

**THE SINKING OF THE *CHEONAN* AND
CHINA-NORTH KOREA RELATIONS**

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Executive Summary

1. The sinking of South Korean warship *Cheonan* in March 2010, allegedly by North Korea, has put the China-North Korea relationship in the global limelight and once again exposed the dilemma China faces in dealing with North Korea.
2. June 2010 marked the 60th anniversary of the outbreak of the Korean War. The *Cheonan* incident indicates that the Cold War has not really ended on the Korean peninsula. With the U.S. and Japan backing South Korea, and China and Russia unwilling to abandon North Korea, the Cold War-style political and strategic divide persists in Northeast Asia.
3. China-North Korea relations date back to the 1950-53 Korean War, during which the “Chinese People’s Volunteers” joined the North Korean People’s Army and fought the U.S.-led UN forces. The China-North Korea relationship was described to be as close as that between “lips and teeth”.
4. In August 1992, China and South Korea established diplomatic relations. China has adopted a “two Koreas” policy since then. China’s traditional relations with North Korea have been preserved, but economic, political, cultural and educational relations between China and South Korea have grown exponentially.
5. North Korea faces leadership succession. Kim Jong-il, who succeeded his father Kim Il-sung when the senior Kim died in 1994, reportedly suffered a minor stroke in August 2008 and his health has been declining. His youngest son, Kim Jong-un, seems the most likely person to succeed him.
6. After decades of secret research, North Korea tested nuclear weapons in 2006 and 2009 respectively.

7. The U.S. and China have a common interest in a non-nuclear Korean peninsula but have not come up with an effective measure to persuade North Korea to denuclearize. This is partly because North Korea is not their top policy concern, and partly because they are still searching for a better way to deal with North Korea without sacrificing their respective national interests.
8. China's dilemma lies in that it cannot simply cut off its long-standing ties with North Korea, which still has strategic and economic values for China. China is trapped in a strategic vicious cycle: the deeper the mistrust between the U.S. and China, the more valuable North Korea is to China.
9. There are three possible scenarios for North Korea: maintenance of the status quo, collapse and subsequent unification with or absorption by South Korea, and opening up and integration into the international community. The last scenario is arguably in the best interest of China and North Korea itself.
10. China can continue to play the mediatory role in the North Korea nuclear issue, and cooperate with other parties to transform the Six-Party Talks into an institutionalized mechanism to discuss the North Korea issue in the broad context of East Asian political economy. A confident, gradually opening and developing but nuclear-free North Korea serves the best interests of all parties.