

Breakingviews - Guest view: Chinese oil can fuel North Korea talks William Rhodes

NEW YORK (Reuters Breakingviews) – Nothing will concentrate the minds of North Korean leaders more than a Chinese oil embargo. Nearly 90 percent of the country’s petroleum comes across the border, giving Beijing enormous leverage. Cutting off these shipments would swiftly weaken the North’s military capacity and help restart negotiations.



North

Korean leader Kim Jong Un speaks during the Second Plenum of the 7th Central Committee of the Workers' Party of Korea (WPK) at the Kumsusan Palace of the Sun, in this undated photo released by North Korea's Korean Central News Agency (KCNA) in Pyongyang October 8, 2017. KCNA/via REUTERS.

The Chinese are already moving towards the ultimate oil sanction. They have announced that they will tighten banking support for North Korea, but this will take time and be pursued in a gradualist way to guard against any damage to China’s banks.

They have also just announced that starting on Oct. 1, China will cut annual exports of refined petroleum to North Korea by about 10 percent to two million barrels. This is a warning, I believe,

of tighter restrictions ahead; I expect the Chinese leadership may announce further action on oil trade during the month when President Donald Trump visits Beijing.

The key right now is to de-escalate the rhetoric so that paramount leader Kim Jong Un does not increase the tempo of missile and nuclear tests, with all the risks of devastating accidents they entail. Trump also needs to understand that securing China's full support will require that there be no international incident in the run-up to the vitally important 19th Congress of the Chinese Communist Party that starts on Oct. 18, a significant event that occurs every five years that typically sees a major reshuffle of the leadership. President Xi Jinping wants to enter this forum looking strong and emerge even stronger.

It is possible that the Chinese leadership has explained the importance of the congress to the White House, over diplomatic channels and otherwise. Steve Bannon may no longer have a White House office, but he almost certainly still has Trump's ear, and Bannon recently held a 90-minute meeting in China with Wang Qishan – Xi's most trusted colleague on the seven-member Politburo Standing Committee, the country's most powerful political body.

Xi's first important foreign guest after the congress concludes will be Trump. If Xi further consolidates power as expected, then the U.S. leader will confront a confident Chinese counterpart who may well be willing to deal on a whole array of issues, from trade and security in the South China Sea, to what to do about Kim Jong Un.

The Chinese do not want a greater humanitarian crisis in North Korea that could see a refugee migration into China, and so they will not pursue an across-the-board trade embargo. But a major cut-off in refined petroleum exports would hit North Korea's conventional forces hard enough.

Trump now needs to convince Xi to do just that. He may need to tone down tough trade rhetoric in exchange; he certainly needs to tone down the sabre-rattling. But whatever Trump does, international security requires maximum efforts by the Chinese to use their oil to force the North Koreans to the negotiating table.

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