

## Korean Peninsula Outlook and Policy Direction toward NK for the Latter Half of 2011

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Recently there have been certain changes in the regional situation surrounding the Korean Peninsula. Debate continues regarding international movements to aid North Korea and the prospect of a gas line project connecting South Korea, North Korea and Russia; there have also been inter–Korean contacts on the nuclear issue. Furthermore, inter–Korean exchanges in social, cultural and religious areas have been partially resumed, and the leader of South Korea’s ruling party recently visited the Kaesong Industrial Complex (KIC). These developments foreshadow a slight change from the direction relations have taken since the Cheonan and Yeonpyeong attacks.

It is hard to see these recent changes as signs of a larger strategic shift capable of changing the overall current of peninsular affairs; under current conditions it would be very hard to induce significant changes in the domestic situations within the two Koreas or the regional situation. In the year 2012 we will see a South Korean presidential election as well as major political transitions in each of the four major regional powers. Therefore it seems unlikely that we will see dramatic developments in the situation on the Korean peninsula or strategic compromises in the second half of 2011.

In the case of the US, considering that Korean peninsula issues have rarely been much of a factor in presidential elections, we are unlikely to see a sudden strategic shift in the US stance on North Korea issues. The US economy and global financial crisis are expected to be major election issues, and in foreign policy Iraq and Afghanistan will likely be the focus of attention. Therefore, the Republican Party's criticism of current North Korea policy notwithstanding, Obama will probably continue the strategy of preserving the status quo and managing tensions rather than presenting a new strategic approach to any North Korea issues.

In China the transfer of power is most predictable, and some strategic changes also fall within the realm of predictability. Despite the power transition in 2012, North Korea will remain within the scope of China's core national interests. Absent any sudden change in circumstances, China will continue to provide aid to North Korea and will not raise any particular objections to the Kim Jong Eun succession process. However China is also concerned that it lacks an effective means of controlling North Korea. This means China will have difficulty making strategic changes to its stance on NK issues in advance of the power transition, and will likely stick to a policy of preserving the status quo to the extent necessary to prevent the situation from getting worse.

In Russia's case, with support for current Prime Minister Vladimir Putin as high as 70%, the emergence of a President Putin/PM Medvedev government seems almost assured. Given the probable degree to which Putin has influenced foreign policy as prime minister, Russia will probably maintain its current Korea policy regardless of the change to its power structure. As Russia's strategic options toward the Korean Peninsula are limited, they are likely to continue pursuing practical benefits via their current pragmatic approach. This will most likely give some resilience to the trilateral gas line project.

Assuming he has no further health problems in 2012, Kim Jong Il's power base will likely remain largely unchanged. The power succession system will become more established, but the process itself will not have a weakening effect on Kim Jong Il's power base. The problem is that internal frictions may occur in the process of solidifying the successor system and reorganizing the ruling elite's power structure. North Korea must attend to several important tasks in 2012, such as celebrating the 100th anniversary of Kim Il Sung's birth and showing off its status as a "strong and prosperous nation." This is closely connected with the stability of the Kim Jong Eun succession system, and it is part of the reason why the North Korean people need tangible signs that the economy is changing for the better. North Korea needs to ease

the people's economic worries and give them a vision for the future in order to process the major domestic political agendas and secure the Kim Jong Eun succession system. Therefore heightened tensions on the peninsula and pointless provocations would be burdensome to North Korea as well. However, we cannot eliminate the possibility of unexpected provocations against the South by the military and hard-line anti-South factions if internal conflicts break out between hard-liners and soft-liners over the power succession.

In its current position it will be difficult for North Korea to offer solutions sufficient to satisfy South Korea's demands on issues such as the Cheonan and Yeonpyeong incidents. For North Korea, which must alleviate its food crisis in order to provide a celebratory atmosphere for the various events planned for 2012, improving inter-Korean relations and thereby obtaining resources in the process are essential tasks. The problem is that the military makes up the core support base of Kim Jong Il's regime and is key to the stability of the succession system. Desperate as it is to renew aid and inter-Korean economic cooperation, it is unlikely that North Korea would risk the displeasure of its military to bend to South Korea's demands regarding the Cheonan and Yeonpyeong attacks. Indeed North Korea faces a dilemma not unlike that of South Korea, between "upholding their previous position" and "making progress in inter-Korean relations." It is hard to see how North Korea achieved any of its intended results by sinking the Cheonan and shelling Yeonpyeong, and in order to pull off the domestic events it has planned for 2012 it will need to devote its energies not to heightening tensions but rather to seeking pragmatic cooperation with the South. Kim Jong Il's recent trips to China and Russia can be interpreted in the same context. At least until the end of 2011, North Korea will leave the door open for various forms of negotiation with the South. However, such moves will not go beyond the tactical dimension, and they most likely will delay making any strategic compromise until the next South Korean government takes office.

In South Korea's case two major political events, the general and presidential elections of 2012, will have a strong impact on its pursuit of North Korea policy. There are two sides to the "principled North Korea policy" concept. In the process of improving inter-Korean relations undertaken by the previous government, two key problems emerged: namely, "rewards for bad behavior" and "mono-directional inter-Korean relations guided by North Korea." In attempting to rectify these problems, the current government has achieved some results such as maintaining consistency and sending a clear message to the North, but it has failed to show clear and visible progress in inter-Korean relations. This may become an important issue in the two major elections of 2012 and may become a policy burden for the current

administration as it nears the end of its term.

The fundamental solution to the dilemma between “sticking to principle” and “achieving results in inter-Korean relations” can be found through strategic consistency and tactical flexibility. Correcting the “North Korea-led” mono-directional relationship is a key condition of sustainable progress in inter-Korean relations. Even acknowledging that there were some unavoidable aspects in the first stage of improving inter-Korean relations, under the current situation such tacit acceptance of past practices could have a negative effect on the predictability and stability of inter-Korean relations. For this reason we must maintain compliance with the strategic basis of the current North Korean policy, and therefore it would not be advantageous to accept a so-called “grand compromise” on the Cheonan and Yeonpyong issues. Abandoning our principles would send the wrong message to the North Korean side and imply a continuation of the same high-cost North Korea policy. To find a way out of this dilemma we need to proceed using a 1.5-track standard, backing up the strategic elements (track 1) with tactical considerations (track 2). This will help us to find a solution to the Cheonan and Yeonpyeong issues while offering a chance for limited improvement of inter-Korean relations.

First, we need to restart talks on the North Korean nuclear issue, such as the recent inter-Korean contacts. We need to be aware that so long as nuclear talks are suspended we can only look on passively as North Korea continues its nuclear development programs. Further, if the current breakdown in nuclear talks is prolonged, North Korea may even pursue drastic new actions to achieve a breakthrough. If we stick to our three key demands – suspension of nuclear/missile tests, suspension of production of enriched uranium, and re-admittance of nuclear inspectors – as absolute pre-requisites for restarting talks, then the talks may remain in limbo for quite some time. Thus the first thing we need to do is cooperate in the effort to restart nuclear talks, while seeking practical and feasible ways of achieving our three key demands.

The fact that cooperation at the Kaesong complex has continued despite the Cheonan and Yeonpyeong incidents demonstrates the need to maintain an established framework for inter-Korean cooperation. In particular, to prevent the complete breakdown of the Kungang tourism project, we must develop personal safety guarantees which are acceptable to North Korea and allow our side to keep face. In inter-Korean exchanges we must adhere to our principles of humanitarianism and reciprocity. While food shortages in North Korea remain serious, humanitarian aid must be kept separate from inter-Korean relations and steadily maintained. Of

course, monitoring systems must be bolstered and steps must be taken to prevent illegal diversion of aid materials. In inter-Korean exchanges, for the time being the issues of POWs and separated family reunions will have to be dealt with in a limited way and according to the principle of reciprocity. Under the Freikauf system, West Germany paid to have anti-regime political dissidents in East Germany released and sent to the West; we should consider ways in which a similar system could be applied to get South Korean POWs and abductees returned from the North. We should recall that the US pays for the effort to locate and return the remains of its fallen soldiers in the North.

If there is an inter-Korean summit opportunity, late this year or early next year would be the most appropriate time, considering the general and presidential elections in South Korea in 2012. Assuming it is not accompanied by a resolution to the Cheonan/Yeonpyeong debacle, such a summit would need to take on a more practical nature than that of the first and second inter-Korean summits. South Korea must play a central role in the ROK-DPRK-Russia gas pipeline project, and this could provide the opportunity for an inter-Korean summit. Aside from the economic benefits of the pipeline project, it may also give Russia some leverage over North Korea; thus the project deserves serious consideration. The biggest obstacle to this project is guaranteeing its stability and dispelling security concerns, so a firm agreement will need to be reached among the three countries. A trilateral summit could help move the gas pipeline project forward and also provide an opportunity to overcome the deadlock in inter-Korean relations. Through such a summit the three countries need to guarantee the security of the project and forge an agreement on measures to ensure safety. In the course of discussing the Cheonan/Yeonpyeong issue it would be only natural to extract an agreement on prevention of similar events in the future. If the task of reaching a satisfactory agreement proves too difficult, the three parties could form a system of trilateral talks for long-term discussion of those concerns. If the summit is held in Moscow or the Russian Far East it may be an effective way of reducing the political burden.

At present the most appropriate strategic goal is “building a sustainable structure for inter-Korean relations through adherence to principle.” At the same time, strategic flexibility is needed to overcome the deadlock in inter-Korean relations. Our government cannot ignore its responsibilities regarding the humanitarian problems of the North Korean people, and it must remain dedicated to the reunification effort. Furthermore, we should bear in mind that a prolonged continuation of the current deadlock in inter-Korean relations could weaken the position of moderate factions within the North during the emergence of the Kim Jong Eun successor system. We

must secure the dynamic energy needed to manage the tensions on the peninsula and reduce the burden on the next government by sticking to our principles and achieving results in inter-Korean relations, in order to build a consistent and sustainable North Korea policy.