

# US and China at odds over North Korea

By John Chan  
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The growing rivalry between the US and China in Asia was again expressed last week in the two countries' conflicting approaches to North Korea. While Beijing pushed for Pyongyang to open up to foreign investors, Washington announced new sanctions that would inevitably impede such plans.

North Korean leader Kim Jong-il was in China for a five-day visit that ended on August 30. One purpose of the trip appears to have been to secure Chinese support for Kim to hand over power to his third son, Kim Jong-un. The North Korean leader, who is reportedly in ill health, is preparing to convene a congress this month of the ruling Stalinist Korean Workers Party—the first since 1980—to formalise the succession.

Beijing is concerned that North Korea's deep economic crisis will compound the political instability surrounding any handover of power. According to the Chinese media, discussions between Kim and Chinese leaders focussed on Beijing's demand for Pyongyang to accelerate pro-market restructuring and closer economic integration with China.

During his visit to Pyongyang last October, Chinese Wen Jiabao called for the creation of an "economic belt" between China and North Korea, which subsequently led to \$10 billion in infrastructure loans for North Korea. During the latest meeting with Kim in the northeastern Chinese city of Changchun, Chinese President Hu Jintao stressed that while North Korea's longstanding policy of "self-reliance" was important, it "cannot be separated from opening and cooperation".

Beijing's proposed "economic belt" would integrate North Korean cheap labour and port facilities with China's booming economic zones around the Yellow Sea and Bohai Sea, which are now the focus of major investment by multinational corporations. A Chinese company and Pyongyang signed an agreement this week to establish a container shipping route linking North Korea's Rason "special economic zone" to

foreign ports like South Korea's Busan and China's Qingdao. Pyongyang wants to make Rason "a base for world-class processing trade and international trade". The shipping line is part of a planned Changchun-Jilin-Tumen industrial zone in northeastern China, a landlocked area that will be connected to North Korean ports for exports. Within that zone, Beijing also plans to hire North Korean workers, whose wages are much cheaper than the Chinese.

Under pressure from Beijing, Kim reportedly indicated that his regime was ready to return to six-party talks over its nuclear programs (involving the US, China, Japan, Russia and the two Koreas). The negotiations broke down in December 2008. After President Barack Obama made no serious effort to restart them, North Korea last year tested a ballistic missile and carried out a second nuclear test, declaring it would not take part in the six-party talks again.

China, which sponsored the six-party talks, has been seeking a means for defusing tensions on the Korean Peninsula. For Washington, however, the nuclear issue has been a convenient means of intensifying pressure not only on North Korea but also China. The Obama administration responded to North Korea's nuclear test last year by pushing harsh new penalties against Pyongyang through the UN Security Council.

As Kim was winding up his visit to China, Obama signed an executive order on August 30 imposing new US sanctions on North Korea, targeting individuals and companies selling arms, importing luxury goods or assisting Pyongyang's alleged criminal activities such as money laundering, counterfeiting and narcotics trafficking.

Obama's announcement came just days after former President Jimmy Carter visited Pyongyang and negotiated the release of a US citizen, Aijalon Gomes, who had been arrested for illegally entering the country. The new sanctions effectively ended

speculation that Washington was preparing to resume negotiations with North Korea.

Among the North Korean entities named in Obama's order are Office 39 of the Korean Workers Party, and the Reconnaissance General Bureau of the North Korean army, as well as trading companies like Green Pine Associated Corp. US Treasury Undersecretary Stuart Levey told reporters that foreign as well as North Korean firms could be targeted. The US assets of named North Korean individuals and entities could be frozen and US companies would be barred from doing business with them.

Former Bush administration official Michael Green told the *Washington Post*: "In many respects, what's happening is the Obama administration is going to back the hard-line Bush approach to North Korea that Democrats had criticised." Selig Harrison from the Centre for International Policy warned that Obama's sanctions came at "exactly the wrong time" and made the resumption of the six-party talks "more difficult". In fact, that was precisely the Obama administration's aim.

The new sanctions follow the sinking of the South Korean warship, the Cheonan, resulting in the death of 46 sailors in March. South Korea and the US accuse North Korea of being responsible for the incident, despite Pyongyang's denials. Along with economic penalties, the US and South Korean navies recently held a major joint exercise off the Korean Peninsula in the Sea of Japan that included the aircraft carrier, the USS George Washington.

Further joint anti-submarine exercises were due to start on Sunday in the Yellow Sea—off the western coast of the Korean peninsula and even closer to China—despite protests from Beijing. The exercises have been delayed temporarily due to a typhoon warning, but the Chinese military held its own live-fire exercise in the Yellow Sea on September 3-6 to express its opposition to US actions.

The aggressive US policy has nothing to do with North Korea's nuclear programs. Washington is concerned that if tensions were resolved on the strategic Korean Peninsula, the two Koreas would be more closely integrated into North East Asia—the most economically dynamic region of the globe. China, now the world's second largest economy, would be a major beneficiary and the US would risk being left largely on

the sidelines. The North Korean nuclear "threat" is the means by which the US justifies its continued military presence in North East Asia, maintains its military alliances with South Korea and Japan, and blocks any economic consolidation of the region.

Well aware of Washington's motives, a recent editorial in the Chinese state-run *Global Times* called on the "international community... not to marginalise North Korea out of prejudice". It went on to accuse the US of exaggerating the "threat" posed by the small and poor country, calling on the US "not to bully North Korea anymore". It concluded with a veiled warning to Washington's Asian allies: "If the US does not cooperate, South Korea and Japan will have to reconsider their roles. Do they really want to be trapped in a knot made tighter by the US?"

In a bid to restart the six-party talks, China sent its top North Korean envoy Wu Daiwai to Washington last week, after stopping off in Pyongyang, Seoul and Tokyo. However, US State Department spokesman Philip Crowley declared: "There were some things that we were prepared to do back in the spring, and the sinking of the Cheonan made it impossible to pursue those actions. We are prepared to come back to that place, but before that is possible, we want to see North Korea fundamentally change its behaviour." In other words, the Obama administration will only resume talks on its terms.

Washington's reaction is one more sign of an increasingly belligerent US stance toward China throughout Asia and internationally that raises the danger of a broader confrontation between the two major economic powers.

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