use of American power in an unstable region of the world to pursue regime change in the absence of recent external aggression and broad international support.

In Beijing, China's leaders faced this general dilemma in specific forms. On the one hand, Beijing valued, and continues to value highly, its political and economic relations with Washington. The United States is China's principal export market, a major financial partner, and a critical source of technology. On the other hand, Beijing is concerned about the unrestrained use of American military power, especially as it might relate to the PRC's own peripheries, most important of which is Taiwan. In addition, there were other issues —What would happen to world energy prices if conflict broke out

in Iraq? If Beijing aligned with Washington, would an inflamed Islamic world turn not only on the United States, but China, too? If the United States acted without UN authorization, would the PRC be endorsing the preemptive aspects of the evolving U.S. national security strategy that it found so worrisome? More broadly, by its willingness to go it almost alone in Iraq, was the United States, in effect, walking out the back doors of international organizations just as China was seeking to walk in their front doors? Beijing faced the difficult challenge of balancing these competing concerns, while nurturing its hard-won improved relations with Washington in the wake of September 11.

In the months following September 11, 2001, the Bush Administration was struggling to adapt America's long-standing policies and strategies of deterrence, containment, and operating through international organizations to current realities and then seeking to sell this evolving strategy to audiences at home and abroad. From George W. Bush's June 2002 speech at West Point to the September 20, 2002, National Security Strategy, a dramatic shift in American foreign policy was taking shape.<sup>122</sup> America has, to some extent, discarded

the deterrence and containment approaches of the Cold-War era for a new doctrine of “preemption” or, more properly, preventive war—the Bush Doctrine. Moreover, the United States has shown a renewed commitment to being a global transformational power. Historian John Lewis Gaddis described this realignment of American foreign policy in the following terms: “I would argue that the Bush grand strategy is the most fundamental reshaping of American grand strategy that we’ve seen since containment, which was articulated back in 1947.”<sup>123</sup> For Beijing, there were other worrisome aspects of the evolving strategy beyond preemption, including the concepts of “coalitions of the willing” (rather than duly constituted international institutions), the idea of security being sought by vigorously pushing market- and democratic-oriented regime change abroad, and the U.S. commitment to remain on the top of the international power hierarchy indefinitely.<sup>124</sup>

As this transformation was unfolding and America was concluding the most active military phase in Afghanistan, Saddam Hussein’s government in Iraq became the target of the Bush Administration. Indeed, it had been in the sights of some in the Administration since the early 1990s, with the first President Bush’s decision not to drive on Baghdad in the final stages of the 1991 Gulf War and with Saddam Hussein’s subsequent failed attempt on the life of George H. W. Bush in 1993. In a 1998 letter to President Clinton, current advisors of George W. Bush urged Clinton to “undertake military action” against Iraq.<sup>125</sup> By the summer of 2002, with Afghanistan (mistakenly?) thought to be winding down, the issue of What next? arose. Through a process not yet clear to outsiders, the Administration

came to define toppling Saddam’s government (as opposed to dealing with Iran, North Korea, or principally Al Qaeda) as America’s leading security priority.

By May 1, 2003, U.S. and British coalition forces had toppled Saddam’s regime and President Bush had declared an end to major combat operations (perhaps, once again prematurely, as had occurred earlier in Afghanistan). Moreover, “victory” had come at a cost. Unable to secure UN backing for a second, explicit authorization to use force in February and March 2003 because of French, Russian, and German opposition (among many others), the United States and Great Britain (with a fig leaf of “coalition” support elsewhere; see Table 2) chose to conduct the campaign largely on their own. This left Washington estranged from many of its longtime allies and seeking solace in its new coalition of states, which included many in Eastern Europe, as well as Eritrea, Micronesia, and the Solomon Islands. Throughout the summer and fall of 2003, U.S. and British soldiers were being killed regularly, and frequently larger terrorist incidents unfolded with ferocity in the summer of 2003.<sup>126</sup> The economic and manpower requirements of occupation and reconstruction were proving enormous, and the countries America had earlier ignored in waging war were reluctant to assist Washington in these tasks without explicit sanction from the United Nations and significant influence over policy, steps the Administration hesitated to take. In September 2003, President Bush asked Congress for \$87 billion for ongoing military operations and reconstruction in Iraq and Afghanistan, with no assurance he would not be back for more.

**Table 2**  
**Operation Iraqi Freedom Coalition Members**<sup>127</sup>

Afghanistan	Estonia	Marshall Islands	Singapore
Albania	Ethiopia	Micronesia	Slovakia
Australia	Georgia	Mongolia	Solomon Islands
Azerbaijan	Honduras	Netherlands	South Korea
Bulgaria	Hungary	Nicaragua	Spain
Colombia	Iceland	Palau	Turkey
Costa Rica	Italy	Panama	Uganda
Czech Republic	Japan	Philippines	United Kingdom
Denmark	Kuwait	Poland	United States
Dominican Republic	Latvia	Portugal	Uzbekistan
El Salvador	Lithuania	Romania	
Eritrea	Macedonia	Rwanda	

Source: [www.whitehouse.gov](http://www.whitehouse.gov).

This chapter examines the role China played in the prelude to, execution of, and aftermath to America's war in Iraq. More specifically, it starts by looking at Beijing's principal interests in the region—energy, weapons, and Islam—and then turns to an assessment of Beijing's ties to Baghdad in recent years. The chapter concludes with an assessment of how the war's conduct and aftermath have affected Chinese thinking and the prospects for future U.S.-China cooperation. Behind these concerns is the broader comparative question, What accounts for the difference in Chinese behavior between the Korean case and that of Iraq? In the instance of Korea, China has been notably proactive, as we shall see. With regard to Iraq, however, China has seemed principally in search of a position that would avoid making enemies either in the Middle East or in Washington and that would keep the PRC as uninvolved as possible.

### **Overview of China's Foreign Policy toward the Middle East**

From the Chinese Communist victory in 1949 until into the 1980s, China maintained very limited relations with the Middle East. It did not have the interests (e.g., energy, cultural affinity, trade, or client states) that drew in Russia, Europe, and the United States. China also did not have the capacity to operate effectively in the region, having an ideology of self-reliance, possessing relatively little financial wherewithal, and being devoid of the military tools to project its power robustly. In short, the Middle East has historically been an area in which the global powers of the era competed for resources and influence, and in the 150 years prior to the 1980s, China was not among those great powers. From the early-20th-century British colonies to the Cold War rivalries between Moscow and Washington, Beijing was largely absent from the region as a major player.

In the past 25 years, however, China's presence in the region has grown considerably. As its economic reforms

expanded in the 1980s, China looked externally for sources of trade and investment and for outlets for its labor resources, which it could export for projects in many labor-short Middle Eastern societies. China currently has more than 338,000 contract laborers working overseas—many of them in the Middle East—bringing in billions of dollars per year.<sup>128</sup> Moreover, since 1993, as China has become an ever-larger net oil importer, the Middle East has become centrally important to the PRC. As scholar Zhang Xiaodong noted in 1999, “As the twenty-first century approaches and China’s economy becomes unavoidably linked to the entire world’s, there are reasons to reappraise the strategic significance of the Middle East for China.”<sup>129</sup> In addition, as Beijing found itself cut off from most Western arms sales, Israel, along with the Soviet Union (thereafter Russia), became important sources for military hardware. For “rogue regimes” in the region, which were also cut off from Western weapons purchases, China filled the void, becoming an important source of cheap and serviceable weaponry. Finally, as radical Islam gripped increasing swaths of the Middle East and Central Asia in the 1980s and 1990s, Beijing became progressively more concerned to placate those Middle Eastern and Central Asian capitals that might seek to export the virus of Muslim radicalism to China’s restive western reaches, where a good part of China’s approximately 19 million Muslims lived.

Looking back, to gain historical perspective, in 1956, Egypt became the first Middle Eastern country to establish ties with China (see Table 3). China’s embassy in Cairo became an anchor in the region for decades, and during the

Cultural Revolution, it was China’s only foreign embassy left fully operative.<sup>130</sup> Ties with other Arab capitals soon followed, but during the 1960s, as the rivalry between Moscow and Beijing intensified, China’s influence was minimal because most countries in the region were aligned with either Moscow or Washington. Beijing simply could not match the economic aid, weapons, and security guarantees that Moscow and Washington had to offer. Although the PRC attempted to use its revolutionary foreign policy agenda to expand its influence in the Third World and combat Soviet “social imperialism,” this strategy had only a marginal effect. What efforts China made were seen more in Africa and, to some extent, Latin America.<sup>131</sup>

**Table 3**  
**China’s Diplomatic Relations with the Middle East<sup>132</sup>**

Egypt	May 30	1956
Syria	August 1	1956
Yemen	September 24	1956
Iraq	August 25	1958
Sudan	February 4	1959
Kuwait	March 22	1971
Turkey	August 4	1971
Iran	August 16	1971
Jordan	April 7	1977
Oman	May 25	1978
Libya	August 9	1978
Djibouti	January 8	1979
United Arab Emirates	November 1	1984
Palestine	November 20	1988
Bahrain	April 18	1989
Saudi Arabia	July 21	1990
Israel	January 24	1992

*Source: Chinese Ministry of Foreign Affairs*

With respect to Israel, relations between Beijing and Tel Aviv have been mixed. China rebuffed an early attempt by Israel

to establish diplomatic ties in 1950 because of Israel's close relationship with the United States and China's interest in supporting Arab revolutions.<sup>133</sup> Following 1964, Beijing strongly sided with the Palestinians and the Palestinian Liberation Organization, although Beijing ceased advocating armed struggle in the 1970s.<sup>134</sup> It was not until January 1992 that China and Israel established diplomatic relations.<sup>135</sup> President Jiang Zemin's visit to Israel in 2000 boosted ties, but controversy surrounded Israel's contract to sell four advanced early-warning aircraft for \$1 billion to China, despite the Pentagon's objections. Although that contract was later canceled (in part due to congressional threats to funds for Israel), Beijing has continued to view Israel as a source for high-tech military equipment (more to follow).<sup>136</sup> This has been a periodic source of conflict between Washington and Tel Aviv, with the conflict particularly centered on Israel's alleged transfer of America's sensitive technology to an unauthorized third party, Beijing.

China largely has been uninvolved in the Israeli-Palestinian peace process, but Beijing has recently signaled an intention to play a more active role. As one scholar in the PRC noted: "Although China's interests are not affected by whether or not the peace process continues, China should be more constructively involved in the Middle East peace process. Such involvement will demonstrate the ability of China, as a permanent member of the UN Security Council, to undertake its responsibility for international affairs. It is not realistic for China to play a decisive role in the peace process, but effective participation will be beneficial for all concerned."<sup>137</sup> In May 2003, for example, China's newly appointed special

envoy to the Middle East, Wang Shijie, urged Israelis and Palestinians to cooperate in promoting the peace process, and he proposed a special conference hosted by the UN Security Council to help.<sup>138</sup>

#### Chinese Arms Open the Way

China's entrance into Middle East arms dealing came in 1979, with the sale of 50 jet fighters to Anwar Sadat's Egyptian government.<sup>139</sup> Cairo continued to purchase Chinese military equipment, including patrol boats and missiles. Continuing in the 1980s, Beijing saw an avenue into the Middle East through the sale of its military equipment and technology. PRC weapons sales to the region grew rapidly, making China the fourth-largest source of arms there by 1986 (behind the United States, USSR, and France).<sup>140</sup> China was looking to generate hard currency and secure political influence in a region that was rapidly becoming more important to it. The outbreak of the Iran-Iraq War in 1980 proved a seemingly perpetual money machine, as Beijing rapidly secured billions of dollars in sales of small arms, artillery, and tanks to both sides of the conflict.<sup>141</sup> Along with many conventional small arms sales, the Chinese sold to Saudi Arabia intermediate-range ballistic missiles worth approximately one billion dollars and consummated several other controversial deals, including missile sales to Iran and Syria.<sup>142</sup> One estimate placed 8 percent of China's total export revenue in 1986 as coming from weapons sales.<sup>143</sup>

China's relationship with Iran has become Beijing's deepest and most substantial bilateral relationship in the region. Tehran found Chinese arms to be of good quality and cheaper than other sources,

and the PRC quickly became Iran's foremost source of military equipment.<sup>144</sup> This connection grew over the years and included the controversial sale of Chinese C-802 anti-ship Silkworm missiles to Tehran. After this sale, Washington worried about shipping off the Strait of Hormuz and the safety of U.S. naval forces.<sup>145</sup> In addition, the Chinese began assisting the Iranian nuclear program in the early 1990s and supplied Tehran with several research reactors.<sup>146</sup> Recent scrutiny of Iran's nuclear program has shed more light on Chinese cooperation. In 2003, Gholamreza Aghazadah, the head of Iran's Atomic Energy Organization, stated that Iran imported 1,800 kilograms of uranium from China in 1991.<sup>147</sup> By 1995, under heavy U.S. pressure, China reduced its nuclear and missile cooperation with Iran, although periodic criticism in the U.S. Congress continues, and on two separate occasions during 2002 and 2003 the U.S. government has imposed trade sanctions on Chinese trade entities for missile-related technology transfers to Iran.<sup>148</sup>

China sees Iran as a major regional player. The country is one of China's primary sources of foreign oil, supplying approximately one-fifth (about 12 million tons in 2002) of China's oil imports.<sup>149</sup> Approximately one-third of China's oil imports from the Middle East come from Iran.<sup>150</sup> As one Chinese scholar commented: "Iran is key to the Gulf's security and stability, a major door to Central Asia, and an important oil hub for Central Asia. China must strengthen its economic and political ties to Iran."<sup>151</sup> Recently, Chinese and Iranian officials have discussed the need for a UN role in the postwar reconstruction, and the dispersal of Chinese aid to Iraq through Iran.<sup>152</sup> Beijing values its ties to Tehran

highly enough to allow it to cause genuine strains in the Sino-American relationship under a variety of scenarios. Whereas Chinese have told Americans that Iraq is "not that important" to PRC interests, China would never say that of Iran. As we examine the three cases in this study, North Korea is the most salient to Chinese interests and Iraq least so. The war on terrorism and the war in Afghanistan occupy the middle band of salience, with Iran another island of special interest for Beijing.

For the reasons hinted at in this section, in the late 1980s and the early 1990s, the United States found China's weapons exports to Middle Eastern countries generally destabilizing. This assessment, along with the debacle at Tiananmen Square in 1989, soured U.S.-China relations for a decade. The Chinese sales of ballistic missiles to Riyadh and cruise missiles to Tehran threatened U.S. regional interests, Israel, and, conceivably, U.S. ground and naval forces. Resentment in the U.S. Congress mounted. Senator Joseph Biden (D-Del.), for example, published a 1991 op-ed, entitled "An American Ultimatum for China," that advocated revoking China's Most-Favored-Nation (MFN) trading status if Beijing did not close its "arms bazaar" in the Middle East.<sup>153</sup> Chinese arms sales did fall in the 1990s, however, in large part because the end of the Iran-Iraq War and because the 1991 Gulf War made it clear what the revolution in military affairs had wrought in terms of new weapons—what China had to sell seemed largely uncompetitive.

### **China's National Interests in the Middle East**

The Middle East has become an important area of concern for Beijing, and Chinese

leaders have recently made greater efforts to develop relations there than at any time in the PRC's history. The U.S. confrontation with Iraq promised to substantially affect Chinese interests, though it was difficult to fully predict how. First and foremost among China's interests, as the world's fastest-growing large economy, secure access to energy resources is vital for the PRC's continued economic development. As a relative newcomer to the region, China must secure assured access to energy supplies and reserves in an industry and region long dominated by Western oil companies. Second, China is hoping to garner political support from developing Muslim countries and is keeping a wary eye on links between fundamentalist Islamic groups and China's own Muslim population. To a lesser extent, China is looking to Israel as a source of high technology, including sophisticated military equipment.

#### Oil and China's Energy Policy

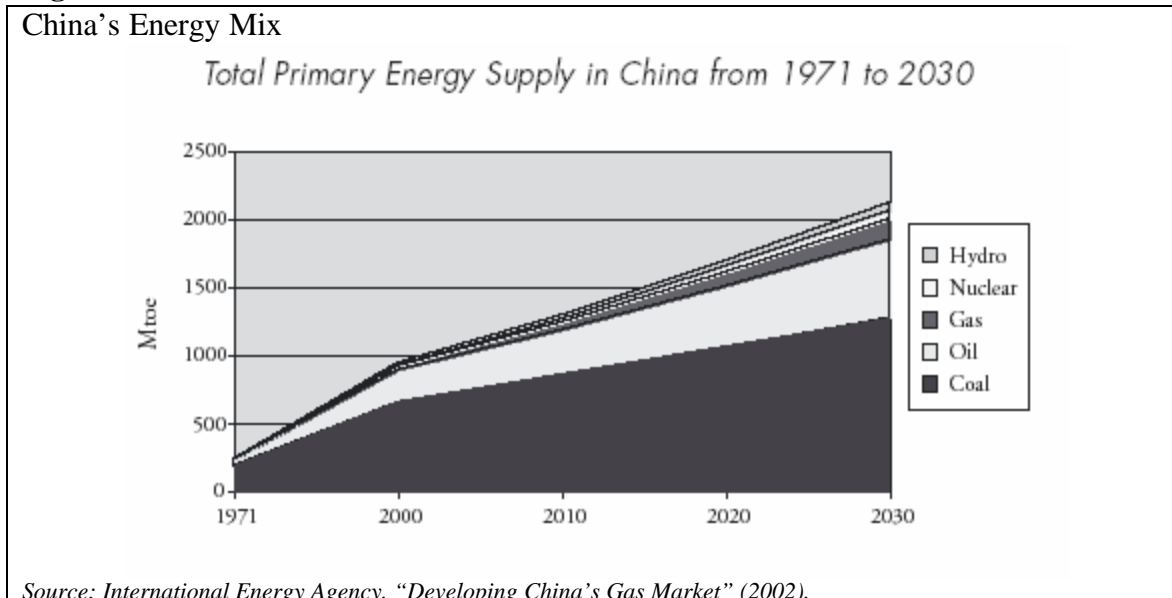
With the core of Chinese foreign policy focusing on maintaining economic growth and rising standards of living, securing dependable sources of energy is critical to Beijing. Spurred by record-setting economic growth and increased personal consumption, China's oil usage has surged in recent years. Until the early 1990s, China was essentially able to meet all of its oil needs (except for very specialized products) through domestic production. Then, in 1993, China became a net oil importer, and its dependence on foreign sources of oil has grown steadily.<sup>154</sup> Today, China imports approximately one-third of its annual oil consumption—it is estimated that by 2020 China will consume as much energy as the United States and will import two-thirds of its oil.<sup>155</sup> About 60 percent of China's

current imports come from the Middle East. Consequently, the Middle East and world oil markets now have a greater effect on China than ever before, and the PRC's dependence is growing rapidly. The need for energy security has changed China's foreign and economic policy. According to economist Michael Economides, "China's energy future is likely to emerge as the most serious geopolitical and economic event of the decade."<sup>156</sup>

Today, China relies on coal to produce approximately three-fifths of its energy needs (see Figure 1). This overall coal dependence is likely to persist for the foreseeable future.<sup>157</sup> Oil, natural gas, and miscellaneous other sources account for the remaining portion of its energy needs. Nonetheless, China has been the fastest-growing consumer of oil on the planet over the past few years and has accounted for one-quarter of the world's growth in oil use during the past decade.<sup>158</sup> Although China has the eleventh-largest reserves in the world (approximately 24 billion barrels), its oil reserves per capita are one-fifth of the world average.<sup>159</sup> China's per capita oil usage is also low—the United States uses 355 million British thermal units (MMBtu) per capita, compared with China's 25 MMBtu per person.<sup>160</sup>

China is the world's fifth-largest producer of oil, with domestic production currently running at about 165 million tons per year.<sup>161</sup> However, this level has been flat for several years. Thus, increased consumption needs will be met primarily by imports. Last year, China's oil imports rose 15 percent to 70 million tons.<sup>162</sup> By 2020, China will import nearly 70 percent of its oil needs—approximately 500 million tons.

Figure 1



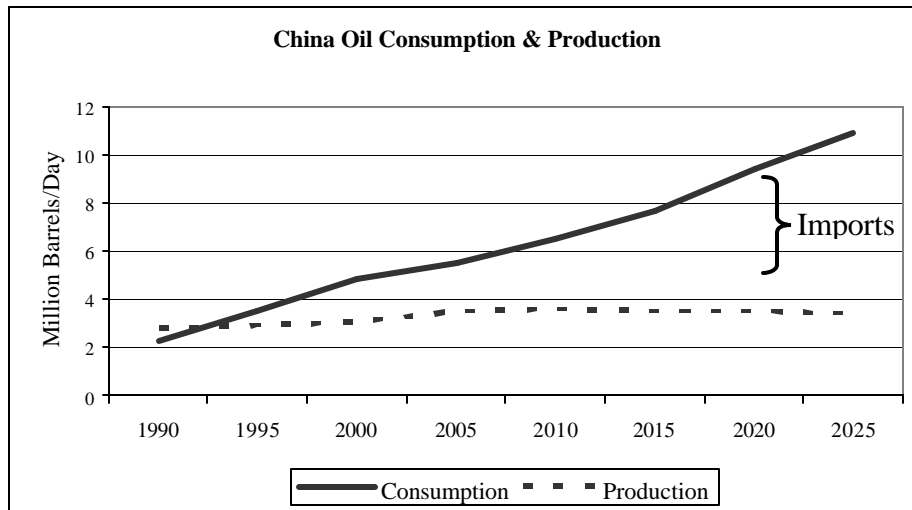
China's oil imports are expected to skyrocket in the future for several reasons (see Figure 2). First, industry is expanding, personal consumption is up, and more Chinese are buying cars. New auto sales soared by nearly 40 percent in 2002 to 3.25 million, and that number is expected to triple by 2010.<sup>163</sup> Second, China's domestic oil production capacity, centered in the northeast, has started to decline. Oil production at Daqing, which accounts for roughly one-third of the country's total production, dropped 2 percent last year.<sup>164</sup> Other major oil fields, such as Liaohe and Shengli, are mature and not delivering significantly increased volume. This shortfall is pushing Beijing toward foreign sources of energy. Finally, if China is ever to improve its atmospheric pollution problems, it must move toward cleaner-burning fuels and widely adopt clean coal technology.

Although China currently obtains two-thirds of its oil imports from the Middle East (mainly from Saudi Arabia and Iran),<sup>165</sup> Beijing is mindful of the dangers

of geographic dependency, particularly in such an unstable area; accordingly, it has sought to geographically diversify its sources (see Table 4). China is currently constructing a network of oil and natural gas pipelines that will connect its coastal cities to rich energy deposits in Russia and Central Asia. The centerpiece of this campaign is the 4,000-mile East-West Gas Pipeline, which will connect China's western Xinjiang Autonomous Region with Shanghai. The project, one of the largest infrastructure projects in the world, will connect with pipelines in Kazakhstan and Russia. Most recently, President Hu Jintao and Kazakhstan President Nursultan Nazarbayev signed a multibillion dollar agreement to construct a pipeline from Kazakhstan into western China to transport 10 to 20 million tons per year.<sup>166</sup> Beijing is also wooing Moscow, in the face of Japanese competition, for a \$2.5 billion pipeline that would connect Daqing to massive oil fields in Siberia, with the hope that as oil coming from the Daqing fields declines the new flow from Russia can keep the

Figure 2

China's Energy Import Requirements



Source: International Energy Agency and RAND, "China's Quest for Energy Security," p. 8.

Table 4  
China's Oil Imports by Country  
(January–June 2002)<sup>167</sup>

	Million Tons	Percentage of Total
Iran	5.6	17%
Saudi Arabia	4.9	15%
Oman	3.6	11%
Sudan	3.5	11%
Norway	2.0	6%
Indonesia	1.8	5%
Other	11.6	35%
Total Imports	33.0	100%

Source: Asia Pulse, "A Profile of China's Oil Industry," October 31, 2002.

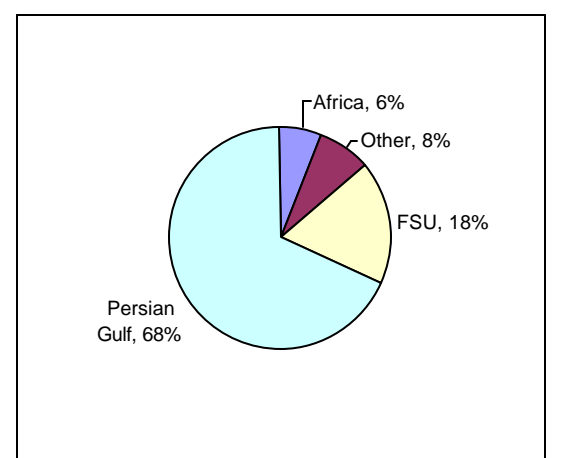
area's refineries running.<sup>168</sup> China has also been casting its net beyond the Middle East. Since 1996, the PRC has acquired oil stakes in the Sudan, Myanmar, Thailand, Venezuela, Nigeria, Canada, Libya, and Indonesia.<sup>169</sup> China is also seeking to increase its access to natural gas reserves and has signed a \$25 billion, multiyear new contract with Australia to import liquid natural gas (LNG) to Guangdong and Fujian provinces.<sup>170</sup> One Chinese oil firm, for

example, recently paid \$585 million for a large gas reserve off of Java.<sup>171</sup> This is partly due to the influence of the United States and other Western powers in the Middle East, which has pushed China toward more risky sources of energy. As Professor Wu Lei of Yunnan University argued in a recent paper entitled "East Asian Energy Security and Middle East Oil," "The best opportunities tend to be anti-American nations, i.e., Iraq, Iran, and possibly Libya."<sup>172</sup> Still, because the Middle East accounts for two-thirds of the world's proven oil reserves, China will remain reliant on the region for years, and, in terms of absolute volume of imports, it will be increasingly dependent.

China's lack of a strategic oil reserve heightens Beijing's concerns about disruptions in its oil supply or spikes in world oil prices. In fact, China is the largest economy not to have a strategic reserve<sup>173</sup> (a large store of oil maintained by the government that can be drawn down in times of war or economic turmoil to protect the nation's economy and

**Figure 3**

**Sources of Chinese Oil - 2025**



Note: FSU = Former Soviet Union.

Source: International Energy Outlook 2003, Energy Information Administration.

productive capacity from external price shocks or reduced supply). America, for example, has a reserve totaling approximately 600 million barrels, which can be tapped during a security or economic crisis.<sup>174</sup> This reserve gives the United States enough oil for approximately six months, while Japan's reserve would provide four months of cushion.<sup>175</sup> Beijing's policy makers are working to create a national strategic oil reserve, but it will take years to accumulate and will require a sizable intervention in world oil markets. China reportedly intends to stockpile approximately 6 million tons (40 million barrels) of oil by 2005, and nearly twice that amount by 2010.<sup>176</sup>

Beijing is clearly seeking ways to develop vast and secure sources of oil to fuel its economic growth for decades to come. The U.S. invasion of Iraq was the largest geopolitical event in the region in at least a decade, and Beijing's decision not to obstruct that action speaks to its long-term thinking. Without explicitly endorsing a use of force about which Beijing had deep misgivings, China's leaders likely wanted

to avoid being alienated from Washington as postwar Iraq looked to contract out its oil reserves. Iraq has the second-largest oil deposits in the world, and for the past 10 years, its production levels have been capped by UN sanctions.<sup>177</sup> Although Iraq only now accounts for approximately 1 percent of China's oil imports, it could be a major source of oil for China in the future,<sup>178</sup> thus giving China greater access to the region than it previously has enjoyed. As Chinese energy analyst Zhu Jianzhong summarized: "The global energy market was divvied up half a century ago. We have arrived late on the scene and our ability is weak."<sup>179</sup> This could be Beijing's opportunity to partially level the playing field.

### Islam

China has two principal regional interests that relate to Islam. First, Beijing seeks to bolster its position as a credible spokesperson on global affairs, particularly in the developing world. This is especially true in Chinese eyes because of the country's permanent membership on the UN Security Council. Muslims number approximately one billion people around the world, and many are located in developing nations. As Zhang Xiaodong explained, "[China] cannot ignore the existence and influence of Muslim states and still seek their sympathy and support in international affairs."<sup>180</sup>

A second concern relates to China's own Muslim population, much of which resides in western China. This population, comprised mainly of non-Han minorities, has always been a source of anxiety for Beijing, and some groups within this community have waged a low-intensity struggle for independence, some as part of a longed-for East Turkestan. Xinjiang's minority separatist groups have

occasionally resorted to violence and bombings against Han Chinese (see Chapter 1 for more detail) both in China and outside the country. Beijing fears the possible radicalization of this movement. As Zhang Xiaodong observed: "The Islamic religious and political ideologies from the Middle East and Central Asia often influence Muslims in China. If the religious ideologies integrate with minority separatism, it will pose a great challenge to social stability and economic development in northwest China."<sup>181</sup> Just as Chechnya's independence campaign has been heavily influenced by Central Asian Islamic fundamentalist groups, spiking terrorist activities in Russia recently, so too does Beijing worry about similar developments in its western regions. Beijing looks to the bombings in Moscow and quickly imagines the possibility of similar attacks during the 2008 Summer Olympic Games. It is no accident, therefore, that Beijing is one of the most assertive countries in supporting Moscow in its tough posture toward the Chechens.<sup>182</sup>

Indeed, it is these worries that have led China to take a leading role in the formation and leadership of the Shanghai Cooperation Organization (composed of China, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Russia). As discussed earlier, the SCO recently engaged in cooperative military exercises, explicitly aimed at developing the tactics and avenues of cooperation to use joint military force against terrorists operating in the gray zones separating these countries in Central Asia. In addition to developing the military and international cooperative means to deal with Islamic extremists, Beijing seeks to use the SCO to cultivate relations that do not gratuitously antagonize regimes that could

foment difficulties, were they to become so inclined. Aligning overtly with the United States is not always the way to avoid such antagonism in the region.

#### Israel and High-Tech Weapons

A final consideration in Beijing's calculus for Middle East policy is acquiring high-tech military equipment from Israel. Israel is China's second-largest arms supplier, behind Russia.<sup>183</sup> To date, Beijing has acquired billions of dollars worth of electronic equipment, aircraft, and missiles from Israel, sometimes to the consternation of those in the United States concerned about Tel Aviv's occasional unauthorized transfer of U.S.-origin technology. In fact, China and Israel have collaborated on several weapons. The first probable instance of coproduction involved the upgrading of Chinese T59 tanks with Israeli 105mm cannons. Israeli experts also reportedly worked to improve the guidance systems of Chinese intermediate-range missiles.<sup>184</sup>

As the Chinese military has sought to modernize and develop capabilities that might deter U.S. forces in a Taiwan conflict situation, Israel has risen in importance for two reasons. First, Beijing wants to diversify away from Russia as a sole source for high-quality arms, especially when those arms are often not at the leading edge of technology. Second, the close Israeli-U.S. military connection implies that China may gain some insight into U.S. technology and systems through acquiring Israeli technology as some Israeli systems are jointly developed with America. As one Pentagon official stated, "Given the very close relationship that we [Israel and the U.S.] have, there is always the danger that some of this technology could pass from Israel to China."<sup>185</sup>

The prospect of major Israeli weapons sales to China has angered some in the U.S. Congress. For instance, the Chinese jets that intercepted the U.S. EP-3 reconnaissance aircraft on April 1, 2001, were armed with Israeli Python III missiles.<sup>186</sup> In 1999, the controversial contract for Jerusalem to supply Beijing with four Phalcon advanced early-warning aircraft would have given Beijing a considerable boost in power projection and insight into countering U.S. forces. Some of the Israeli technology was extremely close to U.S. technology.<sup>187</sup> Moreover, the recently produced Chinese J-10 fighter was aided by Israel's Lavi fighter, which was developed from the U.S. F-16 and funded in part by \$1.3 billion in aid from the U.S. Congress. As former U.S. Defense Attaché in Beijing Larry Wortzel remarked, "There's no doubt in my mind that the F-16 is the Lavi and the Lavi is, in substance, the J-10."<sup>188</sup>

### **China's Relations with Iraq**

China established diplomatic relations with Iraq on August 25, 1958. The next couple of decades of relations proved unremarkable. At the outbreak of the Iran-Iraq war in 1980, however, China began selling large quantities of conventional weapons to Saddam's army. China also reportedly aided Iraq's ballistic missile program during this period.<sup>189</sup>

Beijing's position on the conflict and actions during the 1990–1991 Gulf War bear significant resemblance to its actions during the subsequent conflict of 2003. During that early period, Beijing's ties with Washington had not recovered from the Tiananmen crackdown and the economic sanctions imposed by the United States and other industrialized countries. Therefore, following Iraq's invasion of Kuwait on August 2, 1990, as

the first Bush administration attempted to forge a coalition to expel Saddam's forces from Kuwait and to obtain UN approval for the use of force, Beijing perceived and seized an opportunity to improve its ties to Washington. After comparing the 1991 and 2003 cases, we can discern a pattern in which Beijing improves relations with Washington at the modest price of nonobstruction in the UN Security Council on issues germane to Iraq. Iraq under Saddam Hussein was an expendable item in Chinese foreign policy. So, for example, in 2000, China sided with the United States in maintaining the air travel ban on Iraq, while both France and Russia abstained on UN Resolution 1284 for fear Saddam would cut off their contracts if they voted for the ban—"Iraq retaliated by diverting contracts away from China," noted former National Security Council official Kenneth Pollack.<sup>190</sup> It is interesting to parenthetically note that Pollack was wrong, in essence, when he said, "China will probably end up opposing any U.S. policy on Iraq."<sup>191</sup> In November 2002, Beijing voted for the key UN resolution (1441) that eventually, at least partially, legitimated the use of force in Iraq and did nothing to actually obstruct U.S. plans, though the PRC rhetorically opposed the U.S. use of force against Baghdad.

Looking back to 1991, Beijing was concerned about the geopolitical ramifications of Saddam's moves and the U.S. response. Much like today, the doctrine of American foreign policy was in a transitional period. At the time, Soviet power was collapsing, and President Bush's abstract proclamations about a New World Order caused Beijing to ponder the shifting strategic landscape. As such, George Herbert Walker Bush's declaration four days after Saddam's

invasion of Kuwait that “This will not stand” became a touchstone that promised to help define America’s willingness to use force in the post–Cold War era. Beijing did not want America to wield its military power absent constraint.<sup>192</sup> Instead, Beijing’s interests were to channel Washington’s use of force through the UN Security Council, where China exercised influence if not its veto. At the same time that Beijing wanted to preserve the UN Security Council as the authoritative venue for war and peace decisions, however, it also wanted to seize the opportunity to improve badly frayed U.S.-China relations and end its own post-Tiananmen isolation in the polite society of Western diplomacy.

In response to Saddam’s August 2, 1990, invasion of Kuwait, Beijing denounced Baghdad’s military action as a violation of international law and immediately cut off its arms sales to the country<sup>193</sup> (by this time, these sales were vastly lower compared with what they had been in the preceding decade).<sup>194</sup> Although Premier Li Peng proclaimed, “China always opposes the armed invasion of one country by another,” Beijing wanted the matter to be settled by regional powers. Therefore, it called on the United States and the Soviet Union to stay out of the dispute.<sup>195</sup> According to Li Peng: “We do not agree to big power military involvement. We do not want to see that the already complicated situation in the Gulf area gets more complicated.”<sup>196</sup> However, because Washington was determined to repulse Saddam and was effectively building a coalition, Beijing came to support a UN-based response. Although China still argued that the problem should be solved diplomatically and not with military force, the PRC voted in favor of the UN condemnation and

economic sanctions on Iraq (resolutions 660 and 661) on August 2 and 6, 1990, respectively.<sup>197</sup> This action on the part of Beijing won praise on Capitol Hill. As one U.S. Congressman remarked in September 1990, “On balance, China has been extraordinarily cooperative.”<sup>198</sup>

Beijing, opposed to military force, abstained from UN Resolution 678—the historic resolution authorizing military force to expel Saddam from Kuwait.<sup>199</sup> China was the only permanent member of the Security Council to abstain. Although Washington would have preferred Beijing to vote in favor of the use of force, it could comfortably live with an abstention. The coalition air war began on January 17, 1991, and by February 28, 2001, the first Gulf War was over.<sup>200</sup> In short, China’s stance in the first Gulf War resembled its recent posture in the Iraq war of 2003—opposed to the use of military force, calling for the issue to be handled within the framework of the United Nations, and voting for resolutions short of an explicit endorsement of force, but unwilling to veto resolutions authorizing military action strongly favored by Washington. In fact, in late 2002, with UN Resolution 1441, China supported the somewhat vague phrases of “use all necessary means” and “serious consequences.” However, it subsequently was uncomfortable with Washington’s wish for an even more explicit Security Council authorization allowing the use of force in early 2003, letting stand the vague language of 1441.<sup>201</sup>

The 1991 Gulf War was a transformative experience for the PLA. The Chinese military was shocked by the firepower, interoperability, and nighttime and all-weather capabilities of the U.S. forces arrayed against an Iraqi army that was

substantially using Chinese-style military equipment. Chinese military analysts studied the conflict in detail and began discussing the “revolution in military affairs,” thus sparking the ongoing drive to modernize the People’s Liberation Army to fight high-intensity, high-technology battles.<sup>202</sup>

#### Post–Gulf War Iraq

Soon after the first Gulf War, China came to oppose the UN sanctions regime and advocated the lifting of economic sanctions. As early as 1992, China was urging the United Nations to reduce its sanctions against Iraq.<sup>203</sup> In 1995, for example, Foreign Minister and Vice Premier Qian Qichen said, “The UN should objectively evaluate Iraq’s compliance with the UN resolutions and gradually lift its sanctions.”<sup>204</sup> Yet under the UN oil-for-food program, started in 1996, a program that permitted Iraq to purchase nonmilitary supplies with oil revenue, China, France, and Russia had the largest contracts. More than 70 mainland companies returned to Iraq and entered into contracts worth \$3.6 billion to build hospitals, bridges, roads, and power stations.<sup>205</sup> In 1998, China won the largest contract under the oil-for-food program when it agreed to purchase 18 million barrels of crude.<sup>206</sup> As Ken Pollack observed, “[I]n 2000, the United States discovered that China was constructing a nationwide fiber-optic communication system for the Iraqi government that would be employed by the Iraqi military and internal security forces.”<sup>207</sup> When it appeared that the sanctions regime would fall apart in the late 1990s, several countries began contracting with Iraq for postsanctions business deals. France and Russia signed major contracts to develop oil resources. The Chinese also signed deals with Iraq.

In June 1997, for example, China signed a \$1.8 billion contract to develop the Al-Ahdab oil fields once sanctions were lifted. This marked China’s largest investment in Middle East oil.<sup>208</sup>

In addition to the sanctions regime, China, France, and Russia became critical of the UNSCOM inspection teams.<sup>209</sup> Stifled by Baghdad’s constant interference with the inspection teams, the United States and Britain launched Operation Desert Fox in December 1998 and struck Iraqi military facilities over a four-day period. Along with France and Russia, China directly criticized the strikes, and the Chinese media highlighted civilian deaths. Chinese Ambassador to the United Nations Qin Huasun exclaimed, “There is absolutely no excuse or pretext to use force against Iraq.”<sup>210</sup> China was similarly critical of strikes that occurred in February 2001. “We condemn the air attacks of the United States and Great Britain on Iraq and express our deep regrets to the innocent civilians killed and injured by this,” remarked Foreign Ministry Spokesman Zhu Bangguo.<sup>211</sup> Former U.S. National Security Council staff member Kenneth Pollack correctly asserted that China was not supportive of a rigorous inspection regime in Iraq.<sup>212</sup>

After the new Bush Administration assumed office in January 2001, its first action regarding China was to protest Beijing’s involvement in the aforementioned defense-related fiber-optic system being constructed in Iraq. The United States argued that China had not applied to the UN sanctions committee to approve the sale and that the project would improve Iraq’s air-defense systems and endanger coalition pilots.<sup>213</sup> On February 17, 2001, the United States bombed the facilities but took precautions

to ensure that no casualties occurred among the Chinese advisors (and to avoid a repeat of the 1999 Belgrade embassy bombing).<sup>214</sup> Days later, in his first solo news conference, President Bush said that Chinese actions had “risen to the level where we are going to send a message to the Chinese.”<sup>215</sup> Although the Chinese denied the infraction, one U.S. analyst speculated, “The PLA may also benefit from learning how to harden air defenses for its own systems, including opposite Taiwan.”<sup>216</sup>

#### Late 2002: The Return to Iraq

As the Bush Administration began to vocalize its determination to confront Iraq, Beijing consistently advocated a diplomatic settlement to the crisis, as it had in 1990. The Chinese believed that a U.S. military action in Iraq and the removal of Saddam Hussein would destabilize the Middle East, increase Islamic fundamentalist terrorism, and hurt the world economy by disrupting oil supplies, in addition to weakening the norm against the intervention in the affairs of sovereign states. Moreover, were the United Nations to be sidestepped by Washington, such action would weaken the key role of the world body in authorizing the use of force internationally. Through July and August 2002, the Bush Administration internally debated the utility of inspections and UN-backed sanctions versus direct military action. By the end of the summer, the Administration's advocates for regime change in Iraq appeared to have gained key allies in the White House. In August 2002, Vice President Dick Cheney declared, “Regime change in Iraq would bring about a number of benefits to the region.”<sup>217</sup> *The National Security Strategy*, published on September 20, 2002, clearly spelled out the guiding

principles of the Bush Doctrine: preemption, use of military power, and willingness to act unilaterally. The Bush Administration's commitment to removing Saddam was based on the (dubious?) beliefs that only through regime change would Washington be able to (1) eradicate the presumed weapons of mass destruction and related programs of development and production, (2) create an opportunity to democratize Iraq (thereby setting off a domino-like process of liberating governance in the region), (3) influence other autocratic states in the region (e.g., Saudi Arabia and Egypt) to behave more responsibly both abroad and with respect to their own citizens, and (4) have a major (positive) impact on the Israeli-Palestinian peace process.<sup>218</sup>

While the Bush Administration was steeling itself for a confrontation with Saddam, international opposition to Bush's march toward war grew during the second half of 2002. France, Russia, and Germany made clear their desire for a UN solution to the problem. German Chancellor Gerhard Schroeder said the arguments against a war were so strong that he would oppose one even “if, for whatever reasons and in whatever form, the Security Council of the United Nations were to say, ‘Yes.’”<sup>219</sup>

For their part, the Chinese reiterated their desire for a peaceful solution but did not side definitively with the “Old Europeans,” as Secretary of Defense Donald Rumsfeld characterized Paris and Berlin. Chinese foreign affairs analysts fretted about the implications of the use of U.S. military force in Iraq but also surmised that it might lessen U.S. pressure on Beijing. Scholar Niu Jun argued that if America were to attack Iraq, “Americans

will be bogged down, and we [Chinese] shall have less to worry about.”<sup>220</sup>

On September 12, 2002, President Bush brought his case to the United Nations when he asked for a resolution and challenged the body to live up to its mandate or face “irrelevance.”<sup>221</sup> In his speech, Bush stated: “The purposes of the United States should not be doubted. The Security Council resolutions will be enforced—the just demands of peace and security will be met—or action will be unavoidable. And a regime that has lost its legitimacy will also lose its power.”<sup>222</sup> Several weeks later in Crawford, Texas, President Bush met President Jiang Zemin to discuss the resolution, China’s vote on the Security Council, and other issues, including Taiwan and North Korea.

#### The Meeting in Crawford

The Bush-Jiang summit at the U.S. president’s Crawford ranch in late October came at an important juncture in the buildup to the U.S. confrontation with Saddam. Not only was Washington working to push through what became UN Resolution 1441, but also North Korea had admitted to a secret nuclear program earlier in the month (see Chapter 3). China could play a pivotal role in the evolution of both problems. The period was also key for Chinese leaders, as they were preparing for the start of the third leadership succession in the history of the PRC, which was to occur the following month at the Sixteenth Party Congress and at the National People’s Congress session the following March. Moreover, Jiang was eager to demonstrate his personal connection to the U.S. president on the eve of his formal retirement from China’s presidency—he was looking to build his legacy. As scholar Lin Huisheng noted, “It can safely be said that the ‘ranch

meeting’ between President Jiang Zemin and President Bush is the most important meeting in the context of Sino-American relations in recent years.”<sup>223</sup> Although both leaders kept public remarks to a minimum after the meeting, Bush described his comments to Jiang on Iraq: “China supports Iraq’s strict compliance with UN Security Council resolutions. I urged President Jiang to support a new Security Council resolution.”<sup>224</sup>

Though there is no authoritative and comprehensive public account of what specifically transpired in Crawford, it appears that the net result of the meeting was that each leader came away reassured that the other party would not jeopardize his priority concern(s). Jiang left reassured that the United States was not supporting Taiwan independence, and Bush came away confident that, despite its public rhetoric on Iraq, Beijing would not veto Washington’s preferred course of action in the United Nations.<sup>225</sup> As in the first Gulf War, Washington might prefer a positive vote from Beijing, but it could easily live with an abstention. Some analysts concluded that Beijing was looking toward a U.S.-administered postwar Iraq. “Two-thirds of China’s oil and gas imports come from the Middle East. If a post-Saddam regime [is] established, China would prefer to be on the boat rather than on the shore,” observed Jean-Pierre Cabestan.<sup>226</sup>

#### The Final Push for UN Support

On November 8, the United Nations approved Resolution 1441, which threatened Iraq with “serious consequences” if inspections were not permitted.<sup>227</sup> China voted *for* the resolution. In an unusual move, however, Beijing issued a statement with Russia and France that declared the resolution

“excludes any automaticity in the use of force.”<sup>228</sup> Despite the critical support, some Chinese scholars were skeptical of the willingness of the United States to work through the United Nations. As China's former ambassador to Egypt, An Huihou, wrote: “The U.S. has made up its mind. Iraq's unconditional acceptance of Security Resolution 1441 will only delay U.S. action, but can hardly change the U.S. determination . . . to topple the Saddam regime.”<sup>229</sup>

Weeks after Resolution 1441 was passed, the UN-mandated inspection teams were readmitted to the country, but President Bush seemed to be losing patience with the process. Meanwhile, Washington had massed 150,000 troops and five aircraft-carrier battle groups in the region.<sup>230</sup> On February 5, 2003, Secretary of State Powell went before the United Nations to argue that sanctions and inspections were not working.<sup>231</sup> Washington was pressing the Security Council for a second resolution explicitly authorizing the use of military force to compel Iraq to comply with previous resolutions. France and Russia took explicit exception to the U.S. position, arguing, among other things, that the UN inspectors needed more time.

Although the Bush Administration pushed hard for a second UN resolution in the spring of 2003 to explicitly authorize the use of force against Iraq, opposition in the Security Council from France and Russia proved formidable. China criticized the need for a new resolution but stopped short of saying that it would veto any resolution brought by the United States. Some foreign affairs scholars in the PRC argued that Beijing was employing a traditional diplomatic tactic—allowing other states to fight for objectives that Beijing itself shared: “China is taking a

traditional posture of using the barbarians, in this case the Europeans, to fight the barbarians, in this case the Americans. We are letting the French do the heavy lifting. We can benefit from this fight.”<sup>232</sup>

Up until the opening U.S. strikes on the night of March 20, China advocated a peaceful solution. On March 3, 2003, Jiang Zemin urged the United States to continue working with the United Nations and to use “every possible method to avoid war.”<sup>233</sup> China, however, offered no significant opposition to the buildup. After the fighting began, Beijing urged Washington to end the conflict quickly and limit civilian casualties. State Councilor Tang Jiaxuan stated, “China calls strongly on the United States, Britain, and other countries to cease military action as soon as possible, avoid causing casualties among innocent civilians as best as possible, and return the Iraq issue back on the correct track of a political solution.”<sup>234</sup> Despite these calls for a quick end to hostilities, U.S.-China relations were basically unaffected by the fighting.

It is also important to note what Beijing did not do during the period leading up to the war in Iraq. Beijing did not attempt to increase the pressure on Washington while it was “distracted” in Iraq. Unlike the North Koreans, who apparently chose to elevate the nuclear crisis in parallel with Iraq, China did not increase military pressure on Taiwan, launch a major crackdown on ethnic separatists, or engage in bellicose rhetoric. Moreover, China did not enthusiastically join France, Germany, and Russia in their public opposition to the U.S. administration's policy. With Beijing's goal of achieving a multipolar international system to counter American hegemony, one could have

expected Beijing to join Bush's European antagonists. Beijing's willingness to cooperate with Washington speaks to a highly pragmatic foreign policy approach.

In postwar Iraq, China and the United Nations thus far have been excluded from a principally U.S. reconstruction effort. The reconstruction of Iraq, as well as access to Iraqi oil reserves, has been a distinctly opaque procedure. Most reconstruction contracts have been awarded to Haliburton's subsidiary, Kellogg Brown and Root. In late May 2003, the new Iraqi oil minister announced that the prewar \$1.8 billion Chinese contract<sup>235</sup> to develop the Al-Ahdab field would be frozen, while a contract with the Russian firm Lukoil was simply terminated.<sup>236</sup> In addition, China may lose \$500 million owed to China Construction and Engineering for work contracted with Saddam's government.<sup>237</sup> China's Sinochem, which has contracted to buy 1.8 million barrels per month for three months, was one of only a handful of petroleum firms to win the first round of contracts from the new oil ministry.<sup>238</sup> It will be interesting to see whether, over the longer term, China's differentiated policy going into the war leads to favorable treatment of Beijing coming out of the war.

### **China's Views of the U.S. Invasion of Iraq**

As many countries around the world mull over the implications of the U.S. invasion of Iraq, its consequences for the region, and the signals it sends about future U.S. actions, Beijing has begun digesting the significance and future implications of Bush's commitment to regime change in Baghdad. Chinese foreign affairs scholars have attempted to define Washington's immediate and longer-term goals.

Analyst Li Jianying, for example, averred, "In launching an attack on Iraq, the immediate purpose of the U.S. is to eradicate the anti-U.S. Saddam regime and take a firmer control of the Gulf region and the oil resources there, while its fundamental purpose is to create, through the use of force, a pattern whereby the U.S. will dominate world affairs."<sup>239</sup> More specifically, many Chinese scholars believe that the U.S. action in Iraq was motivated by three primary goals: getting rid of weapons of mass destruction, democratization of the Middle East, and oil.

Chinese scholars recognize that the United States is genuinely worried about weapons of mass destruction and proliferation. However, they cite America's muted response to nuclear tests in India and Pakistan and suggestions of an Israeli nuclear program as evidence that other factors drive America's willingness to confront the regimes in Baghdad and Pyongyang.<sup>240</sup> Some Chinese scholars believe that Washington is determined to punish smaller nations that have "stood up" to the United States in the past.

In addition, Chinese observers describe the desire to instill American political and cultural values in the Arab world as a "permutation" strategy.<sup>241</sup> According to former Ambassador to Egypt An Huihou, "[P]ermutation' is meant to push for American values in the Middle East with the U.S. interest as the core and to integrate the Middle East countries into an order dominated by the U.S., so that it can more effectively hit anti-U.S. forces and control the Middle East region."<sup>242</sup> Analysts have also observed that Washington seeks to strike at the roots of fundamentalist terrorism in the Middle East. Still, many scholars assert that

rather than lessen the threat of terrorism, U.S. actions may produce a backlash that provokes more terror attacks (see Chapter 1 for more discussion).

Finally, the dominant Chinese view is that Washington desires to control Middle Eastern oil reserves. In Chinese eyes, the second Iraq war had the dual purpose of securing American energy supplies while excluding geopolitical competitors (China, Europe, and Russia) from these strategic resources. "To ensure oil supply, the United States is extending its tentacles to many regions with comparatively richer oil resources around the world," argued Ding Gang in a *People's Daily* article.<sup>243</sup> Some Chinese analysts foresee a geopolitical struggle for energy resources in the coming decades. Scholar Sheng Qiang argued, "Whoever controls the world oil resource and its transportation passageway will be able to use the oil lever to pin down his rivals economically."<sup>244</sup> According to Michael Economides, "Nothing is more likely to cause future global friction than actions by the current lone superpower affecting the energy future of the superpower-in-the-making."<sup>245</sup>

The newly field-tested Bush Doctrine and the U.S. war in Iraq have outlined American foreign policy for the near term. Many of the tenets of this new approach challenge Chinese views of the international system and the role of international bodies. First, the war has mixed implications for China's grand worldview. According to Chinese scholars, the world is headed toward a multipolar global balance of power in which the United Nations plays a major role in managing international crises. U.S. dominance and assertiveness is slowing the trend toward multipolarity,

but other poles are beginning to counterbalance U.S. power. As Li Jianying summarized, "[Multipolarity] is a struggle between upholding international laws and the norms guiding international relations, such as efforts to safeguard and respect the state sovereignty and territorial integrity of all countries without interfering in the internal affairs of other countries, and the attempt to trample upon and revise these principles."<sup>246</sup> Thus, although Operation Iraqi Freedom through early May 2003 appeared to be a clear demonstration of American military might and its ability to operate largely outside international institutions such as the United Nations, the French, Russian, and German refusal to support the United States is evidence of a smoldering resentment in much of the international system. As the U.S. occupation of Iraq dragged on into the fall of 2003 with higher casualties and costs, Washington only gradually began to turn toward a resentful international community for help.

Chinese scholars assert that the U.S. actions have serious implications for the United Nations, upon which Beijing has relied to help restrain American power without having to confront Washington alone. As Lyman Miller noted: "Beijing has therefore consistently sought to channel resolution of crises since the [first] Gulf War into the United Nations, where it and other great powers whose interests do not always converge with those of Washington may act collectively to constrain U.S. action. Beijing, for example, was alarmed at the American decision to sidestep the United Nations and instead work through NATO to respond to the 1999 Kosovo crisis."<sup>247</sup> As one Chinese scholar put it, "[T]he United

States set a nefarious precedent of disdaining the authority of the UN.”<sup>248</sup>

Finally, Chinese analysts worry that Washington’s example may inspire other nations to take preemptive actions of their own. Writing before the invasion, analyst Hu Wei warned, “Should the U.S. cast aside the UN to wage a ‘preemptive’ attack against Iraq, it’ll open a Pandora’s box of aggression, inducing other countries to follow suit. . . . Worse still, some right wing members in Japan are also clamoring for ‘preemptive’ strikes against North Korea.”<sup>249</sup> These Chinese analysts fear the spread of muscular foreign policy into troubled regions of the globe, especially areas near China.

### **Conclusions**

The following are the central conclusions to emerge from this case, particularly in comparison with the subsequent examination of North Korea.

First, Chinese foreign policy is firmly anchored in an evaluation of the PRC’s national interests, and although in China there are debates about what constitute those interests, there is widespread agreement on their core elements. Most important, the more proximate to East Asia the conflict is, the more engaged China is likely to become. Overlaying this geographic assessment is an economic calculus. At the start of the conflict, Iraq simply was not very important to China’s economic interests, though China saw Iraq becoming progressively more important in the future. This future of Iraq, however, was likely to be one in which Washington would play a considerable role. Not angering the United States in the short run, when it would need to be cooperative with respect to Iraq in the long run, was part of the PRC’s calculus. Moreover,

given the importance of the United States to China’s development aspirations, preserving cooperative relations with Washington was worth more to Beijing than ineffectively picking up the cudgels on Iraq’s behalf, when Baghdad was destined to be defeated in the war Beijing was certain would come. Finally, China sought to preserve the efficacy of the United Nations—China’s principal avenue to constrain U.S. power. Voting for Resolution 1441 and avoiding a vote on a second, more explicit, use-of-force resolution was a way to avoid having the United Nations become “irrelevant” without either explicitly endorsing the violation of Iraq’s sovereignty or alienating Washington.

Second, future actions in the war on terrorism and other counterproliferation efforts may not automatically elicit the same response from Beijing. Tehran, for example, has a deep and long-standing relationship with Beijing. China sees Iran as its main ally in the region and would be much less likely to remain equally aloof from a military confrontation with the third member of President Bush’s “Axis of Evil.” Chinese are loath to be caught in a conflict between Tehran and Washington. Responding to the recent sanctions against Chinese firms for their dealings with Iran, China’s Director of Arms Control and Disarmament Liu Jieyi stated: “We feel these sanctions are not about export controls or proliferation. They are about the political relationship between the United States and Iran. The Chinese companies are simply the victim of a hostile relationship between the U.S. and Iran.”<sup>250</sup>

President Bush recently declared that America “will not tolerate the construction of a nuclear weapon” in Iran.<sup>251</sup> Iran is a primary source of

imported oil for China in the region and its most substantial regional partner in other regards as well. With Tehran's budding nuclear program coming under increased scrutiny, Washington policy makers would be well advised to consider China's interests before counting on Beijing's support.

Finally, China is sensitive to Arab anti-Americanism and does not want to

become perceived as being in Washington's war camp. Many scholars in China believe that Washington is poking a hornet's nest of resentment that may spark major terrorist attacks against American interests. Washington's close allies, such as the British, almost certainly will become targets of terrorism. Beijing does not want to be so supportive of Washington that it would potentially become a target of terrorist strikes itself.



## CHAPTER 3

# NORTH KOREA'S NUCLEAR GAMBLE: RESPONSES FROM WASHINGTON AND BEIJING

### Overview

The ability of Kim Jong Il's regime to acquire nuclear weapons is a direct threat to vital American national security interests. It threatens the American homeland through direct attack and through dissemination of nuclear materials and technology to unknown third parties; it threatens American troops in South Korea and in Japan; it threatens America's allies, namely the Republic of Korea (ROK) and Japan; it further threatens an already tattered international nonproliferation regime; and it threatens America's credibility if Washington idly sits by as past agreements are shredded.

The agent of these threats is the profoundly isolated and unpredictable regime in North Korea (the Democratic People's Republic of Korea, or DPRK). This multidimensional threat is playing out in part because 50 years after an armistice punctuated the Korean War with a cease-fire in 1953, the peninsula still lacks a permanent settlement, with North Korea still technically at war with the ROK in the south. It is with good reason, then, that Secretary of State Colin Powell has stated there is "no issue of greater urgency to the U.S. than North Korea's nuclear weapons program."<sup>252</sup>

On May 23, 2003, President George W. Bush defined the touchstone for American policy: "We will not tolerate nuclear weapons in North Korea. We will not give in to blackmail."<sup>253</sup> The problem is, however, how can the United States and affected nations in the region persuade or compel the North to eliminate its possible nuclear weapons (and certain weapons programs), and how does the international community verify the destruction of those weapons and the elimination of any programs capable of future production?

Of the three case studies examined in this monograph, it is in this instance that the PRC has thus far played the most active, constructive, and important role, and for good reason—North Korea is closest, Chinese influence greatest, and China's interests at stake the most numerous. If this crisis moves toward peaceful resolution over the period ahead, many of the driving factors will be found in Beijing's actions. If the crisis moves into more violent and coercive phases, the PRC also will be critical, as will be South Korea, Japan, and probably Russia. Whether it be verification of possible agreements, postagreement economic support, embargoes of North Korean exports, or military action, none can be effectively conducted without the active

cooperation of the ROK, Japan, and China (our concern here).

Beijing has an enormous stake in the outcome of the current situation on the peninsula. China shares an 870-mile border with North Korea and is Pyongyang's largest trading partner, with one-third of the DPRK's \$2.28 billion in trade coming from China (China's trade with South Korea is between 50 and 100 times greater than that with the North).<sup>254</sup> Beijing has more influence with Pyongyang than any other capital—although as the PRC has tried to push the DPRK toward the negotiating table, the North has sought to move closer to Moscow in its time-tested game of playing the Russians against the Chinese. Several scenarios affect Beijing's complex interest calculus. It desires to avoid several things: a flood of refugees from a North destabilized by economic or sociopolitical collapse or war; a situation in which North Korea collapses and Beijing finds a strong American security presence near its border; and a North Korea armed with nuclear weapons, setting off a domino process of proliferation involving South Korea, Japan, and, conceivably, Taiwan. Moreover, Beijing wants to maintain good relations with Washington and wishes to avoid a North Korean regime behaving so badly that it strengthens the rationale for Japan to depart ever further from its post-World War II peace constitution. Abstractly, but importantly, China is also seeking to be a respected member of the international community. North Korea is quite simply an ongoing embarrassment.

The reclusive and highly militarized North Korean state has posed a security challenge to the United States and its allies since the Korean War began in

1950. Over the past decade, North Korea's failed economy has plunged it into famine, yet Kim Jong Il (who came to power in 1994 as the only child of a ruler in a Communist society ever to inherit his father's position, in a most un-Marxist of successions) seemingly maintains ironfisted political and military control. Approximately one million North Korean troops face off against 37,000 U.S. military personnel and 560,000 South Korean soldiers.<sup>255</sup> The North has approximately 8,000 artillery tubes within range of Seoul, a conventional force that probably is sufficient to deter attack, even without nuclear weapons.<sup>256</sup> Frequent, and sometimes deadly, incidents along the demilitarized zone (DMZ) underscore the tremendously high stakes associated with any military conflict on the peninsula. With Seoul only 35 miles from the DMZ, even the most optimistic U.S. conflict scenarios estimate hundreds of thousands of casualties on both sides of the border.<sup>257</sup> In addition, U.S. intelligence believes that the DPRK may already possess one, two, or more nuclear weapons, and North Korean officials have reported that they were considering a nuclear test.<sup>258</sup>

The current North Korean nuclear crisis erupted in October 2002 with the DPRK's admission of a clandestine uranium-enrichment program, in addition to the already known plutonium-based facility at Yongbyon. Since this admission that it had violated the 1994 Agreed Framework and other undertakings, the DPRK has expelled International Atomic Energy Agency (IAEA) inspectors, pulled out from the Nuclear Nonproliferation Treaty (NPT), and claims to have begun reprocessing 8,000 spent nuclear fuel rods (previously "canned" and overseen by the now expelled IAEA) in an effort to

generate weapons-grade plutonium. If the program is running at its presumed maximum, Pyongyang could add something like a bomb every month or two to its suspected or presumed arsenal.<sup>259</sup> In April 2003, during talks held in Beijing and brokered by the PRC, the senior North Korean at the three-way meeting, Deputy Director General Li Gun, told U.S. Assistant Secretary of State James Kelly that the North might conduct a “physical demonstration” of its deterrent or transfer nuclear materials to third parties. In the recent multiparty talks in Beijing, North Korean officials reportedly indicated that they were considering a nuclear test.<sup>260</sup> Additional U.S. intelligence suggests, though it is highly speculative at this point, that a secret plutonium-reprocessing facility may also exist and be functioning, in addition to the covert uranium-enrichment program announced in October 2002. (Some analysts believe that North Korea has some of the equipment needed for uranium enrichment but that it would not have a functioning uranium-enrichment facility until 2005.)<sup>261</sup>

This chapter examines the current crisis, focuses on Beijing's role in addressing it, and assesses how constructive that role has been from an American national interest perspective. The chapter begins with an overview of the China-North Korea relationship and a brief summary of the current nuclear crisis. Next, it examines the Chinese national interests at stake in the standoff and then proceeds to look at the American, North Korean, and Chinese negotiating positions and efforts to defuse the mounting crisis. The chapter concludes by outlining several potential responses by the United States and its allies, while also examining China's likely reactions to those options.

### **Uneasy Allies: The China-North Korea Relationship**

China's superficially close relationship with North Korea dates back to Mao Zedong's sponsorship of Kim Il Sung's communist rebel forces during the Japanese occupation of Korea and China in the 1930s, though Kim subsequently purged allegedly pro-Beijing cadres in his own movement (with many given safe haven by the Chinese Communists). This mixed legacy left a sweet and sour taste in the mouths of both Kim and Mao from the earliest days of North Korea's existence.<sup>262</sup> During the Korean War, China committed hundreds of thousands of “volunteer” troops to save Kim's North Korean army and ultimately produced the stalemate that led to the armistice in July 1953.

In the fall of 1950, in the wake of the Chinese intervention to stop the American drive on the Yalu River, nearly one million Chinese soldiers died or were wounded in the fighting (including Mao's son, who was killed). The Chinese intervention, therefore, understandably came to symbolize the tight alliance binding the two Communist nations. Even today in China, some older military officers who fought in Korea look back with nostalgia to a wartime bond with North Korea that is “cemented in blood.” Zhou Enlai uttered the phrase used over the subsequent years that came to describe the relationship: “China and [North] Korea are neighboring countries as closely related as lips and teeth. If the lips are gone, the teeth are exposed to the cold.”<sup>263</sup>

China's intervention in Korea in the fall of 1950 underscores two considerations that remain important today: First, China continues to play a decisive role in developments on the peninsula. Second,

Beijing still believes that its security is directly tied to geopolitical events on the peninsula. There also is a new consideration—since the 1992 normalization of relations between Seoul and Beijing, China's relationship with its old nemesis, South Korea, has become closer and more important than many aspects of its ties to the North. Beijing's current dilemma, therefore, increasingly has been how to unhitch itself from Pyongyang without jeopardizing its fundamental security interests there. Having a stable North that provides a buffer to outside military forces, whether such forces are American, Japanese, or Russian, is important to China.

In July 1961, as the Sino-Soviet split was unfolding, China and North Korea signed a Treaty of Friendship, Cooperation, and Mutual Assistance, which obligated each

party to come to the defense of the other. On paper, that treaty remains in effect today, but Chinese are frank in telling foreigners and the North Koreans alike that if Pyongyang initiates hostilities, it is on its own. As one Chinese official put it, "If the North attacks the South, no one will guarantee their security."<sup>264</sup> More recently, there have been public reports that Beijing asked Pyongyang to renegotiate the pact, but the DPRK indicated that this was not a good time.<sup>265</sup>

During the Cold War, China had served as a major supplier of military equipment and technology to the North, including the possible early provision of limited nuclear and more extensive ballistic missile assistance (see the box).<sup>266</sup> Although Beijing maintained passably warm relations with Pyongyang throughout the

*China's Early Help to the DPRK Nuclear Program*<sup>267</sup>

According to a report by the Monterey Institute for International Studies, although China has not been a major contributor to the North Korean nuclear program and, indeed, has for years sought to prevent the North from acquiring nuclear weapons, China did lend limited assistance to the North's early efforts at establishing a nuclear program. Beginning in the early 1950s, China offered nuclear training to North Korean scientists. In 1959, North Korea signed a protocol with the USSR and China for the peaceful use of nuclear energy. During the 1960s, however, both Moscow and Beijing rebuffed Pyongyang's requests for help developing nuclear weapons.

In 1964, Chinese scientists assisted in a uranium-mining survey that located

deposits in northeastern North Korea. During a 1974 visit to Beijing, Kim Il Sung advanced additional, unsuccessful requests for China's help in building a nuclear weapon. Throughout this time, Chinese training of North Korean nuclear scientists continued, however. In 1987, China withdrew all support of the North Korean nuclear program after it learned of the Yongbyon facility and the North's renewed drive for nuclear weapons.

If this report is accurate, China clearly bears some responsibility for the North's current nuclear program; however, it is not alone in having provided assistance. Russia played a key role, and France and Austria provided some nuclear technology during the previous decades.<sup>268</sup>

period, the relationship was complicated by the conflict between Moscow and Beijing. As the rift between the two Communist giants deepened throughout the 1960s, 1970s, and into the 1980s, Pyongyang, from time to time, sought to play each against the other. China-North Korea ties were only slightly blemished by radical Chinese Red Guard criticism of North Korea during the Cultural Revolution because the two nations shared a revolutionary foreign policy agenda.<sup>269</sup>

#### The Drift Apart

Deng Xiaoping's "opening and reform policy" in late 1978 carried within it the seeds of dramatic change in China's attitude toward Pyongyang—and vice versa. The core of Deng's policy was to accelerate domestic economic growth and change by increasing economic, educational, and cultural interaction and integration with the West. This was deeply antithetical to Kim Il Sung, and there was no way China-North Korea relations could remain entirely insulated. Moreover, over time, South Korea morphed from a stalking horse for "American imperialism" and an ideological enemy of China into a market opportunity and source of investment for China. This further alienated Beijing and Pyongyang from one another. For China, North Korea increasingly became an economic millstone.

The demise of the Soviet Union and the Warsaw Pact in the early 1990s were additional blows to North Korea. With the dissolution of the Soviet Union, the DPRK lost a principal source of military, diplomatic, and economic support. In the USSR's place, Pyongyang now faced 15 states of the former Soviet Union that were more interested in trade and economic development than the

diplomatic legacies of Moscow. There also was the mere incongruity of "democratic" Moscow having close ties with retrograde Pyongyang. Moreover, throughout the 1990s, Russia was fighting for its own economic survival, with life expectancy dropping as Moscow sought to reconfigure its economy and society. In search of capital, markets, and friends, Russia expanded its ties to South Korea. Indeed, Russia actually established diplomatic relations with South Korea before China reached out to the South.<sup>270</sup> As for China, in the late 1980s, it put trade with North Korea on an increasingly cash (hard currency) basis. The net result of these moves by both Russia and China was to leave North Korea increasingly isolated diplomatically and bereft of economic resources.

By 1991, even before Beijing's normalization of diplomatic relations with South Korea, trade with Seoul was seven times greater than trade with Pyongyang, and the Chinese were not overly concerned that Kim Il Sung would move closer to Moscow.<sup>271</sup> Still, Beijing faced the challenge of expanding economic and political relations with Seoul without entirely wrecking its relationship with Pyongyang. As the U.S. journalist and expert on Korea Don Oberdorfer observed: "It was of great importance to Beijing to do so [create relations with Seoul] without suffering a precipitous loss of influence with Pyongyang, as had been the case with the Soviet Union. This required diplomatic adroitness and careful handling, of which China is a master."<sup>272</sup> Thus, Beijing sought to maintain at least the appearance of a workmanlike relationship with Pyongyang, even as it expanded ties with Seoul. Meanwhile, as Pyongyang became progressively more isolated diplomatically, desperate

economically, and bereft of big power backers, it appears that the North became increasingly committed to securing its own nuclear deterrent. Starting in 1995, matters worsened as the North suffered successive crop failures leading to widespread famine and the starvation of possibly two to three million people.<sup>273</sup>

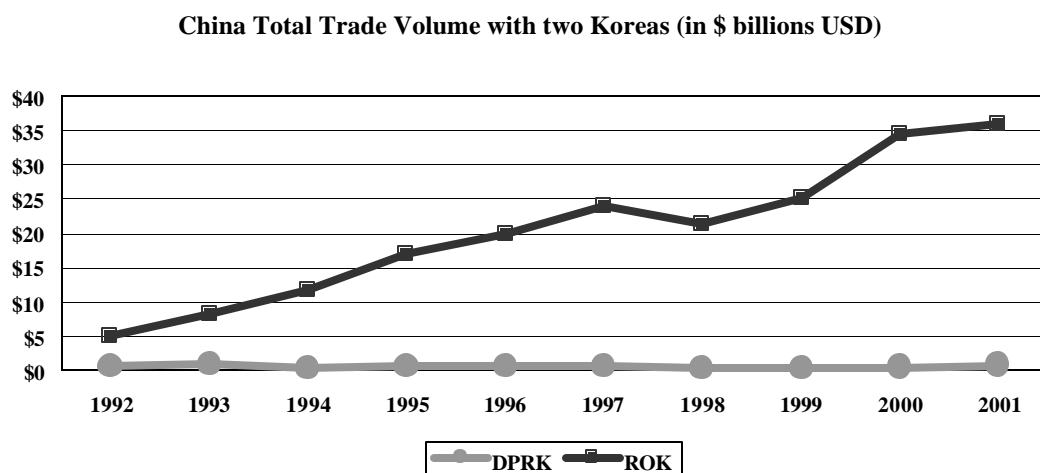
As noted previously, China established official diplomatic relations with the ROK in August 1992. This move formally concluded China's previous one-Korea, pro-Pyongyang approach to the Korean peninsula. China soon ended its barter trade relationship with North Korea (a system that largely favored the North) and reduced heavily subsidized oil shipments to the DPRK, though even in 2003 a Chinese scholar reported to one of the authors of this report that between 35 and 40 percent of China's total foreign aid still went to North Korea. Pyongyang never publicly protested the shift by its senior patron, mainly because it had no recourse and it did not wish to reveal its weakness to Washington, Seoul, and the world. At this point, however, China's national interests clearly diverged from those of North Korea. Pyongyang's actions became more worrisome to Beijing, and additional tension progressively crept into the bilateral relationship (see discussion of the 1958 Jinmen crisis that follows).

The flip side of a deteriorating China-North Korea relationship was the development of an increasingly robust diplomatic and economic relationship between Beijing and Seoul. In 2002, bilateral China-South Korea trade totaled \$41.2 billion (see Figures 1 and 2).<sup>274</sup>

Including Hong Kong, China is the South's largest export destination (surpassing the United States in 2002)<sup>275</sup> and its third-largest source of imports.<sup>276</sup> South Korean businesses invested \$1.72 billion in China during 2002, as they moved manufacturing centers to the mainland in the drive to remain competitive with respect to land and labor costs and to reach the Chinese market more directly.<sup>277</sup> More than 8,000 South Korean companies are currently operating in China and are employing hundreds of thousands of Chinese workers, particularly in the PRC's northeastern industrial belt, where tens of thousands of ethnic Koreans are living.<sup>278</sup>

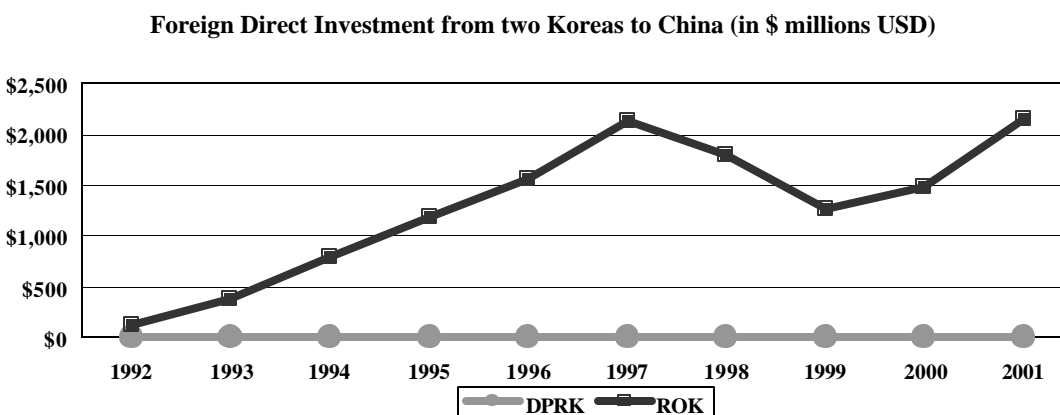
Several other important threads came together in the 1990s, one of which relates to the 1994 succession from Kim Il Sung to his son, Kim Jong Il. Scholar You Ji related the following information about the last meeting between Kim Il Sung and Mao Zedong in 1974: "Kim mentioned to Mao that he was to arrange for Kim Jong Il to take over and expressed the hope that Uncle Mao and Uncle Zhou [Enlai] would give him support. Mao, however, . . . emphasized that there had not been any family succession in the Communist world. Power transfer based on family inheritance was against the principle of Communism."<sup>279</sup> Though eight years later, Deng Xiaoping apparently gave lukewarm endorsement to the elder Kim's succession plan that already had been arranged, the damage had already been done. (The USSR had previously endorsed the plan.) After his 1982 trip to China, the younger Kim did not return to

**Figure 4**



Source: *China Statistical Yearbook*

**Figure 5**



Source: *China Statistical Yearbook*

China for the remainder of the 1980s and 1990s; according to You Ji, “[Kim Jong Il] criticized almost every single major reform policy implemented in the PRC.”<sup>280</sup> From 1994 to 1999, virtually no senior official exchanges occurred between the PRC and the DPRK.<sup>281</sup>

Beijing had its growing dissatisfactions as well. The 1993–1994 nuclear crisis, which resulted in the Agreed Framework of 1994, highlighted the potentially disastrous results of Pyongyang’s nuclear ambitions. Furthermore, the broad

leadership and policy changes that have occurred in China as the PRC has moved gradually from the era of Deng Xiaoping, through that of Jiang Zemin, and into that of Hu Jintao have further ruptured the increasingly weak threads that previously tied the two Leninist systems together. It appears that each successive generation to Mao has viewed the Pyongyang family dynasty with a more jaundiced eye than its predecessor.

Most recently, the DPRK has been a source of additional irritation to China.

First, its collapsed economy and prolonged famine have disgorged tens of thousands (perhaps hundreds of thousands) of economic migrants into China.<sup>282</sup> Since 2002, North Korean asylum seekers have caused diplomatic embarrassment to Beijing, which is seeking to increase its stature in the international system. Beijing repeatedly has been criticized by U.S. senators, such as Sam Brownback [R-Kan.], who continue to demand that China not forcefully repatriate hapless North Korean refugees into the arms of a brutal regime.<sup>283</sup> Second, the establishment of the Sinuiju Special Economic Zone opposite the Chinese border city of Dandong and the appointment of Chinese

tycoon Yang Bin to administer the zone were done without consulting Beijing—indeed it was done in the face of explicit Chinese opposition to the zone’s placement. This was resented in the Chinese capital, with the Chinese later imprisoning Yang Bin on charges of corruption.<sup>284</sup> Referring to that arrest, one Chinese scholar asserted, “China is using Yang Bin to warn North Korea.”<sup>285</sup> The current nuclear crisis, covert uranium program, and withdrawal from the NPT all simply add to Beijing’s mounting frustration with the DPRK. As scholar Wu Guoguang summarized, “The so-called fraternal relationship between Beijing and Pyongyang has long shown signs of serious conflict.”<sup>286</sup>

*Parallels to the 1958 Jinmen Crisis and the Sino-Soviet Split*

A historical parallel exists between China’s current relationship with North Korea and the relationship that existed between the Soviet Union and China in the late 1950s. During that early period of the Cold War, Moscow developed nuclear weapons and intercontinental ballistic missiles. Mao Zedong adopted a radical revolutionary foreign policy, was determined to acquire nuclear weapons of his own, and wanted to take the struggle to U.S. forces around the world. Khrushchev, sobered by the realization that the United States and the USSR could end up with the PRC precipitating their own nuclear annihilation began to talk about “peaceful coexistence.”

Mao became distraught at his sponsor’s weak knees and responded by provoking a military crisis in the Taiwan Strait in 1958. An aggressive U.S. response to the Jinmen crisis by President Dwight Eisenhower suggested that the potential use of nuclear weapons in a conflict

between the United States and China could draw the Soviet Union in by virtue of its mutual defense treaty. Moscow was not happy. As historian Gordon Chang noted, “Chinese actions in the Taiwan Strait were jeopardizing the Soviet Union’s effort to achieve its premier foreign policy objective: a major arms control agreement with Washington.”<sup>287</sup> Nikita Khrushchev refused to provide help to China’s nuclear program, and the tension later contributed to the Sino-Soviet split. Khrushchev’s thinking is well documented in *Khrushchev Remembers*.

Today’s ties between Beijing and Pyongyang are similar—a status quo-oriented Beijing with an unpredictable client in Pyongyang.<sup>288</sup> Although the comparison should not be taken too far, it explains those tensions already plainly visible in the China–North Korea relationship.

Recent irritants notwithstanding, China remains the DPRK's most important source of trade and support. As mentioned earlier, approximately 35 to 40 percent of Chinese foreign aid goes to North Korea.<sup>289</sup> Although Chinese officials do not quantify the amount of support given to North Korea, Western scholars believe that the PRC provides 70 to 90 percent of the DPRK's energy supplies and approximately half of its food imports.<sup>290</sup> In 1997, for example, China delivered an estimated 262,000 tons of food aid to North Korea.<sup>291</sup> Recently, China reportedly agreed to provide 10,000 tons of diesel oil to North Korea free of charge.<sup>292</sup> Angry Chinese note in passing that the North Koreans never even say thanks.

China also has provided some guidance on economic reforms. There is obvious resistance to this prescription in Pyongyang, though limited steps have been taken in this direction. In 2001, Kim Jong Il visited Shanghai to see the GM Buick plant.<sup>293</sup> The North subsequently opened a special economic zone in Sinuiju near the Chinese border. Since July 2002, the DPRK has implemented painful and unsuccessful price liberalization.<sup>294</sup> The larger point is that Beijing believes that the North's ultimate salvation is to be found by following the path of opening and reform that China has followed for a quarter century.

#### The Limits of Beijing's Influence

Despite the historical ties and dependence of North Korea on Chinese aid, Beijing only wields limited influence with Pyongyang. One reason for this is the North Korean regime's dramatic ability to withstand poverty and famine without yielding any social or political control. As one Chinese expert on North Korea

asserted: "We have some influence, but we don't have the kind of relationship where we can tell Kim what to do. If we tell him to do something, he doesn't listen. If we threaten him, he listens even less. If Jiang [Zemin] called him, he might hang up."<sup>295</sup>

As China's reform-minded leaders focus on maintaining stable domestic and international environments in which to continue internal modernization, the DPRK is increasingly perceived as a sinkhole for scarce resources and a destabilizing force in East Asia. Many Chinese foreign affairs analysts are questioning the strategic utility of Beijing's relationship with Pyongyang, as the destabilizing actions of their belligerent neighbor create threats to China's core national interests. Professor Jin Canrong of Renmin University remarked: "They [North Korea] miscalculate the nature of their main opponent (the United States). They miscalculate the nature of their main ally, China. They still feel that whatever they do China will follow."<sup>296</sup>

Unsurprisingly, the Chinese central government is allowing freer discourse on North Korea, and there has been a steady stream of Chinese scholars willing, for the first time, to talk about China's many frustrations with the North. A prominent Chinese historian noted, "The government is allowing a more open discussion of the [Korean] War, and of our relationship with the North."<sup>297</sup> Among the many things sticking in Chinese craws, the authors are told, is the fact that North Korean museum exhibits acknowledging Chinese sacrifices for the DPRK in the Korean War are shown only to visiting Chinese dignitaries.

### **The Early Bush Administration's North Korea Policy**

As the Clinton Administration's second term was nearing its end in late 2000, a flurry of interactions with the DPRK occurred, suggesting that a major breakthrough in relations with Pyongyang might be possible. From 1999 through the summer of 2000, the DPRK launched a dramatic diplomatic offensive, normalizing relations with more than a dozen countries, including the United Kingdom, Germany, and Canada.<sup>298</sup> In a historic moment during the summer of 2000, Kim Jong Il and Kim Dae Jung held the first North-South Summit meeting—later alleged to have been a meeting that a Hyundai corporate executive facilitated by paying the North \$100 million.<sup>299</sup> U.S. Secretary of State Madeleine Albright and North Korea's First Vice Chairman of the National Defense Commission Jo Myong Rok later exchanged visits, with the intention of possibly paving the way for a trip by President Clinton to Pyongyang and the normalization of diplomatic relations between the two capitals. However, the Clinton Administration decided against the trip because of limited time; it turned North Korea policy over to the new administration of President George W. Bush (see Table 5 for a chronology of contemporary U.S.-North Korea relations).

The Bush Administration came into office deeply skeptical of President Clinton's existing policy toward North Korea and of the Agreed Framework in particular. The Agreed Framework, brokered in 1994 as a means to settle the then-brewing nuclear crisis, was seen by Bush's advisors as nuclear blackmail (see Appendix for text of Agreed Framework). The main components of the framework were as follows: (1) The DPRK would freeze and

eventually dismantle its nuclear program, and, in the interim, the IAEA would verify that spent fuel rods were not reprocessed; (2) A consortium of countries, including South Korea, Japan, and the United States, would construct two proliferation-resistant, light-water nuclear reactors (LWRs) over the following decade in North Korea; and (3) Washington would organize the shipment of 500,000 tons of heavy fuel oil (HFO) annually to the DPRK to replace lost energy production due to the closing of the Yongbyon facility.<sup>300</sup> Conservative U.S. foreign policy analysts argued that this deal gave too much to the North Koreans and, in fact, encouraged the DPRK to further reckless action. A change in control of the Congress—the Gingrich “Contract with America”—weeks after the deal was signed in 1994 quickly orphaned the pact, and implementation of the Agreed Framework by the United States was spotty.

Bush's foreign policy advisors argued for a harder line with the North Koreans, suggesting that the diplomatic maneuvers in which Pyongyang engaged late in the Clinton Administration were tactical plays and that the true nature of the regime had not changed. Just as the Bush mantra on Saddam Hussein was that he “gassed his own people,” so the mantra on Kim Jong Il was that he “starved his own people.” Consequently, the early Bush Administration chose to thoroughly review the policy. Bush strained ties with South Korean President Kim Dae Jung during a March 2001 summit meeting in Washington, D.C., when he informed Kim that Washington would not talk to the DPRK until after the Administration's review was completed and that Bush did not trust Kim Jong Il. As former Pentagon official Richard Perle stated, “I

think the break in continuity had to do with the belief that the [Clinton] policy had been wrong—that when you pay blackmail, you are asking for further blackmail.”<sup>301</sup>

Toward a Korea Policy

After completing its policy review in June 2001, the Bush Administration stated that it would engage Pyongyang in talks on a more comprehensive list of issues. Whereas the Clinton Administration was negotiating with the DPRK over its missile program, the new policy sought to

include nuclear and conventional forces as well. As one senior official stated: “We need to see some progress in all areas. We are prepared to wait. We don’t feel any urgency to provide goodies to them in response to their rhetoric or threats.”<sup>302</sup> Sensing that the Administration was moving the goal posts, the DPRK reacted with progressively more belligerent pronouncements—calling the United States a “terrorist” state with a hostile policy and rejecting conventional arms reductions.<sup>303</sup>

**Table 5**  
**Chronology of U.S.-North Korea Relations**<sup>304</sup>

1982	U.S. satellites detect construction of 5-mw reactor at Yongbyon.
1989	North Korea loses Soviet sponsorship as Cold War ends.
1989	U.S. detects construction of 50-mw reactor at Yongbyon.
May 1992	First IAEA inspectors allowed in North Korea.
March 1993	North Korea threatens to withdraw from NPT.
April 1994	Nuclear crisis intensifies; U.S. considers military options.
June 1994	Former President Carter meets with Kim Il Sung in Pyongyang.
June 1994	Kim Il Sung dies at the age of 82.
October 1994	Agreed Framework negotiated and signed.
Mid-1990s	Famine strikes North Korea.
1998	Kim Dae Jung launches Sunshine Policy.
August 1998	North Korea launches Taepo Dong missile over Japan.
March 1999	North Korea agrees to inspection of Kumchangri, a suspected nuclear site.
May 1999	Former Secretary of Defense William Perry visits Pyongyang.
September 1999	North Korea announces voluntary moratorium on missile testing.
June 2000	North-South Summit meeting in Pyongyang.
October 2000	U.S. and North Korea issue joint communiqué to improve bilateral ties.
October 2000	Secretary of State Albright visits Pyongyang.
March 2001	President Bush signals North Korea policy review.
June 2001	North Korea policy review completed.
September 2001	World Trade Center and Pentagon attacked.
January 2002	Bush delivers Axis of Evil speech.
October 2002	North Korea admits to secret uranium-based nuclear program.
April 2003	Three-party talks in Beijing; Pyongyang threatens to demonstrate or transfer nuclear weapons.
August 2003	Six-party talks hosted by Beijing; held in Beijing.

After the September 11 attacks, the Bush Administration's rhetoric toward Kim Jong Il's regime intensified. During the January 2002 State of the Union address, President Bush included the DPRK in the "Axis of Evil." The President declared, "North Korea is a country arming with missiles and weapons of mass destruction, while starving its citizens." North Korea responded to Bush's remarks by saying, "His outburst is little short of a declaration of war against the DPRK."<sup>305</sup>

Subsequently, President Bush's comments about Kim Jong Il's regime became personal. During an interview, Bush declared: "I loathe Kim Jong Il! I have a visceral reaction to this guy, because he is starving his people."<sup>306</sup> Finally, the Pentagon's March 2002 Nuclear Posture Review described the readiness of the United States to use nuclear weapons against North Korea should a conflict break out on the peninsula.<sup>307</sup> All of these elements contributed to the perception that the Bush Administration's North Korea policy was dedicated more to regime change than negotiated settlements and regime evolution. Yet, at the same time, Secretary Powell described a willingness to meet "any time and at any place" with the North Koreans to discuss relations.<sup>308</sup>

Critics of the Bush Administration policy toward North Korea charge that it is too rhetorical and too comprehensive and, therefore, reduces the willingness of Pyongyang to engage in talks. Former U.S. Ambassador to South Korea Donald Gregg has criticized the Bush Administration for not having a coherent policy toward the DPRK. Instead, he believes the Administration has simply "an attitude—hostility."<sup>309</sup> Other critics have argued that painting the DPRK as "evil" gains little leverage and merely

erodes the President's ability to ever engage the regime. The Chinese think that the "Axis of Evil" remark and the presidential attacks on Kim Jong Il have only inflamed the situation without achieving any offsetting gain. This rhetoric, when combined with the destruction of Saddam Hussein's regime in Spring 2003 (an Iraq that had been extensively inspected before the onset of the war), has further convinced the North Koreans that they may need a deterrent to Washington. In all fairness to the Bush Administration, however, it is true that Pyongyang was well down the road of violating the 1994 Agreed Framework and other undertakings long before the Administration was in office. This is the story to which we now turn.

### **Overview of the Current Nuclear Crisis**

The present nuclear crisis erupted on October 3, 2002, when Assistant Secretary of State for East Asian and Pacific Affairs James Kelly met with DPRK officials in Pyongyang. During the meeting, Kelly presented evidence that the DPRK was operating a covert uranium-based nuclear weapons program (the Yongbyon facility was part of a plutonium-based process) in violation of requirements under the Agreed Framework and other undertakings. (Weapons based on highly enriched uranium (HEU) are relatively easier to manufacture than plutonium-based bombs, though heavier and somewhat less powerful.<sup>310</sup> Saddam Hussein was pursuing uranium-based weapons in the 1980s, and Iran may be working on this type of weapon today.<sup>311</sup>) Rather than dismissing Kelly's allegations, the North Koreans acknowledged the program in their next meeting the following morning with the assistant secretary. In doing so, North

Korea's nuclear card seemingly was placed face up on the table.

Two weeks later, on October 16, 2002, after intense internal discussion, the Bush Administration stated that the DPRK was conducting a secret nuclear program in violation of the Agreed Framework.<sup>312</sup> Days later, North Korea's ambassador to the United Nations, Pak Gil Yon, told reporters: "We are a small nation; we have the right to defend our sovereignty and our right to existence. My country is entitled to possess such [nuclear] weapons."<sup>313</sup>

On November 13, 2002, President Bush said that future shipments of HFO would be halted.<sup>314</sup> The North responded by removing IAEA cameras and seals at the Yongbyon facility and expelling the monitoring personnel, leaving Washington (and Beijing) with very little information on activity at the complex and the condition of the 8,000 plutonium-laden spent fuel rods that had been "canned." In January 2003, the DPRK ratcheted up the pressure further by withdrawing from the NPT.<sup>315</sup> By March 2003, the Yongbyon nuclear facility apparently had been repaired and was restarted. Soon thereafter, the DPRK announced that it had begun reprocessing the spent fuel rods, a key step that extracts weapons-grade plutonium from the highly irradiated rods and that could give the North enough plutonium for five to six weapons. However, intelligence data have not yet proven conclusively what has actually occurred.<sup>316</sup> Intelligence assessments have been incorrect in the past (see the following box about the suspected nuclear facility at Kumchangri).

This left Washington and its allies essentially guessing as to the current

actions of the North regarding its nuclear program. In the initial period of the crisis, particularly in November 2002, the Chinese asserted to visiting Americans that Pyongyang was probably exaggerating its progress in order to force Washington to the table to make security guarantees and provide economic assistance to Pyongyang. Many Americans, however, could rightly fear that North Korea was driving ahead as rapidly as possible to acquire the nuclear deterrent that Saddam Hussein apparently lacked and was calling for negotiations to delay any possible resort to coercion by Washington.

As the standoff unfolded, U.S. officials made efforts to distinguish the proliferation threats posed by Iraq and North Korea. They argued that North Korea was dependent on foreign aid and was more susceptible to diplomatic pressure. Deputy Defense Secretary Paul Wolfowitz remarked: "The North Koreans are desperately in need of help from the outside. We have leverage on North Korea that we do not have on Iraq."<sup>317</sup> In December 2002, Secretary of State Powell went to lengths to downplay the situation. Although Powell called the situation "grave" and "serious," he claimed, "It is not yet a crisis that requires mobilization or for us to be threatening North Korea."<sup>318</sup> In another contrasting point, the U.S. approach to Iraq was essentially unilateral—lacking a UN mandate and NATO backing—while the Administration's approach to North Korea has been decidedly multilateral—requiring the involvement of South Korea, Japan, China, Russia, and a central role for the IAEA.

By the spring and summer of 2003, the problem became progressively more

*How Much Do We Really Know about the DPRK's Nuclear Program?*<sup>319</sup>

U.S. intelligence on North Korea is based primarily on satellite photography and other signal intelligence. Because of the closed nature of the regime and the tight social control, the U.S. has not been particularly successful on the human intelligence side. As Donald Gregg, former U.S. ambassador to South Korea and CIA officer for many years, remarked, "I refer to North Korea as the longest-running intelligence failure in the history of U.S. espionage."<sup>320</sup> Take, for example, the suspected nuclear facility at Kumchangri. After months of speculation, U.S. inspection teams were finally allowed access to the facility in May 1999 and found an empty maze of tunnels.<sup>321</sup>

The respected analyst Jonathan Pollack described the process of intelligence analysis as follows:

Intelligence assessments rarely provide definite conclusions. They are approximations, couched in uncertainty and laden with assumptions and caveats. They are part science, part art, part detective work, and part consensus building among analysts and agencies. All too often they are also politically charged.<sup>322</sup>

Because of the limited intelligence access in North Korea, the United States often has only a murky sense of what is transpiring on the ground there. Take, for example, the question of whether North Korea already has nuclear weapons. Beginning in December 2001, the National Intelligence Estimate (NIE) concluded that the North possessed one or two nuclear weapons. The CIA's Weapons Intelligence, Non-Proliferation, and Arms Control Center semiannual reports to Congress asserted that the North probably had

enough plutonium to make one or two bombs, but the reports did not conclude that those bombs had been made.

Jonathan Pollack has argued that the 2001 NIE was a major shift in assessment as it stated that the United States "has assessed since the 1990s that the North has one or possibly two weapons using plutonium it produced prior to 1992." Former intelligence officials believe that the Bush administration reinterpreted the intelligence findings. Under the Clinton administration they had no definitive evidence that North Korea actually possessed a bomb, because no tests were conducted and human intelligence had shed no light on this issue.

One important matter underlying the question of whether or not North Korea had nuclear weapons revolves around how much plutonium the North Koreans may have. When IAEA inspectors entered North Korea in 1992, they determined that the North had reprocessed considerably more plutonium than they had admitted to. The question then became, How much more? The North Korean refusal to allow further inspections or to admit to the true amount of plutonium set off the 1994 nuclear crisis. The belief that the North has enough plutonium for one or more bombs is based on estimates of the amount of plutonium the North reprocessed in addition to what was handed over to the IAEA in 1992. An additional question concerns the current DPRK claims of reprocessing the 8,000 spent fuel rods. U.S. satellite photographs recorded trucks in the area of the Yongbyon facility that could have been used to move the rods to another location. However, confirmation that the rods have been moved has not been disclosed. The DPRK may have a second reprocessing center, but Pollack has described that assertion as "a heroic leap of faith."<sup>323</sup>

acute. In March, the Yongbyon reactor was restarted, and at the April three-way talks in Beijing (with China, North Korea, and the United States), the North Korean representative, Li Gun, said that his government could export fissile material and conduct a nuclear test. "We can't dismantle them," Li reportedly told Kelly. "It's up to you whether we do a physical demonstration or transfer them."<sup>324</sup> In the spring of 2003, the U.S. military deployed stealth bombers to regional air bases in preparation for military contingencies.<sup>325</sup> In June, Pyongyang claimed to have begun reprocessing the 8,000 spent fuel rods. Completion of that process would give Pyongyang enough plutonium for up to six nuclear weapons, which would be enough to retain four bombs for strategic deterrence and to sell one or two to a third party.

The United States and several allies have begun organizing a coalition, the

Proliferation Security Initiative (PSI), to interdict and search North Korean vessels. The PSI's 11 members (including Australia, Britain, and Japan) agreed to intercept North Korean vessels suspected of carrying contraband.<sup>326</sup> Japan has stepped up its searches of Korean vessels entering Japanese ports and recently detained a North Korean ferry.<sup>327</sup> Taiwan also detained a North Korean freighter found to contain phosphorus pentasulfide, an internationally controlled substance.<sup>328</sup> At a greater distance, Australia has cooperated in the effort to interdict North Korean vessels engaged in the drug trade and other illicit undertakings that are important financial lifelines for Pyongyang. Such efforts aside, however, it may be impossible to stop Pyongyang from exporting fissile material that could occupy a volume about the size of a grapefruit, if indeed North Korea is bent on pursuing such a self-destructive path.

**Table 6**  
**Recent Intercepts of Cargo to and from North Korea**

Date	Country Ordering Search	Cargo Found
12/9/02	Spain	Fifteen scud missiles bound for Yemen found on North Korean ship. Missiles were not listed in cargo manifest, but ship was allowed to continue because cargo was not illegal under maritime law.
3/2/03	Japan	Cargo of methamphetamines seized on Japanese fishing boat coming from North Korea.
4/12/03	Germany	Shipment of aluminum tubes believed to be bound for North Korea seized from French ship.
4/20/03	Australia	Cargo of heroin seized on North Korean ship.
6/3/03	South Korea	Cargo of methamphetamines seized on Chinese ship coming from North Korea.
8/8/03	Taiwan	Aluminum powder used in making rocket fuel seized on North Korean ship; voluntarily unloaded.
8/26/03	Japan	North Korean ship previously suspected of smuggling stopped, but then allowed to sail.

Sources: *The Associated Press, The Christian Science Monitor, The Chicago Tribune, Japan Economic Newswire, The Washington Post*

On May 31, 2003, it was announced that six-party talks (North and South Korea, China, the United States, Japan, and Russia) would convene in Beijing. Those talks subsequently occurred on August 27–29, with Pyongyang alienating the other four participants by saying that it might test its nuclear weapons or launch a ballistic missile.<sup>329</sup> The key issues overshadowing any talks include the following: Will Pyongyang be willing to trade away a possible nuclear deterrent for security and economic promises from Washington? Is the Bush Administration, meaning the president, willing to strike such a deal? Is any agreement by Pyongyang to dismantle its nuclear weapons programs adequately verifiable in a country honeycombed with caves? Is it conceivable to think that the North will agree to sufficiently intrusive inspections? Throughout any period of negotiation, will the North perform a test of its alleged nuclear weapons?

### **China's National Interests**

The developments enumerated earlier in this chapter threaten China's national interests in four primary areas:

1.) Nuclear Neighbors and Regional Spillovers: China lives in the world's roughest nuclear neighborhood. Three of its neighbors, India, Pakistan, and Russia, are declared nuclear states. Two of those three, Russia and India, have engaged China in military conflicts during the past several decades. Although current relations are greatly improved with both, the future is uncertain. Turning to Pyongyang, a nuclear-armed North Korea would degrade China's security situation—it would be the most unstable and poorly developed nuclear state on the planet, and for reasons of proximity and past experience, the Chinese have a full

appreciation of the difficulty in predicting Pyongyang's behavior. Given the poverty, famine, and rudimentary infrastructure of the DPRK, China would have grave concerns over the command and control and safety systems of a North Korean nuclear force. A miscalculation, accidental launch, or nuclear disaster along the lines of Chernobyl is a further concern, not to mention the fact that a nuclear North Korea could set off a chain of events in which American military force would be used close to the PRC's borders.

Moreover, a nuclear-armed North Korean state would create strategic shockwaves throughout Asia that would damage Chinese interests. A North Korean regime that, despite concerted international pressure, persisted in acquiring and deploying those weapons quite probably would unleash a process of regional proliferation, thereby placing nuclear armed states at all points of the compass around the PRC. In response, China's command authority would have the incentive to increase its own modest nuclear arsenal. All of this would, in turn, further strengthen the case for missile defenses in Japan and the United States, a move that in itself provides further incentives for offensive expansion in other states, China included. Indeed, in August 2003, Japan augmented its budget for anti-ballistic missile research and development by \$1.2 billion.<sup>330</sup> Particularly worrisome to Beijing, given its wartime experience with Japan, is the thought that Tokyo might decide to acquire its own deterrent and not rely on the American nuclear umbrella as it heretofore has done.

*South Korea—The Tyranny of Proximity*: South Korea, the state most directly threatened by the North Korean military,

could decide to acquire its own nuclear weapons as a deterrent to its northern neighbor. In fact, South Korea had sought nuclear weapons during a previous period of military tension. In the early 1970s, President Park ChungHee was determined to acquire the technology and capability to construct a nuclear bomb. Following India's surprise "peaceful" nuclear tests in 1974, Washington began focusing on the dangers of proliferation more intensely, quickly determining that the South Koreans had a secret program centered in Taeduk. Washington quietly pressured Seoul to abandon the project, fearing that it would cause the North Koreans to respond in kind. In 1975, Secretary of Defense James Schlesinger personally informed Park that a nuclear weapons program would jeopardize U.S.-South Korea relations.<sup>331</sup> Park reluctantly canceled the program.

*Japan—Within Range:* The North Korean nuclear program also threatens Japan, as noted earlier. The clearest evidence of that threat came in August 1998, when a North Korean Taepo Dong missile overflowed Japan and landed in the Pacific Ocean. The test demonstrated that, for the first time, all of Japan's territory was vulnerable to a hypothetical North Korean chemical, biological, or nuclear attack. In reaction, Tokyo increased its cooperation with Washington on missile defense (a move opposed by Beijing). North Korea and Japan have clashed in other ways. North Korean secret agents have infiltrated Japan and kidnapped Japanese citizens. In December 2001, Japanese naval forces fired upon and sank a suspected North Korean military smuggling vessel.<sup>332</sup> Furthermore, the presence of large U.S. military facilities and personnel that would be active in a peninsular conflict increases the

likelihood that Japan would be targeted in the opening phases of a military conflict.

The North Korean threat has contributed to increasing sentiment in Japan that Tokyo's peace constitution should be revised. In particular, many Japanese believe that Article 9 of the Constitution, which prohibits the use or threat of war to resolve interstate conflicts unless Japan is attacked, should be changed to permit more robust military forces and their use far beyond the Japanese archipelago—there is even talk of preemption in some quarters.<sup>333</sup> According to a 2003 poll conducted by the *Yomiuri Shimbun*, 42 percent of the respondents favored constitutional change. More important, approximately 38 percent of those respondents supported constitutional change for reasons relating to defense, the highest percentage since polling on this question began in 1995.<sup>334</sup> Having cited these data, however, it is prudent not to underestimate the power of the non-nuclear norm and the strength of the self-defense norm in Japan, at the same time that we recognize that younger Japanese may not fully share the views of their World War II-era parents and grandparents.

*Taiwan—Third Time Is the Charm?:* Were there to be a diffusion of nuclear weapon technology throughout Northeast Asia, the likelihood of Taiwan acquiring nuclear capabilities would be increased. On two prior occasions, once in the mid-1970s and again in the late 1980s, the United States stopped such efforts.<sup>335</sup> Taiwan is China's primary strategic concern; Taipei's acquisition of nuclear weapons would be highly destabilizing for the entire region.

At the very least, a nuclear-armed North Korea would induce the United States to increase its military forces in the region to better defend its friends and treaty allies in the theater, and it would accelerate U.S. and Japanese efforts to develop an effective missile defense system. Beijing is uncomfortable with the prospect of growing American offensive and defensive power in the Pacific, prone to believe that such strength ultimately would serve the purpose of containing China. Taiwan is never far from the foreground of Chinese thinking when it evaluates such U.S. moves.

2. Humanitarian Crisis and Refugee Flows: A second major concern for Beijing is that conflict on the Korean peninsula and a collapse of Kim Jong Il's regime could unleash a flood of North Korean refugees into the Chinese borderlands. The two countries share an 870-mile, fairly porous border—a boundary the Chinese military recently has sought to tighten by sending People's Liberation Army (PLA) troops to the region.<sup>336</sup> In an attempt to escape military conflict, pervasive poverty, and famine, large numbers of North Koreans probably would seek refuge in China. The influx of large numbers of North Koreans almost certainly would create a very large humanitarian problem within China, as Beijing is poorly equipped to handle that contingency. Moreover, the refugees would flow into an area of China with extremely high rates of unemployment, stagnating industry, and low economic growth. In March 2002, this area witnessed perhaps the largest mass labor protests in the history of the PRC, and Beijing is keenly focused on maintaining stability there.<sup>337</sup>

Already, approximately 50,000–300,000 North Koreans have illegally slipped into northeastern China. Most stay in the border areas, but some have moved to Beijing in search of work or a path (through foreign embassies) to South Korea or other havens. In spring 2002, numerous desperate North Koreans entered foreign diplomatic compounds, which are now often ringed with barbed wire and other barriers to prevent uncontrolled entry. Despite an international outcry, China has complied with a 1986 agreement with Pyongyang to return refugees. Although it sometimes turns a blind eye to the immigrants' presence in China, Beijing often forcefully repatriates the refugees to North Korea and its tender mercies.<sup>338</sup> In turn, this subjects Beijing to justified criticisms of not maintaining its international humanitarian commitments. Senator Sam Brownback (R-Kan.) put it this way in hearings he chaired in June 2003: "The Chinese government is complicit in this by its harsh treatment of North Korean refugees, and this is counter to agreements that China has signed with the UN high commissioner on refugees that they would not send back refugees to a home country, in this case North Korea, where they know those refugees will be harshly treated, subject to imprisonment if not death."<sup>339</sup> In general, this is a no-win situation for a PRC which is trying to appear as a responsible big power without alienating an irascible neighbor or further aggravating its own internal problems.

3. Economic and Development Consequences: The economic consequences of conflict or a prolonged state of high tension on the Korean peninsula are also of great concern to Beijing. Although much of China's reform-era economic growth has occurred

in the coastal region of southeastern and central China, the northeastern region remains an important part of the national economy. The three provinces nearest North Korea (Heilongjiang, Jilin, and Liaoning) contribute one-tenth of China's gross domestic product (GDP) and attract billions of foreign direct investment (FDI) per year (\$3.2 billion in 2001).<sup>340</sup> Liaoning Province, in particular, was the sixth-largest provincial-level recipient of FDI and the sixth-largest contributor to national GDP in 2001. Moreover, a large portion of Chinese heavy industry is located in the region, and a significant fraction of China's domestic petroleum production is found there. Although a military conflict confined to the peninsula would not destroy this infrastructure, it could disrupt the economic operations of this region, not to mention discourage external investment there.

A military conflict involving South Korea would have further economic repercussions for China. The ROK is a major source of trade and investment for China. Beijing is already facing a heavy burden of creating jobs and furthering development of China's poor inland regions. The discontent over economic and social inequality in China currently threatens social stability. Beijing does not need any more challenges in this regard.

#### 4. Relations with the United States:

The final factor in play for China is its relationship with the United States. With China's national agenda tightly focused on modernization and economic development, the United States soaks up more than a third of China's total exports and supplies critical technology, management skills, and marketing networks. Moreover, a low-threat environment from the United States

facilitates a defense budget lower than it would otherwise be. Chinese security experts are candid in expressing their belief that it was, in great part, excessive defense spending that led to the demise of the Soviet Union. Additional considerations make the Sino-American relationship paramount in China's foreign policy calculus. Whatever the outcome of the North Korean nuclear crisis, it is important that Washington perceive China as having been constructive. This is particularly true given China's early, though limited, assistance to the DPRK's nuclear and missile programs.<sup>341</sup> Furthermore, China's assistance to Pakistan's uranium-based nuclear weapons program has boomeranged inasmuch as Islamabad was alleged to have provided nuclear-related materials to Pyongyang in exchange for missile technology.<sup>342</sup> As China becomes more developed and more engaged in international affairs, the United States and its allies will expect Beijing to take a more active role in resolving international security problems.

#### The U.S. Position

North Korea's interest in acquiring nuclear weapons is long-standing, and Washington has continuously opposed Pyongyang's nuclear ambitions. As the current crisis deepened during the spring and summer of 2003, President Bush stated during a meeting with Japanese Prime Minister Junichiro Koizumi, "We will not tolerate nuclear weapons in North Korea. We will not give in to blackmail."<sup>343</sup> This posture needs to be seen against the backdrop of the 9/11 terror attacks. Since that time, the Bush Administration has focused on combating global terrorism and halting the proliferation of weapons of mass

destruction. In its understandable mantra on the subject, the Bush Administration said that it would block the intersection between rogue regimes, terrorist groups, and technologies of mass destruction. Thus, North Korea's secret uranium-enrichment program revealed in October 2002, its past and present modus operandi, and finally its suggestions that it might test its possible deterrent, transfer nuclear-related materials to third parties, and test the missiles designed to deliver WMDs all have placed Pyongyang squarely in the crosshairs of Washington's nonproliferation agenda. The Bush Administration has declared that it will consider all means to prevent the North from acquiring nuclear weapons, including diplomatic, economic, and military options. As President Bush stated, "All options, of course, are always on the table for any president."<sup>344</sup> Confusing this statement, however, the Bush Administration also has said, "This is not a military showdown; this is a diplomatic showdown."<sup>345</sup> In short, there is less clarity to the Administration's position than first meets the eye. This opaque policy may be a product of divisions within the administration over the direction of policy, specifically those who advocate a negotiated settlement along the lines of the Agreed Framework and those who are proposing a much tougher position.

The United States is opposed to North Korea acquiring nuclear weapons and is demanding that Pyongyang verifiably destroy any weapons or programs it already may possess for several reasons. First, American and South Korean troops are still technically in a state of war with Pyongyang because a peace treaty never officially concluded the Korean War. Violent clashes occur from time to time

along the highly militarized DMZ separating North and South Korea. On July 16, 2003, for example, North Korean and South Korean troops exchanged gunfire across the border.<sup>346</sup> Second, North Korea's nuclear and ballistic missile programs bring the threat of a nuclear strike to U.S. allies in the region, American troops based in Japan, and western states in the United States itself. This is unacceptable to many U.S. leaders, not to mention many Japanese public officials.

Third, the rise of a nuclear-armed North Korea would be highly destabilizing to Northeast Asia, probably triggering a proliferation domino process. Beyond South Korea, Japan, and Taiwan, which already have been discussed, North Korea's successful acquisition of nuclear weapons, married to the means of their delivery, could further encourage other unstable nations (e.g., Iran) to do likewise. In his March 2003 testimony to the Senate Foreign Relations Committee, Assistant Secretary of State James Kelly addressed this threat: "If North Korea is seen to get away with having nuclear weapons, there are many players . . . in other parts of the world that are going to take sustenance in that. . . . And that makes it all the more important that this strategy that we are working with North Korea be successful."<sup>347</sup> The United States, therefore, is deeply committed to preventing the North from acquiring nuclear weapons and to verifiably getting rid of those weapons and programs that it may already possess.

#### Core Elements of Washington's Stance

Beyond the ambiguities in the U.S. position noted earlier, Washington's policy has several core elements. First, any talks with North Korea must be

multilateral, including South Korea and Japan (at a minimum) and, as things have unfolded, China and Russia. The reasoning is that Pyongyang's neighbors have a stake in this problem so they should assume their burdens, and North Korea is more likely to adhere to a possible future agreement in which many surrounding states are its guarantors. As Secretary of State Colin Powell remarked, North Korea's nuclear program is "not a bilateral matter between the U.S. and North Korea. It affects every nation in the region that would fall under the arc of a North Korean missile."<sup>348</sup>

Second, Pyongyang must verifiably roll back its actions to the situation that existed when the 1994 Agreed Framework was operational with respect to Yongbyon. In addition, Pyongyang must verifiably dismantle the uranium-enrichment program it covertly pursued. The rationale behind this is that the United States is not going to pay twice for the same agreement and will not reward Pyongyang for violating its previous undertakings. Verification will not be an easy hurdle to overcome, even if other American concerns are met. North Korea will have to agree to a more stringent inspection program than it did in 1994. As one senior Administration official remarked, "To be credible, anything we come up with is going to require a level of transparency well beyond anything in the past we've had with North Korea."<sup>349</sup> As Assistant Secretary of State Kelly told the Senate Foreign Relations Committee, "This is a big problem, and it is one that North Korea is going to have to face if it wants an improved relationship with not only its neighbors but the rest of the world, and certainly with us."<sup>350</sup>

Finally, there is a basket of issues having to do with the North Korean conventional military threat to the South; Pyongyang's sales of missiles, drugs, and counterfeit currency; and its abduction of foreign nationals and other human rights abuses. Although these issues do need to be addressed somewhere along the line, they probably can wait for some time. The most compelling immediate need is to get a freeze on the North's plutonium- and uranium-based nuclear endeavors. Washington should not overload a single negotiation with an excessive number of objectives.

With the standoff with North Korea deepening throughout 2003, the United States has welcomed and promoted China's active involvement diplomatically, hoping that China would exert leverage over a North dependent on it for a considerable amount of food and energy. One senior administration official stated, "The President believes and continues to say to the Chinese that we think you have a lot of influence over North Korea and probably in many more ways than the U.S. has."<sup>351</sup> In the end, the Chinese probably do not have as much leverage as some in the Bush Administration imagine, but Beijing certainly has more than many Chinese have wished to acknowledge. The story of 2003 is, in part, how Beijing gradually exerted progressively more pressure on a recalcitrant North out of sight, always careful to reject in public pressure tactics and preserve a minimum of face for Pyongyang. This is a subtle game from which some in Washington could learn.

### **North Korea's Position**

Although it is impossible to determine the true intentions of Kim Jong Il and his regime, the DPRK's statements indicate

that it is willing to discuss foregoing its nuclear ambitions if the United States meets several requirements. This position was articulated in both the April and August 2003 talks in Beijing.<sup>352</sup> As the North Korean government stated, “If the United States dropped its hostile policy toward the DPRK and legally committed itself to nonaggression, the latter would be ready to dispel the U.S. ‘concerns.’”<sup>353</sup> First and foremost, the North appears to be asking for a formal nonaggression treaty with Washington. This request is in keeping with the assessment that Kim Jong Il is primarily concerned about the survival of his regime and sees Washington as the biggest threat to that survival. Moreover, the DPRK would like diplomatic recognition by the United States and inclusion in various international bodies—the World Bank and Asian Development Bank, for example.<sup>354</sup> Finally, North Korea is seeking compensation for dismantling its nuclear program, most likely in the form of energy or monetary reimbursement. This also is in keeping with its prior practice, as the DPRK requested \$3 billion to halt its missile program and \$300 million to allow U.S. inspectors into the Kumchangri facility—where nothing was found.<sup>355</sup>

From the outset of the crisis until summer 2003, Pyongyang insisted on direct, bilateral talks with Washington. As the North Korean government news agency reported, “The DPRK, with utmost tolerance, proposed the holding of U.S.-North Korea bilateral talks first, and the signing of a nonaggression treaty.”<sup>356</sup> Pyongyang was partially retreating when it met in Beijing with Chinese and American officials in April 2003. Even then, however, the DPRK’s chief negotiator, Li Gun, tried to treat the meeting as a discussion between only the

Americans and the North Koreans, reserving key communications for breaks in the formal proceedings.<sup>357</sup> Only in August 2003 did it appear that the North had reconciled itself to multilateral talks (indeed talks they now wanted the Russians to attend, apparently hoping they would be less isolated with Moscow there). As the August six-party talks unfolded, Pyongyang was isolated (as it probably had feared) and, shortly after the talks’ conclusion, said, “The talks have made us believe that we have no other choice but to strengthen our nuclear deterrent force. . . . We are not interested at all in this kind of talks and do not have any hopes [for a further round of negotiations].”<sup>358</sup> As this report goes to press, we will have to wait and see if talks occur as anticipated in December and whether they produce results. In an apparent attempt to kick start talks, in October, President Bush indicated that he was willing to give formal security assurances, if such assurances were multilateral and were not in the form of a treaty.

With the highly divergent demands from Washington and Pyongyang, Beijing has struggled to produce progress on the crisis. For their part, for most of 2003, the Chinese felt (to closely paraphrase the words of a senior Chinese official) as though, “We [the U.S. and China] are at the door’s threshold arguing who ought to go into the room.”<sup>359</sup> This brings us to China’s position.

### **China’s Position**

Beijing’s foreign ministry has outlined China’s priorities: They “can be summarized as first, . . . achieving the goal of denuclearization of the Korean peninsula; secondly, peace and stability on the peninsula should be maintained;

thirdly, relevant questions should be solved diplomatically and politically.”<sup>360</sup> Already burdened with unemployment and social stability problems at home, China's leaders, old and new, do not want regime collapse in the North, instability, refugee flows, or escalation of the conflict. Moreover, Beijing does not want to lose its influence with North Korea (which it fears might happen if China pushes too hard). The unresolved question has been, “If you can achieve a non-nuclear Korean peninsula only by using means that would destabilize or eliminate the North Korean regime, which goal would Beijing choose—non-nuclearization or stability?” Currently, there is considerable debate in China over this issue, and some, including many in the military, would choose stability over denuclearization. As one PLA officer told one of this report's authors: “Our views on North Korea will be different, because of our different geographic locations. To be frank, China is not just worried about nukes, but also stability.”<sup>361</sup>

Of course, Beijing hopes to achieve both objectives (stability and denuclearization), which is why it has encouraged the United States to meet North Korean security and economic demands and North Korea to abandon its nuclear program in exchange. Nonetheless, although these elements of, and impulses in, Chinese policy have remained constant throughout 2002 and 2003, there has simultaneously been growing concern in Beijing about North Korean “adventurism” (as Vice Foreign Minister Wang Yi is reported to have put it before the Politburo in October 2002).<sup>362</sup> Over time, China has come to see more clearly how dangerous the North Korean nuclear program is to its own core interests.

As this realization has gained strength in Beijing, Chinese involvement, and willingness to exert pressure, has grown. China's leaders have embarked on their most active diplomatic efforts in recent years, and their actions are notably different from the strictly behind-the-scenes efforts during the 1994 nuclear crisis.

In late 2002, China's initial response to the North Korean nuclear problem was to downplay the DPRK's intentions and capabilities. In November 2002, one of the authors of this monograph traveled to China with a senior American group. There, very senior Chinese political and national security officials generally argued that China *preferred not to see* (as opposed to *would not tolerate*) a nuclear North Korea, that American intelligence might be faulty, that the North might be exaggerating its capabilities to extract benefits from Washington, and that the United States needed to take into account the legitimate security anxieties of Pyongyang if it expected North Korea to back off. Further, the Americans were told that they overestimated Beijing's influence with the North and that pushing the erratic leadership in the DPRK could easily produce worse behavior. The Chinese interlocutors with whom the Americans met suggested that although a nuclear North Korea is not desirable, a war or social breakdown on the peninsula might well be worse for China and South Korea. Seoul, they observed, shared Beijing's apprehensions.

At that time, some Chinese scholars suggested that the North was attempting to engage, rather than threaten, the United States by admitting to the secret program. “North Korea is not in a position to threaten the United States. Also, it's not

in the mood to do so,” said Tsinghua University’s Jia Qingguo.<sup>363</sup> With respect to the proliferation potential that North Korea represented, Bates Gill, China scholar at the Center for Strategic and International Studies, in his own independent analysis, concluded, “Some Chinese analysts are prepared to concede that a nuclear North Korea could conceivably provide weapons or weapons-grade material to others, but this concern is not given anywhere near the same degree of importance as it is in the United States.”<sup>364</sup> Indeed, some Chinese, at least in the military, now are arguing that supporting the United States in sanctions or other aggressive moves toward Pyongyang could make China a target of North Korean terrorists: “[I]t is very difficult to put sanctions on North Korea. That might spawn North Korean terrorists in China if we join you in imposing sanctions.”<sup>365</sup>

Moreover, many Chinese foreign affairs analysts and leaders believed then (and continue to believe now) that the United States helped precipitate the crisis. They argue that the Bush Administration backed the DPRK into a corner by having a long review of Korea policy at the start of President Bush’s term, publicly distancing itself from Kim Dae Jung’s Sunshine Policy of engagement with the North, trying to force North Korea to negotiate about a broad range of nettlesome issues all at once, using incendiary rhetoric (e.g., “the Axis of Evil” and the president’s unconcealed “loathing” of Kim Jong Il), the lack of support for LWRs, and maintaining a policy of preemption and regime change with respect to at least some rogue states after 9/11—not to mention liquidating Saddam Hussein’s apparently non-nuclear regime. The DPRK has concluded, many

Chinese argue, that Washington was determined to destroy the North Korean regime. Foreign affairs specialist Shi Yinhong of Renmin University in Beijing asserted, “Among policy makers in China, many believe that while Pyongyang is 60 percent or 70 percent responsible for the current crisis, Washington’s share is 30 percent to 40 percent.”<sup>366</sup>

Then there is the issue of public opinion in China, as uncertain as its measurement may be. A June 2003 poll conducted by a Chinese nonprofit organization asserted that approximately half of the respondents believed it was the right of a sovereign nation to develop nuclear weapons and approximately 90 percent criticized Washington’s tactics during the current affair.<sup>367</sup> As one PRC caller to a live television program put it [in paraphrase] to one of this report’s authors on August 7, 2003: “Isn’t it true that all the current nuclear powers did not feel they needed the permission of others to become nuclear? Why should North Korea need the permission of the United States?”

Although many Chinese may assign some responsibility for the crisis to Washington, they do recognize the primary importance that the United States has placed on preventing North Korea from acquiring nuclear weapons—particularly in the post-9/11 environment. They realize that the new Bush Doctrine for American foreign policy enshrines the willingness to preempt threats to vital American national security interests. The U.S. invasion of Iraq in March 2003 underscores Washington’s clear readiness to use massive military force in an attempt to secure American national security from the threat of weapons of mass destruction.

Some Chinese, however, are wary of Washington's tactics. Referring to Washington's muscular stance, China's Director of Arms Control and Disarmament, Liu Jieyi, remarked: "In China, we have a saying: You should not shoot a mosquito with a cannon. The collateral damage could be worse, and you may miss the mosquito."<sup>368</sup>

In fact, America's freshly demonstrated resolve (in Iraq) makes the possibility of a preemptive or decapitating military strike against the North Koreans seem conceivable. That realization is part of what has driven much of the recent activity in Beijing. Without being flip, the Chinese view their nation as a sober driver on a high-speed freeway, caught between two drunks—Pyongyang and Washington. A wreck between the two drunks would almost certainly involve the sober party. The sober driver, therefore, seeks to nudge the other two toward an off ramp.

#### A Nuclear North and China's Security

Yet another set of considerations has increasingly motivated Beijing—the PRC leadership has come to see its own vital interests jeopardized by Pyongyang's actions. For one thing, Chinese leaders appeared genuinely surprised by North Korea's October 2002 announcement that it had a covert nuclear weapons program. As Jiang Zemin remarked, "We are completely in the dark as for the recent development."<sup>369</sup> China is also becoming concerned about what the export of fissile material could mean for its own security. As one senior Chinese policy analyst told an author of this monograph: "[North Korea] really is a rogue nation! They might sell even to the Hui [Turkic minority] in China."<sup>370</sup>

As it has come to fully appreciate the risks, Beijing's involvement has grown apace—to the point that China's senior leadership is focused on the North Korean crisis.<sup>371</sup> "The situation became an urgent crisis that the top leadership decided to handle personally," stated Professor Shi Yinhong.<sup>372</sup> Beijing is much more engaged diplomatically and is, as Samuel Kim explained, pursuing "active crisis management." China's leaders have reportedly cast a wide net, inviting scholars and analysts to confer on the situation. In addition, Beijing is reported to have increased its military troop presence in the North Korean border region and increased its intelligence-gathering capabilities for greater clarity on the DPRK's programs and actions.<sup>373</sup>

Evidence of a shift in China's thinking on the nuclear issue was becoming perceptible as early as October 2002, when a deputy minister of foreign affairs briefed the Politburo on the North's announcement of the clandestine uranium-enrichment program. Chinese leaders termed the North's actions "diplomatic adventurism"—a scathing assessment from Beijing.<sup>374</sup> In essence, the Chinese leadership believed that the DPRK was proceeding recklessly and could easily jeopardize China's paramount interests of domestic and regional stability.

#### Beijing's "Active Crisis Management"

In December 2002, then-Foreign Minister Tang Jiaxuan went to the North Korean embassy in Beijing to voice the PRC's displeasure with the expulsion of IAEA inspectors.<sup>375</sup> Two days later, the DPRK issued a statement clearly aimed at China: "[If] other countries are worried about its nuclear activities, they should urge the United States to open a dialogue and guarantee North Korea's security. If they

do not intend to do that, it is better for them just to sit idle.”<sup>376</sup> Instead of heeding Pyongyang’s reproach, Beijing indeed became more engaged.

There was a growing sense in Beijing that China needed to be more active in the crisis. “We have realized that we cannot let this situation alone,” said a Chinese official involved in foreign policy. “So we’ve decided to attempt to influence it, specifically by getting the two sides together.”<sup>377</sup> In early 2003, senior Chinese diplomat Qian Qichen made a trip to Pyongyang, where he reportedly told the North Koreans to begin a dialogue with the United States and offered to host a trilateral meeting in Beijing.<sup>378</sup> The three-party talks in Beijing followed quickly in April, a significant step forward and one for which Beijing received considerable credit in Washington. However, Pyongyang’s announcement at that April meeting that it might demonstrate (test) its deterrent and export nuclear-related material was viewed with alarm in both Beijing and Washington, as well as serving as an embarrassing confirmation of American assertions about the North’s rogue character and capabilities. Some Chinese analysts, such as Shi Yinhong, went further: “This is a major slap in the face to China, which really stuck its neck out to make these talks happen. China will certainly consider whether it needs to take a new approach to the Korea problem, including the possibility of stepping up the pressure.”<sup>379</sup>

Chinese diplomats were busy during the summer, trying to broker another round of talks on the North Korean nuclear program. Chinese Vice Foreign Minister Wang Yi spent several days traveling to

Tokyo and Washington and meeting with senior officials.<sup>380</sup>

In July 2003, Deputy Foreign Minister Dai Bingguo traveled to Moscow, Pyongyang, and Washington in an effort to advance a second round of talks. While in Pyongyang, Dai delivered a letter from Chinese President Hu Jintao to Kim Jong Il, advising the North to resume talks with Washington and offering to host the discussions again in China. Dai also reportedly pressured Pyongyang to accept multilateral talks that included informal one-on-one talks with the United States.<sup>381</sup> Pyongyang agreed. On May 31, a new session of multilateral talks was announced that would include North Korea, the United States, China, Russia, South Korea, and Japan.<sup>382</sup> Interestingly, it was the Russians who made the initial announcement, with the North apparently feeling so alienated from China (not to mention from Japan and the United States) that Moscow appeared to be the closest thing to a friend Pyongyang might have. When the talks actually occurred in August in Beijing, Russia was as unsettled as the other four by Pyongyang’s stance.

China, therefore, clearly has sought to get the North Koreans and the Americans to the diplomatic table, and they have not simply implored Pyongyang. Beijing has subtly applied pressure, something it generally had been reluctant to do. More recently, in early 2003, Beijing briefly interrupted oil supplies to indicate to the North Koreans the potential cost of continuing with their program.<sup>383</sup> Although the disruptions were officially labeled technical problems, the message to Pyongyang was clear.<sup>384</sup>

Although Beijing has become more willing to use active diplomacy, there also

are limits to its leverage in Pyongyang. As one foreign ministry official remarked, "North Korea doesn't listen to us; it doesn't listen to anyone."<sup>385</sup> Although it is imprudent to believe that China's leverage is as limited as many in Beijing assert, it is also unwise to imagine that China can single-handedly bludgeon Pyongyang into submission. The question for Beijing is how to wield what leverage it possesses to secure its twin objectives of denuclearization and stability on the peninsula. In the process, Beijing would also like to create as much gratitude as it can in Washington, Seoul, and Tokyo and leave as little residual damage in North Korea as possible.

**Current and Future Chinese Behavior:  
Additional Considerations**

From a U.S. national interest perspective, the PRC has been more cooperative than had been widely anticipated at the outset of the crisis in October 2002. This has occurred as China's new leaders have gained their footing, as Beijing has become more alarmed by Pyongyang's behavior, and as Beijing has contemplated the consequences for its own interests of a proliferation spiral in the region. Acknowledging that there has been this cooperation, there nonetheless will be periods in the future when Beijing's policies and behavior may be less congruent with Washington's preferences. If the six-party talks break down or are unproductive, one can anticipate that the United States will push for more muscular means (embargoes, sanctions, and perhaps military force) and Beijing (and Seoul) may well be reluctant to follow, precipitating increased tension among the parties. Indeed, in the wake of the August 2003 six-party talks, Vice Minister Wang Yi said that the position of the United States was "the main problem we are

facing."<sup>386</sup> What are the considerations and impulses that will account for this possible future disjuncture between the United States and Chinese positions?

First, China's leadership, not to mention its citizens, may not be as concerned as the United States about a nuclear North Korea, even though Beijing's strong preference is to avoid that outcome. Beijing may be able to live somewhat more easily with a North Korea that has not tested a device and only implies that it has a few. If the North undertook not to transfer such materials or technology abroad, it is conceivable that Chinese anxiety would drop further. In the end, one has the sense that, in general, the Chinese still believe they are unlikely to be a target of either a North Korean government attack or the unhappy victim of secondary proliferation from North Korea. The Chinese sense of vulnerability in these regards may have progressively risen after September 2001, October 2002, April 2003, and August 2003, but it is nowhere near the level of American anxiety. There are some Chinese who apparently believe cooperating with the United States is one way to make China the target of either Pyongyang or renegade groups.

Second, there is also a divergence between American and Chinese thinking in terms of appropriate measures to counter the threat of nuclear weapons. Historically, Beijing has opposed economic sanctions on the North and has discouraged taking the matter before the UN Security Council. During the 1994 nuclear crisis, for example, the North declared economic sanctions to be an act of war, just as it has done more recently.<sup>387</sup> International pressure grew so heavy during the 1994 crisis, however,

that Beijing eventually indicated to Pyongyang that it would not veto a UN Security Council resolution imposing sanctions on the regime. That statement, many analysts believe, led to the brokering of the Agreed Framework settlement.<sup>388</sup>

During the current crisis, Beijing has not supported economic sanctions against Pyongyang. Chinese Foreign Ministry Spokesman Kong Quan said: “We have been opposed to the wanton use of sanction [sic] in international affairs. . . . Now the question has popped up again and we still hope that the U.S. and DPRK can resolve it through direct dialogue.”<sup>389</sup> China has also tried to keep the matter away from the Security Council. As scholar Yang Yanyi wrote in a recent article, “We also deem the intervention by the UN Security Council in the nuclear issue of the DPRK would be unhelpful.”<sup>390</sup> China did, however, interrupt the flow of oil into North Korea for several days in February, indicating that it may be more receptive to using economic pressure in the future. Professor Shi Yinhong is more supportive of China’s economic leverage: “China could increase pressure by tactically withdrawing part of our assistance and part of our aid.”<sup>391</sup> China’s director of arms control and disarmament, Liu Jieyi, declared that China could not be used as a transit route for North Korean weapons of mass destruction. “China is fully opposed to proliferation,” said Liu in August 2003. “We do not make exceptions.”<sup>392</sup>

When all is said and done, however, the Chinese have general and specific aversions to economic sanctions. The general aversion stems from the fact that China, itself, was subject to broad sanctions (the economic embargo) during

the Cold War and periodic and more limited sanctions more recently, including 2003 sanctions imposed by Washington on NORINCO alleging missile proliferation to Iran (NORINCO also was sanctioned in 1997).<sup>393</sup> Beijing, therefore, has a visceral dislike of sanctions, particularly those not approved by the international community. More specifically, the Chinese are averse to economic sanctions on North Korea for the reasons one senior Chinese business leader articulated in March 2003: “We can either send food to North Korea or they will send refugees to us—Either way, we feed them. It is more convenient to feed them in North Korea than in China.”<sup>394</sup>

If the United States were to move from a policy of economic sanctions toward embargo or toward searching all conveyances going to or leaving North Korea, China would become progressively more reluctant, especially in the absence of UN approval, which is a UN stance Beijing would probably work to avoid.

Finally, China’s preferred policy is to return to something resembling the status quo prior to October 2002. In its heart of hearts, it appears that the Bush Administration’s preferred outcome is quick regime change. For the Chinese part, sudden regime change (as distinct from the change of a leader in North Korea, which they could more easily contemplate) is an undesirable outcome.

Instead, Beijing prefers that the North be encouraged and helped to implement an opening and reform policy similar to that which Deng Xiaoping initiated in China a quarter of a century ago. Beijing has sought to promote this through exchanges and consultations. Kim Jong Il, for example, has made three visits to China

since May 2000, touring Beijing, Shanghai, and Shenzhen.<sup>395</sup> China's encouragement of economic liberalization has yielded some very limited results. North Korea is experimenting with special economic zones and limited price reform. It clearly is in China's long-term interest to see North Korea move down the reform path, but to do so at a speed consistent with the maintenance of social cohesion. In short, the Chinese want to see gradual, evolutionary change, whereas some Americans are in a bigger hurry for more dramatic regime change. In this regard, Beijing's thinking is much closer to Seoul's than to Washington's.

Washington should not forget that although the North Korean nuclear problem is of central importance to the Beijing leadership, the most serious security challenge facing China, in its own view, is Taiwan. Beijing is prepared to risk far more there than on the Korean peninsula to avoid an unacceptable outcome. In this instance, many in Beijing, prominently in the military, feel that although China has cooperated with American security objectives in the war on terrorism and North Korea, Washington has not modulated its significant effort to increase U.S.-Taiwan military-to-military interactions.

Finally, China has a long-term strategy for the Korean peninsula that enters into its current decision making.<sup>396</sup> China views the Korean peninsula as within its sphere of geopolitical influence. For centuries, Korea was a tributary state of the Chinese empire. This does not mean China is looking to subjugate the Korean peninsula. However, for security and economic reasons, Beijing wants to increase its influence in *both* Pyongyang and Seoul and, frankly, can see

advantages to a divided Korea. Whether the Korean peninsula remains divided or not, China's longer-term vision is to play a decisive role on the peninsula and to keep the military forces of foreign powers (e.g., the United States, Japan, and Russia) away from its border. Thus, China does not want to alienate either Korean capital; instead it wants to promote a gradual transformation of the DPRK, and it wants to exercise influence over the peninsula, whether it is unified or divided, in the future. Most fundamentally, Beijing's desire to avoid war or precipitous collapse in the North is a view fully shared by Seoul, and in this sense Seoul and Beijing both see themselves as restraining forces against the impetuous Americans. China is unlikely to adopt policies toward the North with which South Koreans are clearly uncomfortable under current conditions. Washington has to be careful that its efforts to end the nuclear problem do not, in the process, permanently damage or rupture its alliance with Seoul.

In sum, China's options regarding the North Korean nuclear program are a perplexing mix of difficult choices, frustrations, and unsatisfactory scenarios. Washington's and Beijing's interests overlap considerably but not completely. Both capitals want a peaceful resolution to the crisis and they want to keep the peninsula free of nuclear weapons. By continuing the cooperation now underway, they can greatly improve chances for a peaceful resolution. However, the ordering of their bottom-line priorities seems somewhat different. Whereas a non-nuclear North Korea tops the U.S. priority list, China still may be most concerned with maintaining a peaceful, stable peninsula. Washington should expect some divergence with Beijing concerning both strategy and

tactics as the process unfolds. In addition, Washington has not publicly answered an important question itself—Would it go to war with the North over nuclear weapons if both China and South Korea opposed? Could it?

### **Policy Implications and Options for America**

Several policy-relevant conclusions come out of the preceding analysis.

First, China is most actively engaged in an external problem when the problem is near to its borders and when its security interests are unmistakably involved. Of the three cases examined in this entire study, the North Korean nuclear crisis most clearly falls into this category, and the Iraq issue least so. Serious Chinese analysts would never say of the North Korea issue what they said during the 2003 prelude to the U.S. invasion of Iraq—“Iraq is not a big deal for China.” In the case of North Korea, the United States has had cooperation with China because the DPRK is a highly salient issue for both Beijing and Washington and the two need to cooperate to achieve at least a minimally satisfactory outcome for either side. In the case of Iraq, however, the United States and China could maintain basic harmony, because the problem was sufficiently peripheral to PRC interests such that damaging relations with the United States was not worth it for Beijing. In short, there are at least two routes to Sino-American cooperation: one when there are shared interests with respect to a highly salient problem; the other when the issue is not terribly salient to one party or the other and that party cares more about the relationship with the other, than the particular issue at hand.

China’s attitude about how to deal with North Korea has a great deal in common with ROK preferences—key among them being the avoidance of military conflict or calamitous social breakdown in the North. At least until negotiating with the North is demonstrably shown to be totally unproductive to the satisfaction of both China and South Korea, there will be little to no market in Beijing or Seoul for the idea of embargoes, much less military coercion. Without their support, it is hard to see how Washington alone could effectively implement an economically or militarily coercive strategy. Were Washington to try to move prematurely toward a highly coercive strategy, one of the many damaging outcomes could be the permanent rupture of the U.S.-South Korea alliance. It is important to recognize that, in the region, it is not China that is in danger of being isolated, but rather the United States.

This potential problem suggests that, as a practical matter, the United States must first give engagement with the North a chance and adopt a more balanced negotiating position. This then raises the question of what negotiations should seek to achieve in the short, medium, and long runs. Crucial to answering this question is what South Korea, China, and Japan can support. In the short run, U.S. objectives should be to verifiably freeze the North Korean nuclear programs. In the medium run, the objective should be to dismantle those programs and possible weapons and verifiably monitor the subsequent denuclearization. In the long run, the objective should be to enmesh North Korea in a process of economic and social development that leads to gradual change of the very character of the regime. This is a broad set of objectives with which our allies and China can agree.

If it becomes apparent to all that moving in such a direction is not possible, only then may we find more receptivity in Beijing and Seoul to more muscular strategies of dealing with Pyongyang.

Producing a successful outcome to such a strategy will not be easy for many reasons, two of which stand out. First, there is the issue of the sequencing of moves by North Korea and the United States. The Americans want a complete and verifiable nuclear-free status before providing benefits. The North appears to be committed to highly formal, bilateral security guarantees before dismantling whatever weapons or programs it possesses. Our guess (and recommendation) is that, in the end, both sides will have to move in tandem, with the other outside parties providing positive and negative incentives to Pyongyang to keep its end of the bargain, if Pyongyang proves willing to deal at all, which is far from certain. If this deal can be struck, China assuming responsibility to help enforce it will be critical.

Second, and perhaps more difficult, will be the issue of verification. If the case of inspections in Iraq proves nothing else, it shows that even large numbers of people on the ground with unfettered access have a hard time providing certainty about the presence or absence of weapons or technologies of mass destruction. It is to be predicted that North Korea will resist highly intrusive, comprehensive inspections. Even, if in the course of the to-be-hoped-for negotiations, North Korea agrees to intrusive inspections, the United States is unlikely to be fully satisfied. This report's authors would hypothesize that both China and South Korea will have a lower threshold for satisfaction with

verification arrangements than will Washington. This difference will generate additional friction between Washington, on the one hand, and Beijing and Seoul, on the other.

The Bush Administration strategy will have to explicitly settle for something less than precipitous regime change if it is to gain China's support, not to mention South Korea's. The United States needs to commit itself to what Deputy Defense Secretary Wolfowitz suggested in Singapore in May 2003, when he, in effect, said that North Korea should follow the path of China in opening and reform.<sup>397</sup>

The bottom line is that the United States can maintain the support of North Korea's neighbors in general, and China specifically, if the Administration moves off its desires for rapid regime change as the preferred option and if it has a strategy; that strategy must involve some recognition of the North's security concerns; that strategy must hold out a positive future for the North if it cooperates and a highly negative one if it does not. We need to conclusively see whether or not the North will discard its nuclear option for security. Only in the unhappy event that it becomes clear to everyone that there is no peaceful route to achieving this objective may China's neighbors be prepared to adopt more muscular approaches. Even then, the failure of the six-party talks could reveal that the current level of Sino-American cooperation merely masks a still divergent assessment of each country's bottom line core interests—denuclearization or stability in North Korea.



**Agreed Framework Between the United States of America and the Democratic  
People's Republic of Korea  
October 21, 1994<sup>398</sup>**

Delegations of the Governments of the United States of America (U.S.) and the Democratic People's Republic of Korea (DPRK) held talks in Geneva from September 23 to October 17, 1994, to negotiate an overall resolution of the nuclear issue on the Korean Peninsula.

Both sides reaffirmed the importance of attaining the objectives contained in the August 12, 1994 Agreed Statement between the U.S. and the DPRK and upholding the principles of the June 11, 1993 Joint Statement of the U.S. and the DPRK to achieve peace and security on a nuclear-free Korean peninsula. The U.S. and the DPRK decided to take the following actions for the resolution of the nuclear issue:

I. Both sides will cooperate to replace the DPRK's graphite-moderated reactors and related facilities with light-water reactor (LWR) power plants.

1) In accordance with the October 20, 1994 letter of assurance from the U.S. President, the U.S. will undertake to make arrangements for the provision to the DPRK of a LWR project with a total generating capacity of approximately 2,000 MW(e) by a target date of 2003.

-- The U.S. will organize under its leadership an international consortium to finance and supply the LWR project to be provided to the DPRK. The U.S., representing the international consortium, will serve as the principal point of contact with the DPRK for the LWR project.

-- The U.S., representing the consortium, will make best efforts to secure the conclusion of a supply contract with the DPRK within six months of the date of this Document for the provision of the LWR project. Contract talks will begin as soon as possible after the date of this Document.

-- As necessary, the U.S. and the DPRK will conclude a bilateral agreement for cooperation in the field of peaceful uses of nuclear energy.

2) In accordance with the October 20, 1994 letter of assurance from the U.S. President, the U.S., representing the consortium, will make arrangements to offset the energy foregone due to the freeze of the DPRK's graphite-moderated reactors and related facilities, pending completion of the first LWR unit.

-- Alternative energy will be provided in the form of heavy oil for heating and electricity production.

-- Deliveries of heavy oil will begin within three months of the date of this Document and will reach a rate of 500,000 tons annually, in accordance with an agreed schedule of deliveries.

3) Upon receipt of U.S. assurances for the provision of LWR's and for arrangements for interim energy alternatives, the DPRK will freeze its graphite-moderated reactors and related facilities and will eventually dismantle these reactors and related facilities.

-- The freeze on the DPRK's graphite-moderated reactors and related facilities will be fully implemented within one month of the date of this Document. During this one-month period, and throughout the freeze, the International Atomic Energy Agency (IAEA) will be allowed to monitor this freeze, and the DPRK will provide full cooperation to the IAEA for this purpose.

-- Dismantlement of the DPRK's graphite-moderated reactors and related facilities will be completed when the LWR project is completed.

-- The U.S. and DPRK will cooperate in finding a method to store safely the spent fuel from the 5 MW(e) experimental reactor during the construction of the LWR project, and to dispose of the fuel in a safe manner that does not involve reprocessing in the DPRK.

## *The United States and China: Facing International Security Challenges*

4) As soon as possible after the date of this document. U.S. and DPRK experts will hold two sets of experts talks.

-- At one set of talks, experts will discuss issues related to alternative energy and the replacement of the graphite-moderated reactor program with the LWR project.

-- At the other set of talks, experts will discuss specific arrangements for spent fuel storage and ultimate disposition.

II. The two sides will move toward full normalization of political and economic relations.

1) Within three months of the date of this Document, both sides will reduce barriers to trade and investment, including restrictions on telecommunications services and financial transactions.

2) Each side will open a liaison office in the other's capital following resolution of consular and other technical issues through expert level discussions.

3) As progress is made on issues of concern to each side, the U.S. and DPRK will upgrade bilateral relations to the Ambassadorial level.

III. Both sides will work together for peace and security on a nuclear-free Korean peninsula.

1) The U.S. will provide formal assurances to the DPRK, against the threat or use of nuclear weapons by the U.S.

2) The DPRK will consistently take steps to implement the North-South Joint Declaration on the Denuclearization of the Korean peninsula.

3) The DPRK will engage in North-South dialogue, as this Agreed Framework will help create an atmosphere that promotes such dialogue.

IV. Both sides will work together to strengthen the international nuclear non-proliferation regime.

1) The DPRK will remain a party to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and will allow implementation of its safeguards agreement under the Treaty.

2) Upon conclusion of the supply contract for the provision of the LWR project, ad hoc and routine inspections will resume under the DPRK's safeguards agreement with the IAEA with respect to the facilities not subject to the freeze. Pending conclusion of the supply contract, inspections required by the IAEA for the continuity of safeguards will continue at the facilities not subject to the freeze.

3) When a significant portion of the LWR project is completed, but before delivery of key nuclear components, the DPRK will come into full compliance with its safeguards agreement with the IAEA (INFCIRC/403), including taking all steps that may be deemed necessary by the IAEA, following consultations with the Agency with regard to verifying the accuracy and completeness of the DPRK's initial report on all nuclear material in the DPRK.

Kang Sok Ju- Head of the Delegation for the Democratic People's Republic of Korea, First Vice-Minister of Foreign Affairs of the Democratic People's Republic of Korea

Robert L. Gallucci- Head of the Delegation of United States of America, Ambassador at Large of the United States of America





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## **Executive Summary**

<sup>1</sup> Nailene Chou Wiest, "Sino-U.S. Bickering on Back Burner," *South China Morning Post*, September 12, 2003, p. 6.

<sup>2</sup> It is true, however, that Beijing is worried that this is simply a tactical adjustment by the Bush Administration to win short-term cooperation from China. Our sense is that the predominant intent in Washington is more than tactical. Even if it was predominantly tactical in intent, however, the protracted nature of the war on terrorism will morph it into a long-term strategy.

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## **Chapter 1: China's Role in the War on Terrorism**

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<sup>15</sup> See *Press Trust of India*, "Powell Praises China's in Role Reducing Indo-Pakistan Tensions," April 25, 2002; and, Interfax-Kazakhstan "China Strives for Peaceful Settlement of Indo-Pakistani Conflict, Official Says," June 4, 2002 (via Lexis-Nexis).

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<sup>123</sup> Interview with John Lewis Gaddis (<http://www.pbs.org/wgbh/pages/frontline/shows/iraq/interviews/gaddis.html>). See also Gaddis, "A Grand Strategy of Transformation," *Foreign Policy Magazine*, November/December 2002 (viewed on September 12, 2003 at [http://www.foreignpolicy.com/issue\\_novdec\\_2002/gaddis.html](http://www.foreignpolicy.com/issue_novdec_2002/gaddis.html)). In his classic, *Strategies of Containment*, Gaddis noted that the foreign policy orientation of the Republican Party historically had been toward a "strong point" strategy in which a few key areas were defined as vital and that commitments to more peripheral areas were minimized. This contrasted with a style of foreign policy in the Democratic Party, Gaddis argued, in which value commitments dictated foreign policy commitments. In turn, this often led to overcommitment. In this regard, foreign policy under the administration of George W. Bush has embraced democratic regime change in a broad range of areas, and this, we believe, runs the very real risk of overcommitment and ineffectiveness.

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