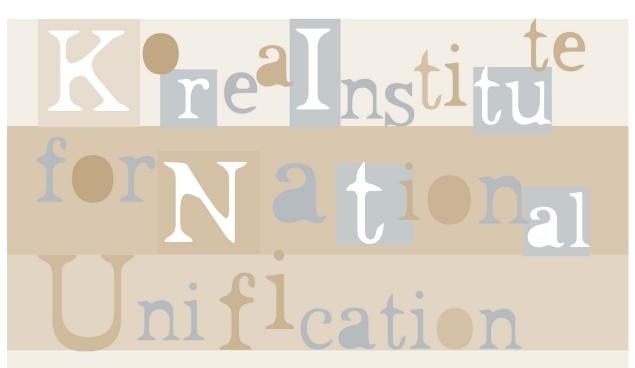
International Journal of Korean Unification Studies





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The Implications of the Cheonan Sinking: A Security Studies Perspective

Bruce E. Bechtol Jr.

Abstract

The March 26, 2010 sinking of the ROK ship Cheonan was a deliberate, well planned act of violence carried out by North Korean military forces. Evidence now available reveals a change in military leadership that enabled Special Operations Forces and other personnel in their missions to conduct brinkmanship and provocations in the Northern Limit Line area. In addition, the results of the investigation conducted by experts from five democratic nations provided compelling evidence regarding the type of naval craft used (submarine), the weapon used (torpedo), and the circumstances surrounding the day that a North Korean military attack was carried out against a ROK naval ship on a peaceful mission in its own sovereign waters. North Korean actions following the attack consisted largely of denial and defiance. These actions set back inter-Korean relations by at least a year. Thus, future provocations and brinkmanship in the Northern Limit Line area are not only possible, but likely. It is also likely that future acts of violence in the area will be conducted using different tactics, techniques, procedures, and perhaps even different kinds of military forces. Containment of Pyongyang's rogue behavior and deterrence against future provocations needs to be a high priority for the ROK-U.S. military alliance.

Key Words: North Korean military, Northern Limit Line, Cheonan, military provocation, U.N. controlled islands

On March 26, 2010, a North Korean mini-sub snuck across the "Northern Limit Line" (NLL), the de facto sea border on the west coast that separates the two Koreas, and launched what an investigation has now determined was a CHT-02D, indigenously produced, wake-homing torpedo at the ROK Navy ship Cheonan. The torpedo produced a bubble effect, causing an explosion that split the ship in half. Forty-six naval personnel (out of a crew of 104) perished in the attack. At the time of the attack, the Cheonan was not only sailing in waters south of the NLL, but it was in waters that even North Korea recognizes as being within South Korean sovereignty (see Figure 1).

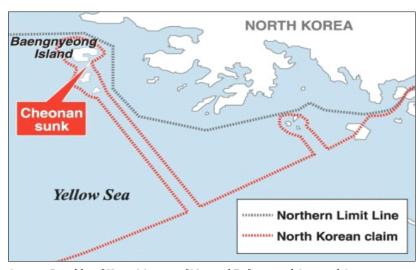


Figure 1. Location of Cheonan Sinking

Sources: Republic of Korea Ministry of National Defense, and Stars and Stripes.

The purpose of this essay will be to examine the implications behind the sinking of the Cheonan. In order to do so, I will first conduct

¹⁻ See "Investigation Result on the Sinking of the ROK's 'Cheonan'," Republic of Korea, Ministry of National Defense, May 20, 2010, URL: http://www.globalsecurity.org/military/library/report/2010/100520_jcmig-roks-cheonan/100520_jcmig-roks-cheonan.pdf.

analysis on events that occurred prior to the March 26 incident. I will also discuss the likely planning process and leadership/organizational changes that occurred prior to the incident that probably affected the way it was conducted. I will then begin an examination (in as close to chronological order as possible) of the events that ensued immediately following the sinking of the South Korean Corvette. Of course, it will be important to consider dissenting views on the evidence regarding the sinking of the Cheonan (though the evidence is overwhelming), and I will do so keeping an eye on the responses of other responsible analysts as these views arose in the press and at some levels in academia. Finally, I will discuss the actions of South Korea and its allies as the final results of the investigation of the sinking of its ship came to light, and the implications for the future that all of this brings.

Before I begin my analysis, I think it is important to point out that the sinking of the Cheonan was a provocation. While this may seem to be a minor point, it is important. As I have stated in past publications, most provocations North Korea carries out "have had four things in common: 1) they are intentionally initiated at moments when they have the likelihood of garnering the greatest attention on the regional and perhaps even the world stage; 2) they initially appear to be incidents that are relatively small, easily contained, and quickly "resolved"; 3) they involve continuously changing tactics and techniques; and 4) North Korea denies responsibility for the event."² Certainly this was the case for the sinking of the Cheonan. But before going into exact details of the incident, I believe it will be important to first examine the context of the events leading up to March 26, 2010.

²- Bruce E. Bechtol Jr., "The Cheonan Incident and North Korea's Northern Limit Line Strategy," AEI, Center for Defense Studies, May 25, 2010, URL: http://www.defensestudies. org/?p=2575.

Events Leading to the Cheonan Incident: Rhetoric and Brinkmanship

North Korea has truly made the NLL an issue that is a high priority and one that often involves violent acts of provocation - since 1999, when a short naval battle resulted in the sinking of a North Korean ship.³ In 2002, North Korea was able to "exact revenge," when in an act of cunning and well-planned violence, one of their ships sank a South Korean patrol craft - a vessel sailing south of the NLL and engaged in non-provocative behavior.⁴ The incident in 2002 raised alarm in South Korea and caused allies such as the United States to speak out against the action - but it did not end North Korea's provocative acts in the NLL (see Figure 2 for a map of the North Korean maneuvers during the 2002 provocation).

Baekryeeng Island:

West Sea

West Sea

North Korea

NLL

Ganghwa Island
South
Korea

Site of clash

Figure 2, North Korean NLL Provocation - 2002

Source: Republic of Korea, Ministry of National Defense.

³- Reid G. Miller, "S. Korea Sinks N. Korea Ship - About 30 N. Korean Sailors Believed Killed," *Seattle Times*, June 15, 1999, URL: http://www.thefreelibrary.com/S.+KOREA+SINKS+N. +KOREAN+SHIP+--+ABOUT+30+NORTH+KOREAN+SAILORS...-a064245394.

^{4- &}quot;The Naval Clash on the Yellow Sea on June 29, 2002 between South Korea and North Korea: The Situation and ROK's Position," Ministry of National Defense, Republic of Korea, July 1, 2002, URL: http://www.globalsecurity.org/wmd/library/news/rok/2002/00207 04-naval.htm.

There were other tensions in and around the NLL after the 2002 incident and leading up to the sinking of the Cheonan. But the latest spate of brinkmanship and tension building created by North Korea in the NLL began in January of 2009. It was then that a member of the North Korean military was displayed on Pyongyang's state-run television "demanding" South Korea stop its "hostile posture" in the NLL. The broadcast further commented that the North would "preserve" the sea border. Of course, the natural implication would be that North Korea would use military force to do so. Seoul took the remarks - intended for both South and North Korean ears - seriously, by placing its military on full alert for the first time since North Korea conducted a nuclear test in 2006.⁵ The North Koreans also threatened an "all out confrontational posture" in the NLL, blaming the South Koreans for what Pyongyang called violations of the de facto sea border that separates the two nations.⁶ In reaction to what Beijing likely perceived as increased tensions along the west coast of the Korean Peninsula, China ordered all of its fishing boats out of the area warning of possible violence that could occur there.⁷

Key leadership moves were made that enhanced North Korea's ability to conduct provocations in the NLL and placed Kim Jong-il's most trusted generals at the center of the planning process for any moves that might be made. Just weeks after the rhetoric began in January of 2009, General Kim Kyok-sik, formerly Chief of the General Staff, was named the new commander of the Fourth Corps of the North Korean army. The

⁵⁻ Ser Myo-ja and Kim Min-seok, "Seoul Goes on Alert After Sharp Attack by Pyongyang," JoongAng Ilbo, January 19, 2009, URL: http://joongangdaily.joins.com/article/view.asp? aid=2900020.

⁶⁻ Kim Hyun and Sam Kim, "Tensions Rise Over N. Korea's Renewed Sea Border Claim," Yonhap, January 17, 2009, URL: http://english.yonhapnews.co.kr/news/2009/01/17/ 0200000000AEN20090117002600315.HTML.

⁷- Sam Kim, "Chinese Boats Vanish as Tension Rises in Waters Between Koreas," Yonhap, Feb. 10, 2009, URL: http://english.yonhapnews.co.kr/national/2009/02/10/97/030100 0000AEN20090210006900315F.HTML.

Fourth Corps borders the NLL. Kim Kyok-sik is well known as one of Kim Jong-il's most trusted generals. Thus, it is likely that he was put in his new position because of the trust that Kim Jong-il has in him, and because he could help to plan for activities in the NLL area. On paper, it would appear that a move from Chief of the General Staff to corps commander is a demotion - when in fact, it was likely a move made because of the importance of the mission at hand (conducting provocations in the NLL).

Very soon after the moves involving Kim Kyok-sik were made, another important position shuffling of a key general occurred. The head of the Operations Department (which at the time was under the authority of the Korean Workers' Party), General O Kuk-ryol, was moved to a senior position on the National Defense Commission (NDC), the chief command and control organ of the DPRK's armed forces. 10 Soon thereafter, the Operations Department (which has conducted many of North Korea's clandestine operations) was taken out from under the umbrella of the Korean Workers' Party and placed under the control of the Reconnaissance Bureau — the DPRK's military organization that controls everything from Special Operations Forces (SOF) to intelligence, to clandestine infiltrations into South Korea. The Reconnaissance Bureau also comes under the control of the NDC.11 It is clear, based on the evidence, that O Kuk-ryol was also likely involved in the planning of the recent NLL provocations and brinkmanship, as it appears the mini-sub that attacked the Cheonan was probably a Reconnaissance Bureau vessel (I will discuss this more

⁸- John McCreary, "Nightwatch: February 11, 2009," *AFCEA Intelligence*, February 11, 2009, URL: http://nightwatch.afcea.org/NightWatch_20090211.htm.

⁹⁻ For more about Kim Kyok-sik's background and reassignment, see "A Provocation by General Kim Kyok-sik Plotting Comeback in Pyongyang?" *JoongAng Ilbo*, March 16, 2009, URL: http://nk.joins.com/news/view.asp?aid=3335047&cont=news_polit.

^{10 - &}quot;N. Korea's Kim Picks Hawk for Top Military Post," AFP, February 20, 2009, URL: http://asia.news.yahoo.com/090220/afp/090220064136asiapacificnews.html.

[&]quot;I- See Jeong Yong-soo, "North Korea's Military Strengthens its Grip," *JoongAng Ilbo*, April 21, 2009, URL: http://joongangdaily.joins.com/article/view.asp?aid=2903832.

later), and not subordinate to the North Korean navy (O was likely involved at all levels of planning). Thus, the appointments of key people who would plan for provocations in the NLL coincided with an uptick in rhetoric regarding the disputed border area - both in early 2009. Key shifts in these leadership positions of key personnel within the party and the military helped to enable operations that took several months to build up for - as everyone would see from events that occurred in the late fall and winter of 2009 and in 2010.

Once the key players were in place, there were two key events that occurred prior to the attack on the Cheonan. The first was a naval skirmish that occurred on November 10, 2009, when a North Korean patrol boat violated the NLL near Daecheong Island (one of the five UN controlled islands patrolled by ROK navy craft and protected ashore by ROK Marines). The North Korean ship fired at a South Korean craft, which returned fire immediately. The South Korean ship reportedly pumped more than 4,900 rounds into the North Korean ship in less than two minutes, leaving it badly damaged and limping home. According to reports that leaked out of North Korea and were discussed in the South Korean press, Kim Jong-il vowed to military officers that he would seek revenge for the small defeat. 12 The event received little attention in the South Korean press at the time or in the United States.

The second event that occurred prior to the attack on the Cheonan was a large-scale artillery live fire exercise that North Korea conducted off of its west coast at the end of January, 2010. The army conducted what appeared to be "time on target" drills. In other words, different types of

¹²- For more detailed information about the short skirmish that occurred on November 10, 2009, and the reported vow of revenge by Kim Jong-il, see "North Korean Officer Says North Sank Cheonan," Chosun Ilbo, April 20, 2010, URL: http://english.chosun.com/ site/data/html_dir/2010/04/20/2010042000972.html; "Rumors Link Cheonan Sinking to Revenge for Naval Skirmish," Chosun Ilbo, April 19, 2010, URL: http://english. chosun.com/site/data/html_dir/2010/04/19/2010041901395.html.

artillery were used and fired at different times and from different ranges, with the goal being simultaneous volleys of rounds landing on a single target. The drills occurred almost right next to the NLL. The North Korean artillery involved reportedly consisted of coastal artillery pieces, multiple rocket launchers, and self-propelled howitzers. Over a period of three days, North Korea pounded the waters near the NLL - with some shells reportedly falling less than two kilometers from the de facto sea border. Close to 400 live rounds were fired in an event that was obviously meant to intimidate Pyongyang's neighbor to the South. This act of provocation received a great deal of attention in South Korea. 13 It may also have been a "practice run" for an artillery attack against one of the U.N. controlled islands in the NLL on November 23, 2010 (which I will describe later).

The Sinking of the Cheonan: How Did It Occur?

The sinking of the Cheonan occurred before 9:45 pm on the night of March 26, 2010. The Cheonan, a Corvette in service in the South Korean navy since 1989, was a 1,200 ton ship equipped with missiles and torpedoes, and was on a routine mission south of the NLL at the time. 14

^{13 -} For more details of the live-fire artillery drills conducted by North Korea near the NLL during January of 2010, see "DPRK Fires Artillery Again Near Disputed Sea Border: Gov't," Xinhua, January 28, 2010, URL: http://english.cctv.com/20100129/102716. shtml; "N. Korea Fires Artillery Near Sea Border for Third Day," AFP, January 29, 2010, URL: http://www.france24.com/en/20100129-nkorea-fires-artillery-near-border-thirdday; "N. Korean Artillery Fire was Time-on-Target Drill," Chosun Ilbo, January 29, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/01/29/2010012900402.html; "N. Korea Resumes Shooting, Agrees to Help Recover U.S. War Remains," Yonhap, January 28, 2010, URL: http://english.yonhapnews.co.kr/national/2010/01/28/59/03 01000000AEN20100128004300315F.HTML; Yoo Jee-ho, and Lee Min-yong, "North's Action Called Measured Message," Joong Ang Ilbo, January 29, 2010, URL: http://joong angdaily.joins.com/article/view.asp?aid=2915953.

^{14 -} See "S. Korean Ship Sinking in Yellow Sea," Yonhap, March 26, 2010, URL: http://english. yonhapnews.co.kr/national/2010/03/27/13/0301000000AEN20100327000100315 F.HTML; Shin Hae-in, "S. Korea Continues Rescue Operations on Sunken Ship,"

Reportedly, an unusual North Korean "scout plane" formation flew near the area immediately after the sinking of the ship. 15 Initial statements from the captain of the ship indicated that it split in half five minutes after an explosion occurred. 16 At a briefing session with the South Korean press Choi Won-il, the commander of the sunken ship, stated, "Suddenly, I heard a loud "bang" sound from the rear of the vessel, and it started to list toward the right side. Then all power and communication means were lost." One of the other officers, Lieutenant Park Yeon-su, stated, "I don't think the ship was wrecked on a rock, and neither by an explosion inside. That's not possible. I'm almost sure. So there's a possibility that the ship was attacked. But I don't have proof at the moment."17

By March 30, 2010, the ROK Navy had tentatively concluded that the sinking of the Cheonan was not due to an internal explosion. 18 Survivors from the sinking testified that the ship broke in two after it shot up into the air - broken in half from an external explosion. 19 Soon thereafter, it was revealed that another ship - the Corvette Sokcho - fired more than 130 shots at what crewmembers thought was a North Korean target in the area. The Sokcho rushed to the scene after the explosion. A map revealing the times and locations of South Korean ships in the area

Yonhap, March 27, 2010, URL: http://english.yonhapnews.co.kr/national/2010/03/27/ 77/0301000000AEN20100327002900315F.HTML.

^{15 -} DPRK's Scout Planes Reportedly Come Down Near NLL March 26," KBS TV (in Korean), March 28, 2010, URL: http://www.kbs.co.kr/plan_table/channel/ltv/index.html.

¹⁶⁻ Lee Tae-hoon, "More Questions Raised than Answered Over Sunken Ship," Korea Times, March 28, 2010, URL: http://www.koreatimes.co.kr/www/news/nation/2010/03/ 113_63157.html.

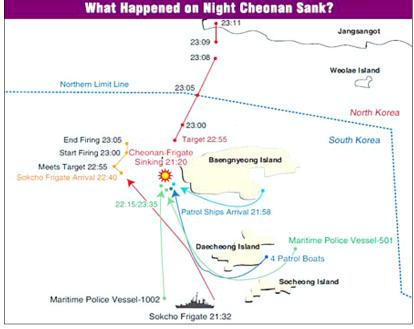
¹⁷- Oh Kyu-wook, "Testimonies from Survivors," Korea Herald, March 28, 2010, URL: http://www.koreaherald.co.kr/NEWKHSITE/data/html_dir/2010/03/29/201003290 037.asp.

¹⁸⁻ Lee Chi-dong, "Navy Rules Out Internal Explosion as Cause of Ship Sinking," Yonhap, March 30, 2010, URL: http://english.yonhapnews.co.kr/national/2010/03/30/030100 0000AEN20100330009200315.HTML.

¹⁹- "New Clues to Sinking of the Cheonan Emerge," Chosun Ilbo, March 31, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/03/31/2010033100669.html.

is shown in Figure 3.

Figure 3. South Korean Ship Locations Near Cheonan Sinking
- March 26, 2010



Source: Korea Times.

By March 31 of 2010, press sources had revealed that there were reports that a North Korean submarine had left its base on the west coast which would be the most likely place one of their underwater vessels would deploy from.²⁰ But according to reports at the time, the ROK Navy did not initially detect any submarines near the Cheonan on the night of the sinking.²¹ By early April it began to appear - with some clarity - that

^{20 - &}quot;N. Korean Submarine 'Left Base Before the Cheonan Sank'," Chosun Ilbo, March 31, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/03/31/20100331010 24.html.

²¹- "No North Korean Submarine Detected on Night Navy Ship Sank," Yonhap, April 1,

North Korea may have been responsible for the sinking of the Cheonan. A senior military officer was reported as saying that there was a 60 to 70 percent chance that the Cheonan was sunk by a torpedo.²² South Korea's defense minister at the time cautioned that salvage operations must first occur and until then all possibilities must be looked at.²³ He also stated, however, that the seismic wave detected at the time of the explosion was consistent with what would be caused by a North Korean torpedo.²⁴ In a move designed to show deliberate investigation techniques and transparency, during the first week of April, South Korea announced that it intended to request help from U.S. experts in determining what caused the sinking of the Cheonan.²⁵

During the second week of April 2010, the South Korean government announced that it had won agreement from four nations to take part in the investigation of the sinking of the Cheonan. All four nations sent experts to participate in the investigation, and those participating included the United States, the United Kingdom, Australia, and Sweden.²⁶ The foreign experts were involved in all aspects of the investigation.²⁷ By April 12, after several days of unsuccessful salvage operations, military

2010, URL: http://english.yonhapnews.co.kr/news/2010/04/01/0200000000AEN20 100401010300315.HTML.

²²- "Suspicion of N. Korean Hand in Sinking Mounts," Chosun Ilbo, April 2, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/04/02/2010040200382.html.

²³- Christine Kim, "South Korea Says Torpedo May Have Sunk Navy Ship," Reuters, April 2, 2010, URL: http://news.yahoo.com/s/nm/20100402/wl_nm/us_korea_ship_1.

²⁴- Kang Min-Seok and Lee Min-yong, "Torpedo Likely Cause of Sinking," *JoongAng Ilbo*, April 3, 2010, URL: http://joongangdaily.joins.com/article/view.asp?aid=2918721.

²⁵- "Seoul Requests Washington's Help in Finding Cause of Warship Explosion," Yonhap, April 5, 1010, URL: http://english.yonhapnews.co.kr/national/2010/04/05/98/03010 00000AEN20100405004600315F.HTML.

²⁶- Shin Hae-in, "Overseas Experts to Assist Probe of Sunken S. Korean Ship: Official," Yonhap, April 8, 2010, URL: http://english.yonhapnews.co.kr/news/2010/04/08/020 0000000AEN20100408007000315.HTML.

²⁷- Jung Sung-ki, "Multinational Joint Investigation Team to Examine Wreckage to Uncover Cause of Ship Sinking," Korea Times, April 15, 2010, URL: http://www.korea times.co.kr/www/news/nation/2010/04/205_64257.html.

divers were well on their way to linking chains and hoisting the hull of the Cheonan above the surface of the water for investigation.²⁸ By April 13, as part of the ship had been lifted out of the water and moved to a better location, analysis revealed that it had been ripped apart, thus removing the possibility of a wreck from impact with a rock or metal fatigue.²⁹ In addition, because the weapons on the ship remained intact, an internal blast causing the wreck was rendered nearly impossible.³⁰ Yoon Duk-young, one of the leaders of the South Korean investigation team was quoted as saying, "The results of the investigation into the waters where the vessel submerged and the probe into the inside of the ship show a low possibility of a collision with a reef or metal fatigue of the ship." He further stated, "The hull and steel plates of the bottom of the stern were bent inward due to pressure from the left, and the right side of the stern was damaged and bent outward."31

As details from the evidence recovered in the investigation began to seep out, it began to become obvious that the attack had come from a torpedo launched by a North Korean submarine - a Reconnaissance Bureau submarine (not a submarine subordinate to the Navy). On April 9, 2010, an unidentified government official alleged to the press that not only was a North Korean torpedo the cause of the Cheonan sinking, but it was a torpedo launched by an SOF craft (subordinate to the Reconnaissance Bureau).32 Two days earlier, Kim Hak-song, the Chairman of

²⁸- "S. Korea to Move Part of Sunken Ship Amid Bad Weather," Yonhap, April 12, 2010, URL: http://english.yonhapnews.co.kr/national/2010/04/12/40/0301000000AEN2010 0412008000315F.HTML.

²⁹- Jung Sung-ki, "More Weight Put on Outside Impact for Ship Sinking," Korea Times, April 13, 2010, URL: http://www.koreatimes.co.kr/www/news/nation/2010/04/205 64153.html.

³⁰- Lee Tae-hoon, "External Impact Likely Cause of Ship Sinking," Korea Times, April 15, 2010, URL: http://www.koreatimes.co.kr/www/news/nation/2010/04/113_64242.html.

^{31- &}quot;External Explosion Likely Caused Sinking," Donga Ilbo, April 16, 2010, URL: http:// english.donga.com/srv/service.php3?biid=2010041748108.

³²- Pak Pyong-chin and Na Ki-chon, "Sinking of ROK's Cheonan Attributed to General

the National Assembly's Defense Committee, alleged to the press that North Korean mini-submarines had disappeared from military surveillance between March 23 and 27.33 According to Ha Tae-keung, who operates Open Radio for North Korea, citing sources in North Korea (in a report that came out in May of 2010), two submarines conducted a planned intrusion into South Korean waters. A larger sub supported a smaller mini-sub - which he said was carrying two torpedos.³⁴ A map of the bases in North Korea on the west coast that support submarines is shown in Figure 4.



Figure 4. North Korea's Submarine Capability

Source: Korea Times.

During May of 2010, the South Korean Defense Ministry confirmed that the Reconnaissance Bureau was in fact the most likely suspect in

Reconnaissance Bureau of North," Segye Ilbo (in Korean), April 10, 2010, URL: http://www.segye.com/Articles/Main.asp.

³³ - "Lawmaker Points to Signs Linking N. Korean Sub to Shipwreck," *Chosun Ilbo*, April 6, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/04/06/20100406003 50.html.

³⁴- "N. Korean Leadership 'Closely Involved in Cheonan Sinking'," Chosun Ilbo, May 27, 2010, URL: http://english.chosun.com/site/data/html dir/2010/05/27/20100527014 65.html.

the sinking of the Cheonan. Government sources also reported to the press that the most likely culprit in the torpedo launch and sinking of the Cheonan was the 130 ton Yeoneo-class submarine. 35 Reportedly, intelligence agencies also confirmed during May that North Korea purchased underwater radio communications equipment from China and Russia. 36 Former North Korean submarine crew member Lee Kwang-soo was the lone member of a Sango-class submarine crew who was captured alive in 1996. In a rare interview, he described some of the capabilities of the Yeoneo-class submarine, "I received helmsman training for submarines from Romeo class down to midget subs; the Yeoneo class sub is a modified version of the Yugo class." He further stated, "Yugo class submarines have a torpedo tube, but the Yeoneo class does not. Yeoneo class subs have a medium-sized torpedo fitted to both sides and are launched by applying an electrical charge."37 North Korea has also proliferated the Yeoneo-class submarine to Iran - a country that likely finds the submarine to be very useful in coastal waters that are very shallow, much like those off the west coast of the Korean Peninsula.38 Despite North Korean denials that the Yeoneo-class submarine even exists, the Daily NK was able to use Google Earth satellite imagery to show pictures of the 29-meter-long naval craft in port at a naval base on the west coast of North Korea.39

35 - Kim So-hyun, "Reconnaissance Bureau is Heart of N.K. Terrorism," Korea Herald, May 26, 2010, URL: http://www.koreaherald.com/national/Detail.jsp?newsMLId=20100 526000675

³⁶_ "N. Korea Sharply Increased Underwater Military Training in 2009: Sources," Kyodo News, May 16, 2010, URL: http://www.breitbart.com/article.php?id=D9FNSBB00& show_article=1.

^{37 -} Shin Joo-hyun, "North Korean Submarine Helmsman Breaks 14-Year Silence," *Daily NK*, June 1, 2010, URL: http://www.dailynk.com/english/read.php?cataId=nk02500&num=6445.

³⁸- Yoshiro Mkino, "U.S., ROK Confirm North Korean Sub Exported to Iran," *Asahi Shimbun* (in Japanese), June 9, 2010, URL: http://www.asahi.com.

^{39 -} Kim Tae-hong, "Google Earth Torpedoes North Korean Lie," Daily NK, June 1, 2010, URL: http://www.dailynk.com/english/read.php?cataId=nk00100&num=6444.

Getting back to the chronological examination of how events evolved following the sinking of the Cheonan, in mid-April, the investigation team reported that it had tentatively concluded that the ship had been sunk by an external explosion causing a water shock wave - known as the "bubble jet" effect. 40 Officials also confirmed that North Korea had increased training designed to launch a provocation during 2010.41 Later in the month, a North Korean party cadre leaked (probably via cell phone) to sources in South Korea that the sinking of the Cheonan was proudly being discussed in party lectures. Quoting one such lecture the North Korean said that the secretary of a party cell announced, "Since our heroic Chosun People's Army took revenge on the enemy, all South Chosun has been in fear of our defensive military ability."42 During the same time frame, Kim Jong-il publicly visited "Unit 586," a unit designator widely believed to refer to the Reconnaissance Bureau (perhaps to congratulate them on their successful infiltration and attack of a ROK naval craft).43 Also near the end of the month, South Korea's defense minister publicly stated that it was likely a torpedo exploding under the hull of the Cheonan that caused the sinking of the ship. 44 The team of investigators also confirmed at this time that it was likely a "non-contact explosion" from a torpedo that caused the sinking of the Cheonan. 45 And in perhaps

^{40 - &}quot;Cheonan Sinking Likely Caused by Bubble Jet from Explosion," Hankyoreh Daily, April 17, 2010, URL: http://english.hani.co.kr/arti/english_edition/e_national/416519.html.

⁴¹- "Military Intelligence Immediately Suspected N. Korea in Ship Sinking: Source," *Yonhap*, April 22, 2010, URL: http://english.yonhapnews.co.kr/national/2010/04/22/10/0301000000AEN20100422007000315F.HTML.

⁴²- Lee Sung-jin, "Cheonan Sinking Rumor Proudly Circulating in North Korea," *Daily NK*, April 27, 2010, URL: http://www.dailynk.com/english/read.php?cataId=nk01500&rum=6286.

^{43 -} Kim So-hyun, "Kim Visits Army Unit Spying on S. Korea," Korea Herald, April 27, 2010, URL: http://www.koreaherald.com/national/Detail.jsp?newsMLId=20100427000663.

⁴⁴⁻ Evan Ramstad, "Standoff Over Ship Escalates," Wall Street Journal, April 25, 2010, URL: http://online.wsj.com/article/SB100014240527487044467045752054008338 58626.html?KEYWORDS=EVAN+RAMSTAD.

⁴⁵- "Non-Contact Explosion' the Most Likely Cause of Sinking: Official," Yonhap, April 25,

one of the more important developments during April by the investigative team, the Defense Ministry ruled out any possibility that it was an "old South Korean mine" that caused the sinking of the Cheonan, eliminating any assessments that an old mine placed near the de facto sea border may have caused the tragedy. ⁴⁶ During the same time frame, Seoul announced that it would brief both Chinese and Russian officials on the results of the investigation. ⁴⁷

By May 18, 2010, the evidence regarding the type of weapon used to sink the South Korean ship was becoming yet more clear. Investigators disclosed in public that they had discovered pieces of a propeller from a torpedo in the wreckage of the Cheonan. Investigators also revealed that traces of explosive residue recovered from the wreckage were identical to that which would be contained in a North Korean torpedo. Investigators soon thereafter disclosed that the initial results of the investigation would be completely revealed to 30 major nations and the international press. Seoul invited envoys from dozens of countries to attend the hours-long briefing. In a rather stunning disclosure,

2010, URL: http://english.yonhapnews.co.kr/national/2010/04/25/60/0301000000 AEN20100425002000315F.HTML.

^{46- &}quot;S. Korean Mine Ruled Out as Cause of Ship Sinking," Yonhap, April 28, 2010, URL: http://english.yonhapnews.co.kr/news/2010/04/28/0200000000AEN201004280041 00315.HTML.

^{47 -} Byun Duk-kun, "Seoul Seeks Support of China, Russia to Refer Warship Sinking to U.N.," *Yonhap*, April 28, 2010, URL: http://english.yonhapnews.co.kr/national/2010/04/28/40/0301000000AEN20100428008000315F.HTML.

^{48 - &}quot;Cheonan Investigators Find Pieces of Torpedo Propeller," Chosun Ilbo, May 18, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/05/18/2010051800420.html.

⁴⁹⁻ Song Sang-ho, "Explosive Traces Identical to Those of N.K. Torpedo," Korea Herald, May 18, 2010, URL: http://www.koreaherald.com/national/Detail.jsp?newsMLId=20 100518000726.

⁵⁰ - "Cheonan Probe Results to go to 30 Major Nations," *Donga Ilbo*, May 19, 2010, URL: http://english.donga.com/srv/service.php3?bicode=050000&biid=2010051961128.

^{51 -} Sam Kim, "S. Korea Briefs Envoys of China, Russia, Japan on Warship Sinking," Yonhap, May 19, 2010, URL: http://english.yonhapnews.co.kr/northkorea/2010/05/19/33/040 1000000AEN20100519004100315F.HTML.

investigators also revealed North Korean fonts were found on fragments of the torpedo. The torpedo was said to be powered by two propellers rotating in opposite directions.⁵²

Initial Investigation Results and the Aftermath: Sanctions and Denials

The initial results from the Joint Civilian-Military Investigative Group (JIG) were both compelling and well documented in a large - and very long (several hours) - briefing that was broadcasted live on South Korean television. The JIG consisted of 25 experts from South Korea and 24 foreign experts who constituted four support teams, from the United States, the United Kingdom, Australia, and Sweden. The report stated that, "The JIG assesses that a strong underwater explosion generated by the detonation of a homing torpedo below and to the left of the gas turbine room caused Republic of Korea Ship (ROKS) 'Cheonan' to split apart and sink." They addressed the torpedo as follows, "The evidence matched in size and shape with the specifications on the drawing presented in introductory materials provided to foreign countries by North Korea for export purposes. The marking in Hangul, which reads '1번' (or No. 1 in English), found inside the end of the propulsion section, is consistent with the marking of a previously obtained North Korean torpedo. The above evidence allowed the JIG to confirm that the recovered parts were made in North Korea." The report addressed the type of submarine used in the attack as follows, "The North Korean military is in possession of a fleet of about 70 submarines, comprised of approximately 20 Romeo class submarines (1,800 tons), 40 Sango class submarines (300 tons) and 10

⁵²⁻ Jung Sung-ki and Kang Shin-who, "North Korea Lettering Discovered on Torpedo Fragments," Korea Times, May 19, 2010, URL: http://www.koreatimes.co.kr/www/news/nation/2010/05/205_66153.html.

midget submarines including the Yeoneo class (130 tons)," further stating in part, "Given the aforementioned findings combined with the operational environment in the vicinity of the site of the incident, we assess that a small submarine is an underwater weapon system that operates in these operational environment conditions. We confirmed that a few small submarines and a mother ship supporting them left a North Korean naval base in the West Sea 2-3 days prior to the attack and returned to port 2-3 days after the attack." The final assessment was also very clear, "Based on all such relevant facts and classified analysis, we have reached the clear conclusion that ROKS 'Cheonan' was sunk as the result of an external underwater explosion caused by a torpedo made in North Korea. The evidence points overwhelmingly to the conclusion that the torpedo was fired by a North Korean submarine. There is no other plausible explanation."53

The results of the investigation as revealed by the public (televised) report were very interesting, and left no doubt that it was a North Korean submarine that was responsible for the sinking of the ROK ship Cheonan (for a map of where the submarines and perhaps the "mother ship" supporting them deployed from and the route to the Cheonan that they likely took, see the map in Figure 5). A question and answer session following the briefing was also important. Lieutenant General Kang Won-dong stated that the team was able to conclude that it was a Yeoneo-class submarine that conducted the attack and that the craft infiltrated South Korean waters via the fringes of international waters which helped it to avoid detection in the murky waters off of the west coast of the Korean Peninsula. The JIG team also noted that one Sango-class submarine and one Yeoneo-class submarine had departed port

^{53 -} Joint Civilian-Military Investigative Group, "Investigation Result on the Sinking of ROKS 'Cheonan,' Republic of Korea, Ministry of National Defense," May 20, 2010, URL: http://www.mnd.go.kr/mndEng_2009/WhatsNew/RecentNews/

before the attack.⁵⁴ Immediately following the formal open briefing, the United States condemned the North Korean attack, and supported the results of the probe, with White House Press Secretary Robert Gibbs calling the North Korean attack unacceptable.⁵⁵ Predictably, the North Korean government immediately denied any involvement in the attack and called the investigation a fabrication.⁵⁶

Immediately following the public briefing of the JIG investigation results, on May 21, President Lee Myong-bak called an emergency meeting of the ROK National Security Council to address what punitive measures Seoul would take against its neighbor to the North for the violent, unprovoked act on March 26.⁵⁷

Anticipated base

Northern Limit Line (NLL)

Baekryong Island

Figure 5, Estimated N.K. Submarine Infiltration Route

Source: Republic of Korea, Ministry of National Defense.

⁵⁴⁻ Chris Green, "Q&A Reveals Cheonan Disaster Details," Daily NK, May 20, 2010, URL: http://www.dailynk.com/english/read.php?cataId=nk00100&num=6395.

⁵⁵⁻ Hwang Doo-Hyong, "U.S. Denounces N. Korea for Torpedoing S. Korean Warship," Yonhap, May 19, 2010, URL: http://english.yonhapnews.co.kr/news/2010/05/20/02 00000000AEN20100520004600315.HTML.

^{56 -} Kim Deok-hyun, "S. Korea Confirms North's Torpedo Sank Warship," Yonhap, May 20, 2010, URL: http://english.yonhapnews.co.kr/national/2010/05/20/50/0301000000AEN 20100520005000315F.HTML.

⁵⁷- Lee Chi-dong, "Lee Convenes NSC Meeting for Countermeasures Against N. Korea," Yonhap, May 21, 2010, URL: http://english.yonhapnews.co.kr/national/2010/05/21/73/ 0301000000AEN20100521002100315F.HTML.

Seoul announced that action would be sought with the U.N. Security Council. 58 Meanwhile, in a poll taken two days after the JIG briefing, by the Korea Research Center, 72 percent agreed that the Cheonan's sinking was caused by North Korea as presented by the JIG.⁵⁹ United Nations Command in Seoul announced that it planned to investigate whether the torpedo attack was a violation of the armistice from the Korean conflict (a question easily answered in my view).60

In a speech that he gave on May 24, 2010, President Lee announced many of the punitive actions that South Korea planned to take against the North. A key move that he articulated was, "From this moment, no North Korean ship will be allowed to make passage through any of the shipping lanes in the waters under our control, which has been allowed by the Inter-Korean Agreement on Maritime Transportation. The sea routes meant for inter-Korean exchanges and cooperation must never again be used for armed provocations." He further noted, "Trade and exchanges between the Republic of Korea and North Korea will also be suspended. We still remember the killing of an innocent South Korean tourist by a North Korean armed guard at the Mt. Kumgang resort. More recently, North Korea unilaterally confiscated South Korean assets at this same resort. Worse yet, the North sank the Cheonan taking the precious lives of our young sailors. Under these circumstances, any inter-Korean trade or other cooperative activity is meaningless. However, we will continue to provide assistance for infants and children. Matters pertaining to the Gaesong Industrial Complex will be duly considered, taking its unique

^{58- &}quot;S. Korea to Seek U.N. Resolution on N. Korea Over Ship Attack," Yonhap, May 23, 2010, URL: http://english.yonhapnews.co.kr/national/2010/05/23/52/0301000000AEN 20100523000400315F.HTML.

⁵⁹- "72 Pct. Say N.K. Caused Cheonan Sinking," Donga Ilbo, May 22, 2010, URL: http:// english.donga.com/srv/service.php3?bicode=050000&biid=2010052219238.

^{60 -} Kim Deok-hyun, "U.N. Command to Probe Whether N. Korea Violated Armistice," Yonhap, May 21, 2010, URL: http://english.yonhapnews.co.kr/national/2010/05/21/ 12/0301000000AEN20100521002400315F.HTML.

characteristics into consideration." Finally, he referred to the U.N. when he said, "In close consultations with the nations concerned, the Government will refer this matter to the U.N. Security Council, so that the international community can join us in holding the North accountable. Many countries around the world have expressed their full support for our position."61

On May 24, 2010, South Korea announced a ban on travel for all of its citizens going into North Korea - except for the minimal number of individuals required for the operations at the Gaesong Industrial Complex. 62 The South Korean government resumed anti-Pyongyang radio broadcasts that had been suspended for the past six years. 63 The North Koreans, never ones to sit idle, announced that all relations with South Korea would be severed and all inter-Korean dialogue frozen during the rest of Lee Myung-bak's term as president. 64 Sanctions imposed on North Korea in the aftermath of the Cheonan sinking (and the resulting investigation) by the South Korean government were reportedly expected to cause a loss of around 10 percent of the North's legal income. 65 The South Korean government also announced that they would resume loudspeaker broadcasts into North Korea along the DMZ (though as of the writing of this essay these broadcasts have still not resumed).66 In a move that

^{61- &}quot;Full Text of President Lee's National Address," Yonhap, May 24, 2010, URL: http:// english.yonhapnews.co.kr/national/2010/05/24/42/0301000000AEN20100524003 400315F.HTML.

^{62- &}quot;South Korea Gov't Introduces Ban on Citizens' Travel to North Korea," Itar-Tass, May 24, 2010, URL: http://www.itar-tass.com/eng/level2.html?NewsID=15157163&Page Num=0.

^{63 -} Kim So-hyun, "Gaesong Industrial Park a Hot Potato," Korea Herald, May 24, 2010, URL: http://www.koreaherald.com/national/Detail.jsp?newsMLId=20100524000751.

^{64- &}quot;N. Korea Says Will Sever all Inter-Korean Relations," Yonhap, May 25, 2010, URL: http://english.yonhapnews.co.kr/northkorea/2010/05/25/0401000000AEN2010052 5009000315.HTML.

^{65 - &}quot;What Will Be the Impact of S. Korean Sanctions on N. Korea?" Chosun Ilbo, May 25, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/05/25/20100525014 17.html.

^{66- &}quot;Psychological Warfare' Against N. Korea Resumes," Chosun Ilbo, May 25, 2010, URL:

showed South Korea was serious, the first North Korean merchant vessel attempting to travel a route through the NLL since the punitive measures were announced was forced to retreat back and take a detour route along the west coast of the Korean Peninsula.67

In a poll taken the last week of May, 2010, six out of 10 (60.4) percent) South Koreans stated that they approved of the sanctions their government had imposed on Pyongyang. 68 Predictably, at the end of May, 2010, the North Korean National Defense Commission (NDC) again publicly disputed the results of the JIG investigation - publicly denying that the torpedo was North Korean (even though the torpedo was marked in Hangul), and even denying that the DPRK had a 130-ton Yeoneoclass submarine in its inventory. In an announcement to the ROK press, the Ministry of National Defense disputed the very unusual and easily disputable North Korean claims. 69 As stated earlier in this essay, satellite imagery on Google Earth had already revealed North Korea's Yeoneoclass submarines sitting in port.

The Cheonan Sinking is Referred to the UNSC: **Results and Disappointments**

On June 4, 2010, President Lee announced that Seoul would formally refer the case of the Cheonan sinking to the U.N. Security Council. 70

http://english.chosun.com/site/data/html_dir/2010/05/25/2010052501410.html.

⁶⁷⁻ Song Sang-ho, "N.K. Merchant Ship Deterred from Border," Korea Herald, Mary 26, 2010, URL: http://www.koreaherald.com/national/Detail.jsp?newsMLId=201005260 00768.

^{68- &}quot;60% Approve of Sanctions Against N. Korea," Chosun Ilbo, May 27, 2010, URL: http:// english.chosun.com/site/data/html_dir/2010/05/27/2010052700524.html.

^{69 -} Park In-ho, "South Korea Refutes North Korean Refutations of Investigation Results," Daily NK, May 31, 2010, URL: http://www.dailynk.com/english/read.php?cataId= nk00100&num=6439.

⁷⁰- Lee Chi-dong, "S. Korea Refers N. Korea's Naval Attack to U.N. Security Council:

South Korea's Ambassador to the U.N., Park In-kook, presented a letter to the rotating head of the UNSC, Mexican diplomat Claude Heller, asking for appropriate action to be taken. The United States supported the move by South Korea. Of course, at the time, the wild card was how much China and Russia would go along with UNSC punitive action (and blame) directed at North Korea. In a press briefing, U.S. State Department Spokesman Phillip Crowley said in part, "I don't think anyone's necessarily got a specific idea of exactly what the response should be..." further commenting, "I don't think that South Korea called, necessarily, for a specific response. We'll consider this within the Security Council, and I think, as South Korea's indicated, it wants the Security Council to act appropriately, given the severity of the North Korean sinking of the Cheonan."⁷¹ On June 7, in what appeared to be a good sign, the UNSC adopted a resolution extending existing sanctions on North Korea for another year (the sanctions had originally been introduced because of nuclear and ballistic missile tests North Korea conducted in 2009).72

On June 10, a 10-member South Korean team led by Professor Yoon Duk-yong and Lieutenant General Park Jung-yi traveled to New York to present their finding from the JIG investigation to the UNSC.⁷³ According to South Korean government officials, the UNSC raised no objections to the investigation results presented by South Korean experts and experts from five other countries in New York during mid-June.⁷⁴ In July, the

President Lee," Yonhap, June 4, 2010, URL: http://english.yonhapnews.co.kr/north korea/2010/06/04/0401000000AEN20100604008400315.HTML.

⁷¹- Hwang Doo-hyong, "U.S. Expects UNSC to Take Appropriate Response to N. Korea for Ship Sinking: State Dept.," Yonhap, June 4, 2010, URL: http://english.yonhapnews. co.kr/national/2010/06/05/39/0301000000AEN20100605000300315F.HTML.

⁷²- "Mandate of U.N. Panel on N. Korea Sanctions extended for 1 Yr+," Breitbart, June 7, 2010, URL: http://www.breitbart.com/article.php?id=D9G6GRD01&show_article=1.

⁷³- "Experts to Explain Cheonan Findings to U.N. Security Council," *Chosun Ilbo*, June 10, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/06/10/20100610008 62.html.

⁷⁴- Chang Jae-soon, "No Objections from U.N. Security Council Members on Sunken Ship

15-member UNSC issued a formal statement. The statement was diluted from what South Korea and the United States (among others) had asked for - reportedly because of the insistence of China.⁷⁵

In fact, the UNSC statement fell short of Seoul's and Washington's hopes - but was a surprise to no one given Beijing's close relationship to Pyongyang. ⁷⁶ Former U.S. State Department official Mark Fitzpatrick was quoted as saying, "the compromise came out entirely because China would not accept a condemnation," adding, "it is likely to defuse tensions for the time being." The formal statement from the UNSC was obvious in its assessment that the ship sinking came from an attack - while stopping short of formally blaming North Korea for the attack. But the UNSC did express concern based on the JIG findings as follows, "In view of the findings of the Joint Civilian-Military Investigation Group led by the Republic of Korea with the participation of five nations, which concluded that the Democratic People's Republic of Korea was responsible for sinking the Cheonan, the Security Council expresses its deep concern." The UNSC also condemned the attack on the Cheonan, stating, "Therefore, the Security Council condemns the attack which led to the sinking of the Cheonan."78

Probe: Official," Yonhap, June 15, 2010, URL: http://english.yonhapnews.co.kr/national/ 2010/06/15/46/0301000000AEN20100615004200315F.HTML.

⁷⁵- Hwang Doo-hyong, "U.N. Condemns Attack of S. Korean Warship Without Naming N. Korea," Yonhap, July 8, 2010, URL: http://english.yonhapnews.co.kr/national/2010/ 07/10/17/0301000000AEN20100710000900315F.HTML.

^{76- &}quot;[Editorial] After UNSC Statement," Korea Herald, July 9, 2010, URL: http://media. daum.net/cplist/view.html?cateid=100000&cpid=22&newsid=20100709165836216&p=koreaherald.

^{77 -} Donald Kirk, "Why North Korea Cheonan Sinking Gets Wrist Slap from U.N.," Christian Science Monitor, July 12, 2010, URL: http://www.csmonitor.com/World/Asia-Pacific/ 2010/0712/Why-North-Korea-Cheonan-sinking-gets-wrist-slap-from-UN.

^{78- &}quot;Security Council Condemns Attack on Republic of Korea Naval Ship 'Cheonan,' Stresses Need to Prevent Further Attacks, Other Hostilities in the Region," United Nations Security Council, Department of Public Information, News and Media Division, July 9, 2010, URL: http://www.un.org/News/Press/docs/2010/sc9975.doc.htm.

Events Surrounding the UNSC Statement and the Aftermath: Action and Defiance

As the many events ensued following the initial results of the IIG investigation (and the UNSC procedures), the Russians sent an investigation team to South Korea.⁷⁹ Seoul had invited both China and Russia to send investigation teams to evaluate (in detail) the evidence from the Cheonan sinking, but the Chinese declined. 80 By June 11, North Korean ships had been ordered to leave South Korean waters on more than 20 occasions since President Lee had issued his official orders regarding the passage of North Korean ships on May 24.81 It was also revealed that North Korea actually had a marketing catalog for the type of torpedo that hit and sank the Cheonan. The torpedo even came with a quality assurance guarantee in the catalog.⁸² Despite all of these events - and overwhelming evidence that linked (and still links) North Korea to proliferation and support to terrorist groups, the Obama administration decided (again) to refrain from relisting North Korea as a state sponsor of terrorism.⁸³

While the events that occurred during June and July were both compelling and relevant to geopolitics in East Asia, in mid-July more evidence became available regarding North Korea's actions on March 26,

⁷⁹- Yoo Jee-ho, "Russian Experts Here to Vet Probe," JoongAng Ilbo, June 1, 2010, URL: http://joongangdaily.joins.com/article/view.asp?aid=2921236.

⁸⁰- "China Declines S. Korea Offer to Join Int'l Probe Into Sunken Ship," Kyodo News, June 10, 2010, URL: http://home.kyodo.co.jp/modules/fstStory/index.php?storyid=506041.

^{81- &}quot;11 N.K. Ships Expelled from the South's Waters Since Passage Ban: Minister," Yonhap, June 11, 2010, URL: http://english.yonhapnews.co.kr/northkorea/2010/06/11/6/0401 000000AEN20100611006200315F.HTML.

⁸²⁻ See "Brochure of Torpedo That Sank S. Korean Ship bears N. Korea's Country Name: Official," Yonhap, June 22, 2010, URL: http://english.yonhapnews.co.kr/news/2010/ 06/22/73/020000000AEN20100622002100315F.HTML; "North Korean Torpedo Had Quality Assurance Mark in Catalog," Donga Ilbo, June 22, 2010, URL: http://english. donga.com/srv/service.php3?bicode=050000&biid=2010062293198.

^{83 -} Keiichi Honma, "U.S. Spares N. Korea 'Terror Sponsor' Status," Yomiuri Shimbun, June 24, 2010, URL: http://www.yomiuri.co.jp/dy/world/T100623003659.htm.

2010. In late June (as reported in mid-July) a Chinese businessman visiting Pyongyang photographed a poster (see Figure 6) showing a helmeted North Korean sailor smashing a ship that appears to be a South Korean Corvette (like the Cheonan) in two. The businessman (speaking on terms of anonymity) told Radio Free Asia, "It's hard to understand how highranking officials can adamantly deny North Korea's responsibility for the sinking of the Cheonan while propaganda posters showing a ship being broken in half by a fist are in circulation..."84 Whether the ship shown in the poster is the same class as the Cheonan or not, and whether or not it is an older picture that in July was simply being recirculated, the timing and the message it carried are important: a ROK Navy ship smashed in two by a North Korean fist.

Figure 6. North Korean Poster in Pyongyang

"Ready to crush any attack with a single blow!" Source: Radio Free Asia.

⁸⁴⁻ For details of the interview with the anonymous Chinese businessman and analysis regarding the poster, see Moon Gwang-lip, "Poster in Pyongyang Recalls the Cheonan," Joong Ang Ilbo, July 15, 2010, URL: http://joongangdaily.joins.com/article/view.asp?aid= 2923225; Sarah Jackson Han, Jung Young, and Greg Scarlatoiu, "Posters Show Smashed Ship," Radio Free Asia, July 15, 2010, URL: http://www.rfa.org/english/news/ korea/poster-07152010143832.html?searchterm=None.

At the end of July the United States announced that it would put a new package of sanctions into effect against North Korea that would include targeting of both weapons proliferation and other activities bringing profits into the coffers of the North Korean elite. Such illicit activities include, but are not limited to, counterfeit \$100 bills, counterfeit cigarettes, and illegal drugs such as heroin and methamphetamines. 85 The U.S. State Department also reaffirmed its assertion that North Korea was responsible for the torpedo attack on the Cheonan, despite the lukewarm support the UNSC statement received from the Russians and particularly the Chinese. 86 Coincidentally, at the beginning of August, the Russian government announced that it would not make public the results of its investigation into the sinking of the South Korean ship.87 By early September, it was revealed in a poll that only three in 10 South Koreans completely trusted the finding of the JIG.⁸⁸ But soon thereafter, the week of September 13, the final results of the JIG investigation were released to the public. The results can accurately be described as overwhelming in the evidence chain that they use to point to North Korea as the attacker on March 26. The final results were released in a 313 page document that clearly showed exact details of how the ship was sunk, the intelligence surrounding the deployment of the DPRK submarines, diagrams and simulations of the torpedo used to sink the Cheonan, and numerous other

^{85 -} For details of the sanctions and statements by the U.S. State Department, see "Sanctions are Going to Hurt," Joong Ang Ilbo, July 24, 2010, URL: http://joongangdaily.joins.com/ article/view.asp?aid=2923620.

⁸⁶⁻ Hwang Doo-hyong, "U.S. Repeats Cheonan was Sunk by N. Korea's Torpedo: State Dept.," Yonhap, July 28, 2010, URL: http://english.yonhapnews.co.kr/national/2010/ 07/29/52/0301000000AEN20100729000400315F.HTML.

⁸⁷⁻ Hwang Doo-hyong, "Moscow Not to Make Public Probe Outcome on Cheonan's Sinking: Amb. Churkin," Yonhap, August 4, 2010, URL: http://english.yonhapnews.co.kr/ national/2010/08/05/26/0301000000AEN20100805000200315F.HTML.

^{88- &}quot;Most South Koreans Skeptical About Cheonan Findings, Survey Shows," Chosun Ilbo, September 8, 2010, URL: http://english.chosun.com/site/data/html dir/2010/09/08/ 2010090800979.html.

detailed pieces of evidence.89

As a result of the JIG investigation, the ROK Navy announced that it would focus more on littoral warfare - with an understanding that the North Korean maritime threat had not declined. 90 In addition, in a rather revealing breaking news story, Russia's state-run television network reported that the Cheonan was in fact sunk by a North Korean torpedo though the Russian government still declined to publicly release the results of their investigation (and still has not done so as of the writing of this essay).91 In October a member of South Korea's National Assembly (Shin Hak-yong) revealed to the open press that the South Korean Navy had knowledge of the movement of North Korean submarines on the day of the attack, but the ROK military did not raise the alert level - if true a compelling statement about the readiness at the time of Seoul's naval forces. The Defense Security Command announced that it would investigate Mr. Shin for leaking military secrets. 92 Finally, in October 2010, a new poll was released. It showed that seven out of 10 South Koreans now believed the Cheonan was torpedoed by North Korea. The poll was conducted by the Asian Institute for Policy Studies and showed that 68.7 percent of South Koreans believed the North Koreans were

89- For details of the carefully researched and articulated final results of the JIG investigation released in September 2010, see Kim Deok-hyun, "S. Korea Releases Full Report on Ship Sinking, Reaffirming N. Korea's Responsibility," Yonhap, September 13, 2010, URL: http://english.yonhapnews.co.kr/national/2010/09/13/85/0301000000AEN20100913 004500315F.HTML. For the complete 312 page final report on the sinking of the Cheonan released by the JIG, see "Joint Investigation Report on the Attack on the ROK Ship Cheonan," Republic of Korea, Ministry of National Defense, September 14, 2010, URL: http://www.cheonan46.go.kr/95.

^{90 -} Jung Sung-ki, "Navy to Focus on Littoral Warfare," Korea Times, September 15, 2010, URL: http://www.koreatimes.co.kr/www/news/nation/2010/09/205_73102.html.

^{91- &}quot;Russian TV Blames N. Korea for Cheonan Sinking," Chosun Ilbo, September 16, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/09/16/2010091601080.html.

⁹²⁻ Jung Sung-ki, "Military Investigating Lawmaker for Leaking Secrets," Korea Times, October 11, 2010, URL: http://www.koreatimes.co.kr/www/news/nation/2010/10/ 205_74342.html.

responsible for the tragic event. Only 8.5 percent said they disagreed, while 22.8 percent had no opinion. 93 The poll may reflect the final JIG investigation results as well as the many compelling pieces of evidence pointing to North Korea as the culprit. Of course, North Korea officially continued to deny the accusations regarding the sinking of the Cheonan at a series of talks (seven rounds as of October 27, 2010) that began during July and continued through October at Panmunjom with military officers from United Nations Command. 94

Despite the overwhelming evidence, and the fact that there was not just one evidence chain but many, there were a few naysayers regarding the JIG investigation. Among the few (but vocal) naysayers were Professors Seunghun Lee of the University of Virginia and Professor J.J. Suh of the Johns Hopkins University School of Advanced International Studies, who claimed that the evidence was not compelling enough. For example, to quote Professor Lee, "To begin, the 'No. 1' could logically have been written by South Koreans as well, and thus could not be adopted as evidence in the courtroom of a democratic society." The

^{93 - &}quot;South Koreans Solidly Blame N. Korea for Cheonan Sinking," Chosun Ilbo, October 20, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/10/20/20101020004 28 html.

⁹⁴⁻ For more details on the seven rounds of talks between United Nations Command and North Korean military officers that occurred between July and October 2010, see Park Chan-kyong, "N. Korea Demands to See Evidence on Ship Sinking," AFP July 15, 2010, URL: http://news.yahoo.com/s/afp/20100715/wl_asia_afp/skoreankoreausmilitary; Song Sang-ho, "UNC, North Korea Discuss Sunken Ship," Korea Herald, July 30, 2010, URL: http://www.koreaherald.com/national/Detail.jsp?newsMLId=20100730000705; Kim Deok-hyun, "U.N. Command, N. Korea End Talks with Little Progress," Yonhap, September 16, 2010, URL: http://english.yonhapnews.co.kr/national/2010/09/16/65/0301000000AEN20100916010500315F.HTML; DPRK Makes New Proposals on S. Korea Warship Sinking Probe," Xinhua, October 5, 2010, URL: http://news.xinhuanet.com/english2010/world/2010-10/05/c_13543618.htm; Jung Sung-ki, "U.N. Command, N.K. fail to Set High-Level Military Meeting," Korea Times, October 27, 2010, URL: http://www.koreatimes.co.kr/www/news/nation/2010/10/113_75270.html.

^{95 -} Eunghun Lee, "[Column] Pieces of the Cheonan Puzzle," Hankyoreh Daily, August 5, 2010, URL: http://www.hani.co.kr/arti/english_edition/e_opinion/433660.html.

statement (referring to the North Korean markings on a North Korean manufactured weapons) asserted by Lee assumes that an international team consisting of South Korea, the United States, the United Kingdom, Australia, and Sweden, would conspire to do such a thing. Lee and Suh published a paper on July 15, 2010, that made many assertions that simply made little sense from an evidentiary stance when compared to the assessments of the JIG investigation. For example, in the paper (among many other things that they state), the two articulate, "First, the JIG failed to produce conclusive, or at least convincing beyond reasonable doubt, evidence of an outside explosion."96 Again, a statement that simply is incorrect. Both the initial JIG report and the final (312 page) report clearly show how the "bubble-jet" effect occurred from the North Korean torpedo. At a press conference the two professors held in Japan, Lee reportedly said that "Some of the data produced by the investigative team may have even been fabricated to justify its claim."97 Again, a completely unsupportable accusation, and one that assumes highly qualified teams from five democratic nation-states intentionally conspired to build false evidence.

ROK-U.S. Military Responses to the Sinking of the Cheonan

Soon after it became apparent that North Korea was responsible for the sinking of the Cheonan, the South Korean government began making important moves to counter possible future North Korean provocations in the NLL and proliferation of WMDs that provide cash for military forces and the North Korean elite. Washington also played a major role in

⁹⁶⁻ Seunghun Lee and J.J. Suh, "Rush to Judgment: Inconsistencies in South Korea's Cheonan Report," Nautilus Institute, Policy Forum 10-039, July 15, 2010, URL: http://www.nautilus.org/publications/essays/napsnet/policy-forums-online/security2 009-2010/rush-to-judgment-inconsistencies-in-south-korea2019s-cheonan-report.

^{97- &}quot;Researchers Question Probe into Sinking of S. Korean Naval Ship," Breitbart, July 9, 2010, URL: http://www.breitbart.com/article.php?id=D9GRHFT00&show_article=1.

this renewed emphasis on readiness for provocations, not only as a vocal supporter of these moves, but as a participant in what would prove to be important military exercises. In June of 2010, South Korea announced that for the first time, it would be the host nation for a Proliferation Security Initiative (PSI) exercise simulating interdiction of ships carrying illegal weapons. 98 Officials in Seoul announced that South Korea was looking to become one of the 20 nations (out of 95 participating countries) that hold membership in PSI's Operational Experts Group. 99 In June the U.S. and South Korean navies also formally agreed to work closer together in joint anti-submarine exercises. Admirals from the two navies also agreed to bolster sharing of intelligence (some of it likely very sensitive) on North Korean submarines. 100

There are several examples of stepped up readiness and military drills meant to send a strong message to North Korea following the sinking of the Cheonan. During the last half of June, South Korea and the U.S. agreed to eventually stage joint (and combined) naval drills off the west coast of the Korean Peninsula in what would be a show of force for North Korea. ¹⁰¹ In July, South Korean and U.S. naval forces (as well as smaller units from other forces) conducted a joint (and combined) exercise off of the east coast of the Korean Peninsula. The exercise included the American aircraft carrier USS George Washington, in what was also seen as a major show of force - but the exercise was condemned by some for not

^{98 - &}quot;Int'l Exercise to be Staged off Busan," *Chosun Ilbo*, June 22, 2010, URL: http://english.chosun.com/site/data/html_dir/2010/06/22/2010062201285.html.

^{99 - &}quot;S. Korea Seeks Leading Role in Multinational Drill Slammed by N. Korea: Official," Yonhap, June 20, 2010, URL: http://english.yonhapnews.co.kr/national/2010/06/20/95/0301000000AEN20100620001500315F.HTML.

^{100 - &}quot;S. Korean, U.S. Navies Agree on Closer Cooperation Against N.K. Subs," *Yonhap*, June 16, 2010, URL: http://english.yonhapnews.co.kr/national/2010/06/16/97/03010000 00AEN20100616006900315F.HTML.

^{101- &}quot;S. Korea, U.S. to Hold Naval Drills in Late June," Yonhap, June 18, 2010, URL: http://english.yonhapnews.co.kr/national/2010/06/18/73/0301000000AEN201006 18002100315F.HTML.

being staged off the west coast where the provocation initiated by North Korea occurred (an exercise off the west coast with a U.S. aircraft carrier was conducted in late November 2010). The exercise near the east coast of the Korean Peninsula involved about 20 ships and 200 aircraft, and included anti-submarine simulations. 102 In an even stronger show of force, in August, South Korea conducted a large anti-submarine exercise near the west coast of the Korean Peninsula that involved naval, air, and ground forces. The exercises included all four services and including live-fire drills, anti-submarine simulations, and troop landings. 103 During October of 2010, as announced during June, South Korea hosted a multinational PSI exercise simulating the interdiction of WMDs. Fourteen nations (including the United States) took part in the exercise - which was obviously aimed at stopping WMD proliferation from countries like North Korea (and others). 104

Conclusions and Implications

An assessment of the actions conducted by the South Korean government following the sinking of the Cheonan shows that military and

^{102 -} See Jun Kwanwoo, "U.S., South Korea Start War Games at Sea," AFP, July 25, 2010, URL: http://news.yahoo.com/s/afp/20100725/wl_asia_afp/skoreankoreausmilitary; Song Sang-ho, "S. Korea, U.S. Wrap up Drills," Korea Herald, December 1, 2010, URL: http://www.koreaherald.com/pop/NewsFlashRight.jsp?newsMLId=20101201000886; Kim Deok-hyun, "S. Korea, U.S. Stage Anti-Submarine Exercises in East Sea," Yonhap, July 26, 2010, URL: http://english.yonhapnews.co.kr/national/2010/07/26/27/03010 00000AEN20100726007900315F.HTML.

^{103 -} See Song Sang-ho, "S. Korea to Begin Maritime Exercise in West Sea Today," Korea Herald, August 4, 2010, URL: http://www.koreaherald.com/national/Detail.jsp?news MLId=20100804000757; "South Korea Prepares Against Maritime Intrusion on Day 2 of Naval Exercises," Yonhap, August 6, 2010, URL: http://english.yonhapnews. co.kr/national/2010/08/06/24/0301000000AEN20100806004800315F.HTML.

¹⁰⁴ - "S. Korea Hosts Maritime Drill to Stop Transfer of WMDs," Yonhap, October 13, 2010, URL: http://english.yonhapnews.co.kr/national/2010/10/13/17/0301000000AEN20 101013000900315F.HTML.

policy officials followed a pragmatic, deliberate, and transparent investigation into the naval tragedy. President Lee's decision very soon after the provocation to bring in international teams was admirable, and added to the credibility of the final results - which were agreed on formally by the representatives of all five of the participating democratic nations. Following the compelling results of the IIG investigation, instead of conducting a retaliatory strike against North Korea (which would have been very popular with some in South Korea but would have hurt Seoul's credibility in the international arena), Lee took the results to the UNSC. Despite the predictable watered down statement that came out of the UNSC (thanks largely to China), the result has been a clear consensus among nearly every democracy on Earth that 1) North Korea conducted the unprovoked attack on the Cheonan, and 2) punitive action needed to be taken against Pyongyang.

Seoul's punitive actions aimed at Pyongyang have been political, economic, and military. The economic measures that South Korea has taken against the North will have an impact on the coffers of the elite in both the short run and the long run. Stepping up of propaganda campaigns aimed at the North and disallowing passage of North Korean ships through South Korean waters where they had previously been allowed to navigate are also important moves that send a strong message to the DPRK leadership. And of course, increased exercises focused on anti-submarine warfare and anti-provocation activities - sometimes conducted with the United States - are just as important as South Korea's increased participation in PSI. By participating in PSI, South Korea has the potential to hit North Korea where it hurts - in the pocketbook. The profits from the sales of WMDs and illicit and counterfeit goods go directly into the coffers of the elite in North Korea. 105

^{105 -} For more information on North Korea's illicit and illegal activities, see "Sanctions are Going to Hurt," JoongAng Ilbo, July 24, 2010, URL: http://joongangdaily.joins.com/

The United States took important actions following the sinking of the Cheonan as well. Of course, American naval experts participated in the JIG investigation. In addition, the actions taken by the U.S. Government discussed earlier were important because they showed the Americans were behind the South Koreans in their resolve. Joint and combined naval exercises with South Korea will also help increase readiness and capabilities against possible future provocations. Washington showed that it took the North Korean action seriously and intended to take punitive action against Pyongyang for its irresponsible state behavior by increasing sanctions directly aimed at illicit activities (illegal drugs, counterfeit currency, etc.) and WMD proliferation during July and August of 2010. The increased sanctions reportedly were aimed at specific bank accounts and front companies that deal in proliferation and/or illicit activity. 106 Of course, in my view, it is still disappointing that to date, the U.S. State Department has not yet relisted North Korea on the list of nations supporting terrorism. This would be an important move and may yet still occur - but has not as of the writing of this essay.

And what of North Korea? It is a reasonable expectation that North Korea can and will initiate more provocations. In fact, on November 23, 2010, the North Koreans once again attacked in the NLL area - this time shelling one of the five UN controlled islands with artillery. The attack resulted in deaths and injuries to both military and civilian personnel. The artillery attack on November 23, 2010, is more proof that North

article/view.asp?aid=2923620.

¹⁰⁶⁻ For an example of the types of increased sanctions the United States initiated against North Korea, see "U.S. Identifies 200 N. Korea-Linked Bank Accounts, 100 of Them Likely to be Frozen," Yonhap, July 23, 2010, URL: http://english.yonhapnews.co.kr/ news/2010/07/23/0200000000AEN20100723001200315.HTML.

^{107 -} For details of the attack on one of the islands near the NLL on November 23, 2010, see Jack Kim and Lee Jae-won, "North Korea Shells South in Fiercest Attack in Decades," *Reuters*, November 23, 2010, URL: http://www.reuters.com/article/idUSTRE6AM0YS 20101123.

Korea will continue to create violent provocations in the NLL. What strategic and military planners must keep in mind is that, as I discussed earlier, one of the four key aspects of nearly all provocations North Korea conducts is that they involve continuously changing tactics and techniques. Thus, while one can expect the North Koreans to conduct more provocations in or near the NLL, one can also expect that the tactics, techniques, and procedures for these operations will likely be quite different from those carried out in the past. This makes planning for provocations, and perhaps as importantly, deterring them, an extremely challenging undertaking for those in policy and planning circles.

If one expects that North Korea will unilaterally ease tensions in order to get sanctions dropped, or to improve relations either with the United States or South Korea, I would say that this is extremely unlikely. As long as the DPRK assesses that it can advance its foreign policy through brinkmanship and provocations (and there are no signs that the leadership in Pyongyang has stopped believing this), we can expect North Korea to take a variety of actions to "push the edge of the envelop." The sinking of the Cheonan most certainly set back relations on the Korean Peninsula and within the region by at least a year. But Kim Jong-il and his inner circle knew this when they planned the violent attack. Much of what has occurred since that tragic day on March 26 was no doubt anticipated by the generals and admirals in North Korea - and in fact was planned for even as they deployed specially equipped submarines into the waters of the NLL on a violent mission against a South Korean ship. Thus, until Pyongyang ends its rogue-state behavior, containment of its capabilities and deterrence against its many asymmetric threats is the only practical policy for maintaining security and stability on the Korean Peninsula.

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Responding to North Korean Provocations: Limitations of Sanctions

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Abstract

Over the past two decades, economic sanctions and inducements to influence North Korea have not always failed, but the successes have been limited and the obstacles to effectiveness have grown. In general, the application of economic leverage will only be successful if the costs to the target of defying the demands of the sanctioning country or coalition outweigh the costs that the targeted regime perceives it will bear from complying with those demands. Among the factors affecting those costs are the potential economic and political leverage the sanctioner has over the target, the willingness and ability to use that leverage effectively, and the risks that the sanctioner's demands pose for the target in terms of wealth, power, or political stability and survival. With respect to the sanctions imposed after the sinking of the Cheonan naval ship, only the United States and South Korea took action and it was fairly limited. Even if the sanctions were only intended to punish the North and to send a signal that such behavior would carry a price, the shelling of Yeonpyeong island in November is a further setback.

Key Words: North Korea, economic sanctions, China, nonproliferation, Cheonan

The findings [of this report] include a stark reminder that U.S. and China interests regarding North Korea are largely incongruent. While the United States presses for elimination of North Korea's nuclear weapons program, China's primary focus is on preserving regional stability.

Senator Richard Lugar (Republican-Indiana), October 22, 2010¹

As with past provocations by North Korea, the governments of South Korea and the United States responded to the sinking of the Cheonan naval ship last spring with economic sanctions against the Kim Jong-il regime, which they held responsible. But also as has happened so often in the past, China chose to accept North Korea's denial and to continue as the regime's major supplier of fuel, food, and other products, thereby rendering the sanctions primarily symbolic. Overall over the past two decades, economic sanctions and inducements to influence North Korea have not always failed, but the successes have been limited and the obstacles to effectiveness have grown.

In writing about the utility of economic sanctions in persuading North Korea to forgo nuclear weapons development in 1993, and again a decade later, I said that the outcome depended on whether Kim Il Sung, later Kim Jong-il, viewed that capability as essential to their survival. If so, no economic inducement—positive or negative—would be sufficient to achieve the sanctioners' goals.² I further argued that, if the program was negotiable, effectiveness would depend on the cooperation of key commercial partners, such as China. In subsequent years, North Korea's

¹⁻ The report is Congressional Research Service, Memorandum on Implementation of U.N. Security Council Resolution 1874, Washington, October 8, 2010.

²- The 1993 paper, initially prepared for a Nautilus Institute conference, was published as Kimberly Ann Elliott, "Will Economic Sanctions Work Against North Korea?" In Young Whan Kihl and Peter Hayes (eds.), Peace and Security in Northeast Asia: The Nuclear Issue and the Korean Peninsula (New York: M.E. Sharpe, 1997); the later paper is Kimberly Ann Elliott, "Economic Leverage and the North Korean Nuclear Crisis," International Economics Policy Briefs No. PB03-3 (Washington: Institute for International Economics, 2003).

nuclear program advanced to the testing of anexplosive device, crossing a threshold that cannot now be erased, and the transition to a third Kim generation further complicates policymaking.

In particular, shifting goals and priorities in key countries undermine consistent and coherent policy implementation, while the opaqueness of the regime in Pyongyang makes it nearly impossible to detect the impact of those policies.3 In what follows, I analyze key factors that affect the likely effectiveness of economic sanctions and what that means for the use of this instrument against North Korea.

A Framework for Analysis⁴

Stripped down to the fundamentals, the formula for a successful sanctions effort is deceptively simple: the costs imposed on the target from defying the sanctioner's demands must be greater than the perceived costs to the target of complying with those demands. Or, even more simply, the political and economic costs to the target from an economic sanctions policy should exceed the political, security, or other costs of complying with the sanctioner's demands.⁵ The difficulty lies in accurately predicting both the magnitude of those costs and how they will be perceived and weighed by the target. In addition, since they are rarely the only tool used, making the case that sanctions should share the credit for a positive policy result

³⁻ A forthcoming paper by Stephan Haggard and Marcus Noland analyzes in detail how coordination problems undermine the implementation of strategies using inducements, whether positive or negative.

⁴⁻ This and the following section draw heavily on Gary Clyde Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott, and Barbara Oegg, Economic Sanctions Reconsidered (3rd ed.) (Washington: Institute for International Economics, 2007); that volume and the accompanying CD-ROM review the broader literature on economic sanctions and the major case studies in detail.

⁵- Unless otherwise specified, I use the term sanctioner generically to refer to the party imposing sanctions whether it is one country, an ad hoc coalition of countries, or an international organization, such as the United Nations.

can be tricky.

The starting point for gauging the probability of success in a sanctions episode is the economic leverage that the sanctioner has over the target. If trade and financial flows between the two parties are minimal, then the odds of a successful sanction are low, unless the goal is an extremely narrow and modest one. In an increasingly integrated global economy, compiling significant leverage will also usually entail coordination among a number of key players trading with, investing in, or providing economic assistance to the target country. The failure to elicit Chinese cooperation has often undermined the effect of sanctions against North Korea.

Moreover, *potential* leverage, while necessary, is not sufficient. If the sanctioner is not strongly interested in achieving the target's compliance, or if the sanctioning government is motivated by a desire to mollify domestic political demands to "do something" in response to another country's misbehavior, then whatever potential leverage exists may not be fully deployed or used effectively. In general, one can expect that sanctions will rarely if ever succeed when the target country is larger and has more leverage over the sanctioner, in terms of trade and financial flows. If the issue is relatively unimportant to the larger target country and the sanctioner cares intensely about it, sanctions occasionally achieve their goals, but not often. By contrast, the odds for a successful outcome are higher when the sanctioner is larger and has extensive leverage over the target, but success is still not guaranteed if the perceived costs of compliance for the target are high.

The costs of defiance that the target faces in a given case begin with the estimated direct costs of the sanctions, in terms of lost trade or finance. These costs can be increased if the sanctioner is able to attract international cooperation in its sanctioning efforts and the political costs may be amplified if the sanctions are endorsed by an international organiza-

tion that the target country views as legitimate. The impact of the sanctions may be intensified if economic and political conditions in the target are fragile, or, they can be mitigated if the target government is able to evade them or to elicit offsetting assistance from a rival of the sanctioner. The costs of defiance can also be raised by threatening or actually escalating to the use of military force. Finally, whether the pain of sanctions produces the desired change also depends on the political situation inside the target country and whether economic pain produces a rally-round-the-flag effect that strengthens the government, or leads to political dissatisfaction that weakens the target's ability to resist.

The costs of compliance for the target are determined primarily by the nature of the sanctioner's goals and the nature of the target regime. Foreign policy objectives that threaten national security or internal regime stability will obviously be difficult to achieve since the regime will stoutly resist. In many such cases, it is simply impossible to make sanctions costly enough to gain the target's acquiescence. For example, autocrats, such as Saddam Hussein, have little incentive to comply when the demand is for democratization or other regime change that means sacrificing the leadership's source of wealth, power, and, possibly, physical safety. In such cases, economic sanctions can only contribute to a successful outcome if they change the balance of incentives or capabilities among groups within the country so that more acceptable leaders can win power.

How Effective Are Economic Sanctions and When?

Overall, the Hufbauer, Schott, Elliott, and Oegg analysis of 204 episodes of economic sanctions in the 20th Century concluded that they contributed to positive policy results about one-third of the time.⁶ A

⁶- For details, see Hufbauer, Schott, Elliott and Oegg, op cit.

successful outcome by their definition does not mean that the outcome was a rout, or that sanctions were the decisive factor. But at a minimum, for sanctions to be judged successful, they must make an important contribution to substantial achievement of the sanctioner's goals. The case studies begin with World War I and go through those initiated in 2000, with ongoing cases updated at least through 2006.

For the post-World War II period, the overall success rate is similar that for the century as a whole, but that apparent consistency hides substantial variability in the U.S. experience. The United States was far more effective with economic sanctions in the early part of the post-World War II era, when it was a dominant economic and military power. American success with sanctions declined sharply in the latter decades of the century, however, from more than 50 percent in the period 1945-70 to less than 25 percent after that.

In order to identify the conditions under which economic sanctions are most likely to be effective in contributing to foreign policy goals, the Hufbauer, Schott, Elliott, and Oegg analysis examines a number of political and economic variables (*ibid.*). But many factors affecting outcomes are missing or cannot be measured, and statistical analysis reveals that the variables selected for examination explain only around 15-20 percent of the variation in outcomes. Nevertheless, both quantitative and qualitative analysis support three broad conclusions that are consistent with the basic framework comparing costs of compliance and defiance. Unfortunately, these results are not likely to be very satisfying for policymakers that want non-military tools to use against hostile adversaries. The evidence from sanctions in the 20th Century suggests that:

- modest goals are more likely to be achieved than others;
- sanctions have more influence over regimes that are relatively more democratic and have relations with the sanctioner that are friendly rather than hostile; and,

• the economic costs imposed on the target must be proportionate to the goal sought.

Episodes involving modest and limited goals, such as the release of a political prisoner, succeeded half the time. Cases involving attempts to change regimes (e.g., by destabilizing a particular leader or by encouraging an autocrat to democratize), to impair a foreign adversary's military potential or prevent nuclear proliferation, or to otherwise change policies in a major way, succeeded in about 30 percent of those cases. Efforts to disrupt relatively minor military adventures by third parties succeeded in only a fifth of cases where that was the goal.

It is also not particularly surprising that sanctioners have more influence over allies than adversaries. Friendly countries have more to lose, diplomatically as well as economically, than countries with which the sender has limited or adversarial relations. These target countries may be less likely to face the threat that a dispute will be escalated or that force will be used, but they are more likely to receive foreign aid or to have extensive trade and financial relations with the sender country. In addition, allies will not be as concerned as adversaries that concessions will undermine the government's reputation and leave it weaker in future conflicts. Thus, the higher compliance with sanctions by allies and trading partners reflects their willingness to bend on specific issues in deference to the overall relationship with the sender country. In cases where Hufbauer et al. (ibid.) judged relations between sanctioner and target to be cordial, about half were deemed successful, versus 19 percent

⁷- For detailed analysis of this argument, see Daniel W. Drezner, *The Sanctions Paradox*: Economic Statecraft and International Relations (Cambridge: Cambridge University Press, 1999), esp. pp. 4-6; for an alternative analysis, Michael Mastanduno, "Economic Statescraft, Interdependence, and National Security: Agendas for Research," In J.M.F. Blanchard, E.D. Mansfield, and N.M Ripsman (eds.), Power and the Purse: Economic Statescraft, Interdependence, and National Security (London: Frank Class, 2000), pp. 298-299.

of those where relations were hostile. With respect to regime type, nearly half of sanctions against democratic governments (as measured in the Polity IV database) achieved some degree of success, versus 28 percent of sanctions against autocrats.

Finally, it is not necessary to impose maximum costs on the target in every case, even when the stakes are limited; rather, the costs of sanctions should be proportional to the goal sought. Overall, the average cost of sanctions as a share of the target's GNP was twice as high in successes (3.3 percent) as in failures (1.6 percent). The average cost in successful cases involving modest goals was 2.6 percent, while in the "other major policy change" category, it was 5.5 percent. The success rates and values for key variables are summarized in Table 1.

Table 1 Factors in Successful Sanctions Cases

				Sanctions Cost to Target as % of GNP		
Goal Category	Successful Cases	Failed Cases		Success C	ases Fa	ilure Cases
Modest policy changes	22	21	51%	2.6		1.1
Regime change and democratization	25	55	31%	3.4		2.3
Disruption of military adventures	4	15	21%	0.9		2.3
Military impairment	9	20	31%	2.1		0.7
Other major policy changes	10	23	30%	5.5		0.7
All cases	70	134	34%	3.3		1.6
	Success Rate Conditional on Relations between Parties			Success Rate Conditional on Regime Type		
Goal Category	Cordial	Neutral	Antagonistic	Autocracy	Anocracy	Democracy
Modest policy changes	50%	68%	13%	39%	50%	69%
Regime change and democratization	46%	22%	15%	23%	28%	78%
Disruption of military adventures	20%	33%	0%	33%	11%	25%
Military impairment	50%	10%	40%	37%	50%	0%
Other major policy changes	56%	29%	0%	9%	67%	29%
All cases	46%	33%	19%	28%	34%	`47%

Source: Hufbauer, Schott, Elliott, and Oegg (2007), chapter 6.

Other variables that could affect the size of the economic and political costs imposed by sanctions vary in importance according to the category of goal sought. Thus, international cooperation with the lead sanctioner, offsetting assistance to the target by a political rival of the sanctioner, or the use of companion policies, such as military force, appear in frequently in episodes involving relatively modest goals and make little discernible difference to the outcome in those cases. Military force is an important variable in the military impairment cases, however, and international cooperation is present in far more successes than failure when the goal is a major one, such as the surrender of territory.

In one of the more surprising results, international cooperation with the lead sanctioner, on average, is not correlated with the probability of a successful outcome. Rather, the idea that international cooperation is necessary in all sanctions cases is misplaced. A sanctioning country looks to its allies for help when its goals are ambitious; in cases involving truly modest goals, cooperation is usually not sought. In cases involving high policy goals, however, international cooperation was markedly higher in successes than failures. Even in cases where significant cooperation is achieved, it may not be sufficient if the costs of compliance are too high. On the other hand, active non-cooperation by other countries can sabotage the effort by providing offsetting assistance to the targeted regime. Adversaries of the sanctioning country may be prompted by a sanctions episode to assist the target, as happened frequently in episodes that either provoked or derived from East-West rivalry.

Applying the Framework to North Korea

Unfortunately, these results do not bode for the effective use of economic sanctions against North Korea. The goals of preventing and, later, dismantling North Korea's nuclear program involve core national

security concerns and are among the most challenging for sanctions users. Moreover, economic leverage over the autarkic North Korean economy is limited and mostly not under the control of the United States, the chief sanctions proponent through most of the period under study. Thus, cooperation from other key players is required but support for sanctions among them has been ambivalent at best. Finally, the regime itself is authoritarian and has hostile relations with the United States and other key members of the sanctioning coalition.

History suggests that the odds of success are not high under these circumstances and yet, the threat of economic sanctions, with hints of military strikes as a last resort, combined with promises of economic and energy assistance, were key factors in the framework agreement that resolved the nuclear dispute in 1993-94. Contrary to more negative assessments, I would agree with William J. Long, writing in this journal in 2006, that the 1994 framework agreement was an example of the successful use of economic leverage.8 After the breakdown of that agreement in the early 2000s, however, the story became more complicated.

In analyzing this experience of economic inducements vis-à-vis North Korea, the key is how the different potential sanctioners and the regime perceived what was at stake and how that changed over time. Things changed both because of shifting goals, which affected the potential costs of compliance for the Kim Jong-il regime, and shifting priorities among coalition members, which affected their willingness to impose sanctions and, thus, the potential costs of defiance. The shifting and sometimes divergent goals also complicated negotiations because they generated frictions among participants in the six-party talks and made coordination even more difficult. With regard to the use of economic sanctions as a

⁸⁻ William J. Long, "Assessing Engagement: Why America's Incentive Strategy toward North Korea 'Worked' and 'Could Work' Again," International Journal of Korean Unification Studies, Vol. 15, No. 2 (2006), pp. 1-20.

tool, the ambivalence, at best, and opposition at worst, of China was particularly important because of the major role that China plays in trade and investment with North Korea. The fluctuating views of various South Korean governments, North Korea's second most important trade partner, also importantly affected the potential economic impact of any sanctions package. In what follows, I will not review in detail the events of the past decade, since those have been well-covered in the pages of this journal, but I will discuss them in relation to the use of economic leverage.

Costs of Compliance: Shifting Goals

While the overarching goal of the sanctioning coalition since the 1990s has been to limit North Korea's nuclear weapons options, the specific goals shifted over time because of both shifting political dynamics in the United States and changes in the political, economic, and military situation on the ground in North Korea. Thus, after the October 2006 weapons test, the goal shifted from preventing acquisition of a weapons capability by North Korea to reversing its declared nuclear weapons status. In addition, under President George W. Bush, both the goals and the strategy changed when at least parts of his administration advocated destabilization of the regime and the focus of policy shifted from engagement to isolation.

In the beginning, however, coalition goals, while ambitious, were more limited than what came later. The ultimate negotiating goals in the mid-1990s were to prevent (further) development of a nuclear weapons capability in North Korea and to discover what had been done previously; to support the international non-proliferation regime; and to prevent further proliferation of weapons of mass destruction beyond the peninsula. The immediate objectives were to freeze North Korea's program and to allow International Atomic Energy Agency inspectors to monitor the program and investigate past operations. These intermediate goals were

mostly achieved through a combination of sticks (sanctions threats) and carrots that prevented North Korea's withdrawal from the Non-Proliferation Treaty and resulted in negotiation of the framework agreement, which froze the nuclear program in place in exchange for a variety of economic and other incentives.

With the transition from President William J. Clinton to George W. Bush, the U.S. position hardened and isolation rather than engagement was, for a time, the preferred modus operandi. The stated goal of U.S. policy toward North Korea shifted from containment of its nuclear program to "complete, verifiable, and irreversible dismantlement," and, once North Korea was declared part of the "axis of evil," along with Iran and Iraq, destabilization of the regime appeared to be the underlying goal. When that strategy failed and North Korea tested a nuclear device, the immediate goal shifted back to preventing further development of the program in the short run, with dismantlement of the nuclear weapons capability pushed down the road.

Thus, both decisions in Washington and changing facts on the ground in North Korea ratcheted up the costs of compliance over the past decade. To the degree that isolation and destabilization was a goal of the first Bush administration, neither the ends nor the means were within their control and, at that time, the governments in both South Korea and China were opposed and uncooperative. With regard to the nonproliferation goals, the nuclear tests meant that keeping North Korea a non-nuclear power, or even maintaining ambiguity about its status, was no longer possible, which was a blow to the non-proliferation regime. Having crossed that threshold, getting North Korea to agree to completely dismantle the program, surrender all its nuclear materials, and revert in the future to non-nuclear status also seems unlikely, unless or until there is a fundamental change in the government. While dismantlement is never-the-less likely to remain as at least the nominal goal, the immediate goals of negotiation will likely have to focus on, again, freezing and preventing the further development of the nuclear program, as well as preventing proliferation outside the peninsula.

Costs of Defiance

There are three key elements in analyzing the costs to North Korea from defying sanctioners' demands. The first is the scope and depth of economic relations between the sanctioning group and the target country, which determines the potential leverage available to the sanctioners. The second is the degree to which members of the sanctioning coalition are willing to employ the leverage at their disposal to impose costs on North Korea. The third is how regime leaders in North Korea view the costs of sanctions, not to the country but to themselves, and how they view the potential benefits, or costs, of deeper engagement with the outside world.

With respect to potential sanctions leverage and who controls it, Figure 1 shows the shares of North Korea's total trade (exports plus imports) held by its major trading partners according to one source. The first thing to note is that the United States, which is not even shown in the chart, has very little unilateral leverage over North Korea as a result of the longstanding economic sanctions related to the Korean War. The United States has provide some food aid over the years and, under the framework agreement, it agreed to lift most trade sanctions and provide fuel oil. But commercial trade remains negligible because of the situation in North Korea, the lack of attractive opportunities, and remaining sanctions on finance and U.S. government programs to promote trade and investment.

The key partners for North Korea are China and South Korea and their roles increased over the past decade to where they accounted for perhaps two-thirds of total North Korean trade in 2008. Stephan Haggard and Marcus Noland estimate that total South Korean and Chinese trade with North Korea is a bit lower than that (under 60 percent) and they also argue that sharply increasing trade with the Middle East is missing from most analyses, but they agree that China and South Korea are still the North's most important trading partners. These two countries also provide the bulk of foreign aid to North Korea, though the South Korean portion was reduced after President Lee came into office and again after the Cheonan incident. But even the latter sanctions excluded trade with the Gaesong Industrial Complex, thereby exempting a growing share of trade between the two Koreas. It is nevertheless possible that South Korea's trade with the North dropped further in the past two years, but that data is not yet available.

In terms of willingness to exploit its potential leverage to influence North Korean policies, China has consistently prioritized regime stability over non-proliferation and has resisted U.S. pressures to impose sanctions, except when North Korea pushed the envelope with its long-range missile and nuclear tests. South Korea has also generally been more concerned with avoiding a sudden and destabilizing regime collapse in the North, but President Lee has taken a somewhat harder line and shown more willingness to reduce aid to the North, especially after the Cheonan sinking. Japan has also increasingly taken a harder line with North Korea in recent years and bilateral trade is now virtually nil.

⁹⁻ See Stephan Haggard and Marcus Noland, "Sanctioning North Korea: The Political Economy of Denuclearization and Proliferation," *Asia Survey*, Vol. 50, No. 3 (2010), pp. 539-568.

45.0 40.0 35.0 30.0 10.0 0.0

Figure 1, North Korea's Total Trade Shares by Partner

Source: Nanto and Chanlett-Avery (2010), p. 38.

Given these constraints, United Nations sanctions in recent years have been relatively limited and narrow. U.N. Security Resolution 1718, approved after North Korea's first nuclear test in the Fall of 2006, banned exports of luxury goods, but left the definition of those goods to individual member states, restricted trade in arms and dual use goods (exports and imports), and called for a freeze on the assets of designated entities linked to North Korea's nuclear or missile programs. It also authorized cargo inspections to enforce the restrictions. But enforcement was, in practice, weak and no entities were designated and no assets frozen under the U.N. resolution until 2009. According to analysis by Marcus Noland, Chinese exports of luxury goods actually appear to have increased after the resolution was passed (under several alternative definitions of the list published by other U.N. members). 10 The Congressional

^{10 -} Marcus Noland, "The (Non) Impact of U.N. Sanctions on North Korea," Asia Policy 7 (2009), pp. 61-88.

Research Service report cited earlier also concluded that China, at least prior to the Cheonan incident, was not enforcing the luxury goods sanctions. 11

After a provocative long-range missile test in spring of 2009, the president of the U.N. Security Council Resolution called for implementation of the 1718 sanctions and then, after the second nuclear test, the Security Council approved Resolution 1874 further expanding the sanctions. It expanded the restrictions on arms trade, and the use of cargo inspections to enforce it, and shortly after passage made the first designations under 1718 for the freezing of assets. It also called on countries to prevent the provision of any financial services that could contribute to North Korea's missile or nuclear programs. The interpretation of which services might contribute to those programs is likely to be highly disparate, however, just as was the definition of luxury goods under UNSCR 1718.

In addition to the U.N. sanctions, U.S. policymakers seeking additional sources of leverage have turned to two other, related, tools. The first, especially prior to UNSCR 1718, which authorized cargo inspections to enforce the trade sanctions, is to use the Proliferation Security Initiative (PSI) to crack down on North Korea's arms trade and thereby reduce financial flows to the regime. The second is to use financial sanctions to cut off North Korea's access to funds and to the international financial system more broadly with the dual motives of squeezing the regime, by preventing the transfer of financial proceeds from illicit activities, and enforcing U.S. laws against counterfeiting and money laundering.

While the United States has limited leverage overall in this case, its central role in international financial markets gives it more leverage over some North Korean activities through market forces—other countries often cooperate in financial sanctions against North Korea (or Iran) in order to preserve their access to the U.S. financial system. Thus, in the

¹¹- Congressional Research Service, op cit., 2010, p. 11.

Banco Delta Asia (BDA) case, U.S. authorities did not have the authority to freeze North Korean assets. Rather, the U.S. Treasury prohibited American banks from doing business with BDA because it was suspected of being used to launder funds derived from illicit North Korean activities, including counterfeiting U.S. currency. That, in turn, raised concerns that other Chinese banks might be blacklisted for doing business with BDA so the Chinese authorities froze North Korean assets.

The "success" of the BDA case is less clear than often asserted, however. While the freezing of the BDA assets "got the attention" of the North Korean regime and return of the assets was clearly a major concern of the regime, whether the incident served U.S. interests is another question entirely. The U.S. designation of BDA occurred about the time that the sixparty talks managed to reach agreement on a "roadmap" for resolving the nuclear situation in the wake of the breakdown of the framework agreement. North Korea then left the negotiating table and refused to move forward with the roadmap or to return to the negotiating table until the assets were returned. In the interim, North Korea conducted its first test of a nuclear device, moving irrevocably across that threshold. Thus, while the BDA case demonstrated that the United States potentially has more sanctioning leverage than usually recognized, it is not clear that it was effectively used in this case to achieve coalition goals.

Finally, whatever degree of sanctions leverage the United States might have, it is unlikely to be decisive as long as China is willing to continue supplying fuel, luxury goods, and other items to keep the North Korean economy afloat. This brings the debate back around to the question whether there is a package of incentives that might buy Kim Jong-il's cooperation. The key to this question is whether the regime, especially during the current leadership transition, views deeper engagement with the global economy as a remedy for the ailing economy, or as a poison pill for their political health. Many observers believe that the recent reversal of economic reforms, along with the seeming rise in prominence of the military, indicate that North Korea is reverting to a more hardline stance, that they have rejected Chinese pressure to follow its path toward gradual economic reform while retaining political control, and that economic engagement is viewed as more a threat than an opportunity. 12

Conclusions

The key question for South Korea and the United States after the Cheonan incident remains how to reduce the threat posed by North Korea to regional stability, as well as to stability elsewhere through its proliferation activities. If the regime has turned its back on economic reform and no longer sees international engagement as in its interest, there is relatively little leverage—positive or negative—that the international community can effectively bring to bear. China and South Korea, if they chose, could probably bring the North Korean economy to its knees by cutting off all trade and assistance, but as long as the fear of a destabilizing regime collapse remains greater than the fear of a nuclear-armed North Korea, that is unlikely. The stick of potential sanctions should remain in the toolbox for potential use while the six parties continue efforts to negotiate an acceptable solution.

But the limits to external leverage are severe and the only alternative may be to contain North Korea's destabilizing activities as much as possible. Tighter containment of North Korea's global proliferation activities could be strengthened through more aggressive cargo inspections to interdict illicit shipments of arms or technologies related to weapons of mass

¹²- See in an earlier issue of this journal the articles by Andrei Lankov and Balbina Hwang; Andrei Lankov, "North Korea in Transition: Changes in Internal Politics and the Logic of Survival," Vol. 18, No. 1 (2009), pp. 1-27; Balbina Hwang, "Shattering Myths and Assumptions: The Implications of North Korea's Strategic Culture for U.S. Policy," Vol. 18, No. 1 (2009), pp. 28-52.

destruction to other rogue states. Containment of North Korea's own nuclear capabilities is more difficult and the challenge is finding a strategy to engage that regime, without giving up too much in terms of nonproliferation goals.

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ROK Diplomacy: Navigating Uncharted Waters The Historic Significance of the Cheonan Incident for ROK Foreign Policy

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Abstract

The Cheonan incident occurred when the ROK was faced with unprecedented challenges posed by the great vulnerability and uncertainty of North Korea, its own new role and responsibilities as an emerging international player, and the changing balance among the major powers. The ROK's diplomacy over the incident not only reflected such contemporary international circumstances but also epitomized President Lee Myung-bak's leadership style as well as the goals and resources of his nation. The Lee administration's diplomatic characteristics include: a) foremost priority on the ROK-U.S. alliance; b) principled approach; c) realism and pragmatism, and d) internationalism. These have served as the guiding principles for ROK diplomats in successfully proceeding through the different dimensions of Cheonan diplomacy: a) verification of the truth; b) retaliation; c) international cooperation; and d) transition to the post-incident phase. The crisis appeared to be a proving ground for the nation and its leadership, which shares fundamental values and basic strategic interests with the U.S. and Japan, to set a fundamental course for the nation's long-term foreign policy. Seoul, Washington and Tokyo should take advantage of the currently enhanced momentum to further reinforce cooperation in security areas, bilaterally and trilaterally, and thus consolidate their strategic foothold in the region.

Key Words: Cheonan, Lee Myung-bak, foreign policy, ROK-U.S. alliance, Japan

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Introduction

As is the case with many crimes, there is no dearth of interpretations about the motives and psychologies underlying the culprit's actions. Diverse theories and assumptions have been presented about why North Korea, in the midst of a fragile succession process, committed such an egregious act as to torpedo a naval vessel of the Republic of Korea (ROK) at this particular juncture in history. In contrast, sufficient analysis and assessment has yet to be rendered regarding the significance of the responses that the ROK has adopted since the sinking of the Cheonan, with a death toll of 46 servicemen. No one can fully understand any historic incident without understanding the chain of events and reactions that followed it. This paper purports to examine the policies and measures the ROK painstakingly took in the aftermath of the incident, and to assess the historic significance and long-term implications of the Cheonan incident to the ROK's foreign policy.

Historically, the Korean Peninsula has been a land of clashing interests of neighboring powers, forcing Korea to endure enormous hardships and difficulties for centuries. In the clash of interests over the Cheonan incident, however, the ROK has been a protagonist of international politics, deliberately shaping a course of action and managing its consequences. In many ways, this incident was not another case of the six-decade-long continuum of inter-Korean conflicts. The ship was sunk at the time when: a) Pyongyang was undergoing the greatest period of vulnerability and uncertainty in its history; 2 b) Seoul was enthusiastic

¹⁻ Sanger, David E., "U.S. Implicates North Korean Leader in Attack," *The New York Times*, May 22, 2010; Michihisa, Narushige, "The Cheonan sinking and Kim Jong-il's China visit: Now what?" East Asia Forum, May 10, 2010; Choe Sang-hun, "Succession in N. Korea may be behind new belligerence," *The New York Times*, May 27, 2010; Snyder, Scott, "The Cheonan Attack: Torpedoing chance of peace?" *Yale Global*, May 27, 2010; Cha, Victor D., "North Korea: Succession Signals," *Council of Foreign Relations*, May 26, 2010, et al.

²- Lee, Sung-yoon, "Take Advantage of Kim's Bad Timing," *The Wall Street Journal*, June 7,

about assuming unprecedented responsibilities commensurate with its new status as an emerging major power for the first time since its foundation; and c) the traditional balances among the neighboring powers, most notably the People's Republic of China (PRC) and the United States of America (U.S.), were being steadily transformed. Considering these circumstances, future historians will have good reasons to interpret this incident as a defining event that consequently set the fundamental course of the ROK's foreign policy for years to come.

To begin with, this paper outlines four guiding principles which characterize the foreign policy of President Lee: 1) foremost priority on the ROK-U.S. alliance; 2) principled approach; 3) realism and pragmatism; and 4) internationalism.³ This paper focuses on the quality of leadership in foreign policy. It aims to illustrate that the ROK's diplomacy regarding the Cheonan incident not only reflected the international circumstances of the time, but also largely epitomized President Lee Myung-bak's philosophy, ideals, and style as well as the goals, instruments, resources, and prowess of his country (Section: Quality of Leadership: The President Dictating Foreign Policy).

The paper goes on to examine the specific choices and reactions Seoul took after the incident by dividing the sequence of events into four dimensions: 1) verification of the truth; 2) retaliation; 3) international cooperation; and 4) transition to the "Post-Cheonan" phase. In so doing, the author aims to demonstrate how President Lee's diplomacy offered practical guidance in the nation's crisis. This paper attributes the ROK's success to Seoul's well-weighted decisions, audacious choices and discreet actions throughout the course of events (Section: Foreign Policy Tested: The

^{2010.}

³- The foreign policy platform "Creative Diplomacy" denotes a new set of principles which Lee Myung-bak has adopted in his policymaking. "President Elect Vows Creative Diplomacy," Korea Times, December 19, 2007.

Nation Setting the Cheonan Diplomacy in Motion).

Finally, the author welcomes the administration's successful endeavors to chart a basic course of foreign policy that future ROK administrations should continue to pursue, and proposes that the ROK and Japan, along with the U.S., should make the most of the enhanced momentum to further substantiate cooperation, particularly in the security realm, and should consolidate a strategic foothold in the region (*Section: The ROK's New Paradigm: A Sea Power Charting its Navigation Map*).

Quality of Leadership: The President Dictating Foreign Policy

The foreign policy that President Lee promotes marks a striking contrast to that of the preceding administrations of the past decade, and particularly that of his immediate predecessor President Roh Moo-hyun, whose diplomacy featured: a) a strong sense of nationalism and anti-Americanism; b) a situational, opportunistic and idealistic approach; c) a rhetorical and ideological method of presentation; and d) populism.

As examined in this Section, President Lee's policy represents a crystal-clear antithesis: 1) foremost priority on the ROK-U.S. alliance; 2) principled approach; 3) realism and pragmatism; and 4) internationalism. Although these are neither coherent nor mutually exclusive when applied in actual terms, the presidential dictum shed light in the darkness of the crisis and guided Korean diplomats and policy-makers throughout the meandering process of Cheonan diplomacy.

Foremost Priority on the ROK-U.S. Alliance

When President Lee took office at the Blue House in February 2008, he began his diplomacy by restoring the relationship with President Bush's America. The bilateral alliance had been tarnished by his predecessor,

a banner-bearer of the so-called "368 generation," inherently skeptical of the alliance. The bilateral relationship during the Roh-Bush era was punctuated by frictions such as the ROK's request to return War-time Operational Control, recurring base relocation issues, resistance to the U.S.'s "strategic flexibility" concept, and President Roh's lukewarm and accommodative position toward the North.⁴ In his inaugural address, President Lee sounded the death knell of anti-Americanism and stressed the vital importance of further strengthening "traditional friendly relations with the United States into a future-oriented partnership." President Lee visited Washington for his first overseas trip to meet with President Bush at the White House and Camp David in April. 6 The president's reference to the "strategic alliance with the United States" signified more than "traditional" ties; it meant revitalizing the alliance with a broader scope of cooperation over an array of global issues. This policy of prioritizing the alliance and cultivating multilateral platforms to optimize national interests perfectly matched the foreign policy inclination of the Obama administration. President Lee's pro-alliance approach helped to fill in perception gaps about their common strategic objectives, as encapsulated in the policy document "Joint Vision of the ROK-U.S. Alliance" in June 2009.7

⁴⁻ Funabashi, Yoichi, "The Peninsula Question: The Second Nuclear Crisis of the Korean Peninsula," *Asahi Shimbun*, October 2006; Flake, L. Gordon, "Ally, Global Partner or Historical Relic? The Necessity and Relevance of the ROK-U.S. Strategic Alliance," Seminar on "The ROK-U.S. Strategic Alliance: A Future Vision for the 21st Century," Korea Foundation, June 24, 2008, et al.

^{5- &}quot;Together We Shall Open A Road to Advancement," President Lee Myung-bak's Inaugural Address, February 25, 2008, http://www.korea.net/news/Issues/issuesDetail View.asp?board_no=18994.

⁶- President Bush Participates in a Joint Press Availability with President Lee Myung-bak of the ROK, Camp David, April 19, 2008, http://www.whitehouse.gov/news/releases/ 2008/04/20080419-1html.

⁷⁻ http://www.whitehouse.gov/the_press_office/Joint-vision-for-the-alliance-of-the-United-States-of-America-and-the-Republic-of-Korea.

The Cheonan incident and the evolving process was a clear testament of the crucial nature of the alliance for the ROK: symbolically, the first foreign ally President Lee contacted was President Obama; the two nations worked together on countermeasures such as joint exercises and enhanced vigilance against any potential provocations by the North; and both sides engaged in close consultations in promoting international cooperation including their policy coordination through the process of the United Nations Security Council (UNSC).

Principled Approach

"The purpose of foreign policy is not to provide an outlet for our own sentiments of hope or indignation; it is to shape real events in a real world" said former U.S. President John F. Kennedy. Another characteristic feature of the Lee administration's diplomacy is a principled way of acting. This principle-oriented approach, as opposed to a situational, opportunistic and functional approach, respects a set of ruling principles and fundamental values such as transparency, accountability, and compliance, as well as freedom, democracy, human rights, market-based economics and economic rationalism.

In the context of inter-Korean relations, this approach intends to balance the debt of the "Sunshine Policy" promoted during the decade of Democratic Party rule, which ended up unsettling the alliance with the U.S. allowing Pyongyang to manipulate the relations among Seoul, Washington and Tokyo, and eroding Seoul's bargaining power over the North. Learning from these bitter lessons, the Lee administration has been faithful to the basic doctrines outlined in the so-called "MB Doctrine" and

^{8 -} http://www.americanrhetoric.com/speeches/jfkmormontabernacle.htm.

⁹⁻ In his inaugural speech, President Lee emphasized this in the context of global diplomacy: "Respecting the universal principles of democracy and market economics, we will take part in the global movement for peace and development."

the "Denuclearization-Opening-\$3,000 Initiative." The principles vis-à-vis the North are loud and clear: a) peace should come before prosperity, not vice versa; b) nobody else but Pyongyang should make a strategic decision; c) benefits must not be unilateral but mutual between the two Koreas; d) bilateral activities should be evaluated in terms of economic benefits and fiscal sustainability of the ROK; e) Seoul should squarely address the nuclear issue, not leaving it in the U.S.-North context; and f) inter-Korean relations should not damage ROK-U.S. solidarity. 10

Another quality of President Lee's principled approach is a distinctive separation of foreign policy from domestic politics. As in other democracies, an aphorism of Alexis de Tocqueville holds true for the ROK: "There is a propensity that induces democracies to obey impulse rather than prudence and to abandon a mature design for the gratification of momentary passion."11 President Roh's policy toward Japan has been a telling example of basing foreign policy on domestic considerations. 12 In this author's anticipation, in the second half of his presidency President Lee should maintain self-discipline and not misuse the two most tempting cards to boost his domestic popularity, i.e. manipulating inter-Korean affairs and antagonizing Japan. 13

¹⁰ - With regards to its position on human rights, the Lee administration has co-sponsored a resolution on the human rights situation in North Korea at the Third Committee of the U.N. General Assembly since 2008, although the previous administrations had abstained from voting on such resolutions until 2007. The ROK has also co-sponsored a human rights resolution against the North at the U.N. Human Rights Council since

¹¹- Alexis de Tocqueville, "Democracy in America," Vol. I, Part B, 1835.

¹²- "An Open Letter to the Nation by President Roh Moo-hyun Concerning Korea-Japan Relations," March 23, 2005, http://www.korea.net/news/news/newsView.asp?serial_ no=20050324027.

¹³ - Some observers argue that President Lee and his Grand National Party manipulated the investigation process and dramatized the presidential speech in their attempt to blow a "Northern wind" and scratch together supportive votes for the local election upcoming on June 2. Presumably, this was not the case. Even if it had been the case, such calculations proved unrewarding, as the opinion survey and the election outcome

As examined in Section (*Foreign Policy Tested: The Nation Setting the Cheonan Diplomacy in Motion*), the principled approach proved to be a hallmark of the ROK's Cheonan diplomacy.

Realism and Pragmatism

Another idiosyncrasy of the CEO-turned-President is a result-oriented, practical, and matter-of-fact way of addressing problems. President Lee was an early critic of the ideological approach of his predecessor. He stated, "We must move from the age of ideology into the age of pragmatism." This disposition, like a golden rule of any successful corporate manager, features a rational way of calculating costs and benefits, weighing risks and opportunities on a balance sheet, and calibrating the reactions of others to keep matters under control. President Lee brought this approach to his diplomacy and changed the corporate culture of his Foreign Ministry.

President Lee's "Three-Step Process" toward reunification is a hybrid product of the aforementioned principled approach and pragmatism. In the presidential address on the 65th anniversary of liberation in August 2010, he outlined his vision for reunification: form a peace community (which entails denuclearization of the peninsula first), then realize economic integration by carrying out comprehensive exchanges and cooperation, and ultimately reunify Korea. For practical purposes, he proposed considering a unification tax, but did not go beyond suggesting that "these and other related issues should be discussed widely and thoroughly by all the members of our society."

14 - In the same speech, he defined pragmatism as "a rational principle prevalent in the histories across the globe, and practical wisdom useful in charting our course through the tides of globalization."

indicated.

^{15 -} http://www.koreatimes.co.kr/www/news/nation/2010/08/113_71472.html.

Lee's pro-alliance inclination, blended with realism and pragmatism, took on another shape in the Cheonan context. While relying on the U.S.'s assistance, the ROK did not allow the incident to escalate out of control and disrupt the wholesome development of its alliance with the U.S. Instead, Seoul deferred to the compelling necessity of Washington to preserve the unity of the P5 and prudently withdrew its original plan to pursue a UNSC resolution.

Internationalism

With its scarce natural resources and the persistent threat from the North, the ROK could not possibly survive in isolation from the world. Internationalism, in its passive sense, has been an indispensable policy to ensure its survival, maximize its national interests and consolidate its standing in the international community.

Today, the world cannot survive without the ROK. With its economic ascendancy to the world's top tier, the nation is becoming more confident in its ability to realize its ambition to become "Global Korea." The ROK has begun pursuing internationalism in its aggressive sense. Internationalism, not nationalism, is the source of its national pride, self-esteem and international reputation. President Lee himself personifies a "rags-to-riches" ideal and the rise of his nation. 16 There are abundant examples of Korea's aspiration for proactive internationalism: its respective chairmanships of the G20 Summit in November 2010 and the Nuclear Security Summit in 2012; its acceptance as the 24th nation to join the Development Assistance Committee (DAC) of the OECD in 2009 against the backdrop of its

¹⁶- Lee, Myung-bak, "There Is No Such Thing as Myth: A Personal Memoir," 2005, Shinchosha [Japanese Translation]. In his inaugural address, the president referred to himself as "a boy from the countryside who could not even eat regular meals" but eventually "became the president," conflating his own image with that of his nation by adding, "As such, the Republic of Korea is a country where we can dream our dreams and bring those dreams to reality."

increasing volume of foreign assistance, its active participation of the United Nations' PKO, its candidacy to become a non-permanent member of the UNSC for the 2012-2013 term, and its chairmanship of the COP 18 in 2015.

What enables Korea's active internationalism is its economic ascendancy. Its FTAs with the gigantic markets of ASEAN, India and the EU, and its successful bid to construct the nuclear power plant in UAE, are shining achievements of the ROK government's aggressive internationalism in its economic, energy and resource policies, coupled with the energetic commercial activities of the private sector. Vibrant business activities overseas necessitate favorable environments and friendly relations with other nations. Even though political-military considerations dictated the course of action in the Cheonan case, the ROK also considered the economic dimension of its foreign policy and the compelling need to maintain the cordial relations with China and Russia from a pragmatic viewpoint.

Foreign Policy Tested:

The Nation Setting the Cheonan Diplomacy in Motion

Crisis tests the caliber of leadership. In the wake of the nation's crisis, the ROK's Cheonan diplomacy proved to be the articulate expression and concrete application of the aforementioned philosophies and principles of President Lee's leadership. Seoul's strategy is examined here according to the following sequence of events: 1) verification of the truth; 2) retaliation; 3) international cooperation; and 4) transition to the "Post-Cheonan" phase.

Verification of Truth

"The truth is incontrovertible" contends former British Prime Minister Winston Churchill, "panic may resent it, ignorance may deride it, malice

may distort it, but there it is." While the North denied its involvement and claimed that the incident was fabricated by the South, the single most imperative task for the ROK was to establish the truth by conducting a credible investigation and to gain international recognition in a timely and persuasive manner. Credibility was the crown jewel for enabling the ROK to survive the Cheonan diplomatic process: failure to provide it would damage Seoul's policies and follow-up measures and jeopardize support at home and abroad. The fact that the result of the investigation came out almost two months after the salvage of the stern of the ship indicates that Seoul considered the modus operandi and conducted the investigation in an extremely cautious way, not rushing to judgment. Elements of a credible investigation include scientific objectivity, persuasiveness of evidence, and transparency and political neutrality in procedures, which Seoul maintained throughout the investigation under enormous time constraints.

Theoretically, there are four possible modalities for such an investigation: a) an independent investigation individually conducted by the ROK; b) an international investigation under the auspices of a third party (e.g. the UN Panel of Inquiry on the flotilla incident involving Israel and Turkey of May 31, 2010); c) an investigation in accordance with the Korean War Armistice Agreement; 18 and d) an international joint investigation led by the ROK. Seoul chose the fourth option out of the desire for credibility and practical necessity. To establish the cause of the incident, the Ministry of National Defense organized the Civilian-Military Joint Investigation Group (JIG) on March 31, which was staffed only by

^{17 -} Talbott, Frederick, "Churchill on Courage: Timeless Wisdom for Preserving," Thomas Nelson, Inc., 1996.

^{18 -} Article 24 of the Korean War Armistice Agreement provides, "The general mission of the Military Armistice Commission shall be to supervise the implementation of this Armistice Agreement and to settle through negotiations any violations of this Armistice Agreement."

Koreans,¹⁹ but was re-organized to ensure transparency and neutrality on April 12 with a total of 73 personnel (25 experts from 12 Korean civilian agencies, 22 military experts, 3 advisors recommended by the National Assembly and 24 foreign experts from 4 different countries).²⁰ The ministry also organized a Multinational Combined Intelligence Task Force (MCITF) on May 4 tasked with identifying the perpetrator of the incident.²¹

The JIG employed scientific and systematic methodologies to establish the cause. It first enumerated all the possible scenarios and reduced them to three major categories and eleven sub-categories. Then it eliminated any preconceptions by thoroughly evaluating various factors such as deformations of the hull, statements by personnel, seismic and infrasound waves and simulations of underwater explosions, using the review standards employed by the International Maritime Organization (IMO). In so doing, the JIG and the MCITF accessed the likelihood of every possible scenario, isolated the most plausible one, and concluded that the Cheonan had been sunk due to the shockwave and bubble effects generated by the underwater explosion of a torpedo, and that the weapon used was a torpedo manufactured by North Korea.²³

Engaging all the parties concerned in a highly transparent and

^{19 -} The original JIG was composed of 59 active service members, 17 government personnel and 6 civilians, who were ROK citizens.

²⁰- In order to enhance scientific objectivity and technical detail, the investigation term was divided into four tasks: scientific investigation, explosives analysis, ship structure and intelligence analysis. Foreign experts from the U.S., Australia, the United Kingdom (UK) and Sweden took part in the JIG.

²¹- Experts from the U.S., Australia, Canada and the UK participated in the MCITF.

²²- Among the collected materials and information, the propulsion motor of a torpedo bearing a Korean marking "Il-bon" (No. 1) discovered on May 15 was a "smoking gun" that strongly implicated Pyongyang's involvement.

²³- The final report states, "The evidence points overwhelmingly to the conclusion that the torpedo was fired by a North Korean submarine. There is no other plausible explanation."

timely manner was the ROK's next key task in order to contain skepticism and earn credibility for the investigation both at home and abroad.²⁴ In terms of strategic communication, the JIG held press conferences on its activities on three occasions to satisfy the public interest, and thus successfully ensured transparency and accountability.²⁵ When the final investigation results were released on May 20, the Korean and foreign press corps were provided with extensive briefings and Q&A sessions. In addition, while declining Pyongyang's request to accept their "inspection team," Seoul offered all other relevant nations opportunities for informal briefings prior to the release of the investigation results.²⁶

The credible investigation was a victory of the principled approach, pragmatism and internationalism which the Lee administration embraced: segmenting a comprehensive effort into subject-specific missions, mobilizing the expertise of Korean and foreign professionals from a wide spectrum of scientific fields, validating the results in a systematic and rational way, and presenting them in a transparent and accountable manner. The credibility generally attained at home and abroad proved to be powerful ammunition for Seoul in navigating through the political storm lying ahead.

^{24 -} The Ministry of National Defense published its "Joint Investigation Report on the Attack against ROK Ship Cheonan," which comprehensively describes the findings, analyses and conclusions of the JIG and its evidence data in both Korean and English "to resolve unnecessary misunderstanding and suspicions," http://cheonan46.go.kr/100. ISBN 978-89-7677-711-9.

^{25 -} The JIG held press conferences on April 7, 15 and 20 before announcing the final results.

^{26 -} North Korea's National Defense Commission made a counterproposal to send its own inspection team to the ROK to verify the evidence, http://www.hani.co.kr/arti/english_edition/e_national/421857.html. The PRC eventually declined the offer, while the ROK later accommodated a group of experts from Russia to conduct its own research starting from May 30.

Retaliation

Credibility alone is no guarantee of success in politics. Building on its credibility, the ROK needed to express its resolute will and take concrete actions. Because of possible backlash from Pyongyang or loss of control of the situation, the stakes for the Lee administration were high, and it had to fully weigh its various policy alternatives in order to produce the desired consequences against the North without exacerbating the situation.

In his address on May 29, President Lee defined the North's act as "a military provocation" that "violated the United Nations Charter and contravened the existing agreements... including the Korean War Armistice Agreement." He urged the North to apologize and punish those responsible immediately, and cautioned, "North Korea will pay a price corresponding to its provocative acts." He also stated that the goal of the ROK was "not military confrontation" but "the attainment of real peace and stability" on the peninsula. The speech was generally received as not only resolute and articulate, but also sober, self-restrained and well-balanced in its tone, language and substance.

As for the timing, it is noteworthy that the speech was delivered four days after the release of the investigation results. This indicates the Blue House's cautiousness in gauging public and international responses and, if necessary, revising the draft speech and the retaliation measures already on the menu. For the venue of the speech, the administration chose the War Memorial in the nation's capital, instead of the Pyongtaek Naval Base where the Cheonan lay as a stark reminder of the North's brutality. The choice implies Seoul's prudence: to attach historic significance to the incident, instead of characterizing it as an ephemeral event; to lower the rhetoric; and to avoid agitating the public and the North.

²⁷- http://cheonan46.go.kr/100.

Regarding the retaliatory measures against to the North, the ministers in charge deliberately selected and announced a complete package following the presidential address: a) inter-Korean sanctions including the closure of maritime routes for inter-Korean exchanges, the suspension of trade and investment, the downgrading of activities at the Gaeseong Industrial Complex, and the resumption of "psychological warfare" against the North; b) military/security responses based on the ROK-U.S. alliance and so-called "proactive deterrence," including a joint antisubmarine exercise in the Yellow Sea; and c) cooperation with the international players on the UNSC and a PSI exercise.

The ROK's retaliation proved to be well-balanced, restrained and calibrated.

First, Seoul chose to refer the issue to the UNSC and did not go so far as to exercise the right of self-defense, although the White House defined the North's act as "act of aggression." It also chose the council as the primary vehicle to address the case, bypassing the normative approach provided by the Armistice Agreement. This judgment came from Seoul's realistic and pragmatic calculation that the North's involvement would frustrate the process and jeopardize the timely and concerted efforts of the international community. Secondly, Seoul was deliberate in its implementation, as is shown in the Defense Ministry's self-restraint from activating loud speakers after carefully measuring Pyongyang's bellicose response. Thirdly, the President not only blamed the North, but also

²⁸- The White House Press Secretary's statement, May 19, 2010, http://www.whitehouse.gov/the-press-office/statement-press-secretary-republic-korea-navy-ship-cheonan.

²⁹- The letter from the ROK to the president of the UNSC dated June 30 explains, "The UNC-KPA General Officer-level talks have been the designated forum for any armistice-related issues following agreement between the UNC and the KPA in 1998, and the mechanism has dealt with other cases of violation by the North including the North's submarine infiltration in June 1998 and naval hostilities in 1999 and 2002."

^{30 -} KCNA on June 26, 2010 stated, "Psychological warfare is one of the basic operational forms for carrying out a war and the installing of such means for the above-said warfare

admitted to "mistakes" made by his military and pledged to expedite military reform efforts in his speech. Finally, the ROK explicitly reached out to the PRC and Russia for their cooperation, which demonstrated Seoul's determination that the international community should join hands in retaliating through diplomacy.

In so doing, the ROK succeeded in expressing its resolute will, laying out concrete goals, managing to keep a volatile situation under its control, and showing leadership in coordinating international pressure against North Korea.

International Cooperation

In advancing international cooperation, the ROK's diplomacy was handicapped from the outset: a) the ROK was not a member of G8 and the UNSC, two major avenues for obtaining international support; b) the ROK's lack of experience about daily procedural matters and backdoor deals at the UNSC could entangle its initiative; c) the track record of precedents in which the ROK and the North were direct parties put Seoul in a considerably weak position to make a case again at this time;³¹ d) tenacious interference from Beijing and Moscow was anticipated; and e) the UNSC was preoccupied with other major outstanding matters such as Iranian nuclear development, and the calendar did not favor the ROK's timeline.³²

Under the circumstances, Seoul attempted to overcome these

is a direct declaration of a war against the DPRK." "KPA General Staff Issues Crucial Declaration," June 26, 2010, http://www.kcna.co.jp/index-e.htm.

³¹⁻ The U.N. General Assembly, not the Security Council, addressed the case of the Rangoon bombing incident in 1983 under the subject of international terrorism, but issued no statement or remarks. On the Korean Airline 858 incident in 1987, the UNSC discussed the case in February of the next year, but only issued the President's oral remarks.

^{32 -} The Chiefs of Mission of the UNSC members visited Afghanistan and were absent from the debates over the Cheonan incident and other matters from June 20 for about a week.

deficiencies by closely coordinating policies with Washington and Tokyo based on the strong relationship of trust with U.S. President Obama and Japanese Prime Minister Hatoyama.³³ Upon the release of the investigation result, on May 20 the Japanese government issued a Prime Minister's comment strongly condemning the attack and robustly supporting the ROK. Japan expeditiously upgraded its already tight measures against the North on May 28.³⁴ The ROK also made the best use of upcoming diplomatic events such as the Trilateral Summit with Japan and the PRC (May 29-30), the *G8/G20* Summits in Canada (June 25-26), and the ASEAN/ARF Ministerial Meeting in Vietnam (July 21-23) to engage partners and third parties and gather international support while targeting the UNSC as the primary venue for deciding a response.

The goal of the ROK in terms of the UNSC's outcome was unequivocal yet overly ambitious: to adopt, at the earliest possible time, a UNSC resolution containing such elements as endorsement of the investigation results; condemnation of the North; demands for an apology and reparation; punishment; prevention of further hostilities; and decisions by member states to take measures. Seoul issued its letter to the president of the Security Council on June 4, attaching a document describing the investigation findings, and requested that the council "duly consider the matter and respond in a manner appropriate to the gravity of North Korea's military provocation in order to deter recurrence of any further provocation." The North reciprocated with its own letter on June 8. The

^{33 -} President Obama spoke with President Lee on May 17 to clarify the U.S.'s support for the ROK and "its defense against further acts of aggression." Prime Minister Hatoyama spoke with President Lee on May 19 and May 24.

³⁴ http://www.kantei.go.jp/foreign/hatoyama/statement/201005/20comment_souri_ e.html.

^{35 -} Regarding the right of a non-UNSC member to bring an issue to the UNSC, Article 35 (1) of the U.N. Charter states, "Any member of the United Nations may bring any dispute, or any situation of the nature referred to in Article 34, to the attention of the Security Council or of the General Assembly." The UNSC Provisional Rules of Procedure

ROK held an informal interactive dialogue to share the JIG results with representatives of the relevant countries, including North Korea and China, on June 14. The objective and highly transparent scientific investigation served as a strong diplomatic weapon at the UNSC discussion. The tactic of converging efforts at the UNSC with mounting momentum from the G8/G20 Summits proved to be effective, since the G8 Muskoka Declaration was fairly robust in supporting the ROK's interests. 36

The PRC insisted adamantly that it would neither accept any UNSC resolution nor accommodate any language that directly condemned the North and outlined measures against it. The ultimate goal of China's Cheonan policy was to prevent further escalation, maintain stability on the Korean Peninsula, and sustain the North's regime. Beijing's displeasure about the ROK's position was obvious when President Hu Jintao kept silent about Kim Jong-il's upcoming visit to China at his meeting with President Lee on April 30. China was skeptical of the investigation results and remained instinctively uncompromising over the wording of the UNSC document, and it aligned with a dubious and lukewarm Moscow to frustrate the outcome. The two countries allegedly obstructed the ROK's initiative and also hinted to Washington that they would sabotage cooperation on other pending Security Council issues and in their respective relations with the U.S. It is also alleged that the ROK, in its desperate pursuit of a UNSC resolution and frustrated over the impasse, went so far as to consider putting a ROK-revised draft to a vote and embarrassing the PRC and Russia on the spot.

As a result of intensive discussions with the U.S. and Japan and heated debates with the other camp, the ROK finally reached a pragmatic

⁽²⁾ state, "The president shall call a meeting of the Security Council if a dispute or situation is brought to the attention of the Security Council under Article 35."

^{36 -} http://www.mofa.go.jp/policy/economy/summit/2010/index.html. The Declaration called "for appropriate measures to be taken against those responsible for the attack" and condemned the attack which led to the sinking of the Cheonan.

conclusion and agreed on July 9 to a UNSC President's Statement (PRST), which was weaker in binding force but still reasonably robust in substance.³⁷ Through the challenging process at the Council, the ROK consistently "held a pen" over the document and utilized an informal framework of "P3+2" i.e. the U.S., the UK, and France, plus Japan and the ROK, in order to weather the opposition of the PRC and Russia.

It is worth noting that Seoul skillfully avoided alienating Washington and Tokyo or clashing against Beijing and Moscow, minimizing the deficit and maximizing the surplus on the ROK's total balance sheet, which includes its growing economic ties with China³⁸ and business opportunities for natural resources in Siberia, Russia.³⁹ After all, an "exit strategy" entails close consultations and cordial relations with those two countries, as they all must move on to the next phase sooner or later.

Transition to the "Post-Cheonan" Phase

What was the ROK's "exit strategy" following the Cheonan incident? The first pillar of their exit strategy was, paradoxically enough, the continuation and enhancement of the consequences against the North Korean regime. Although the PRST was a fair and reasonable outcome by any realistic and pragmatic measurement, the ROK was far from satisfied. The nation was driven to maximize and institutionalize the positive effects that could be gained from its tragic incident. The ROK-U.S. Foreign and Defense Ministerial Meeting on July 19 in Seoul highlighted a sobering recognition that such a tactical attack was a present and clear danger

^{37- &}quot;Presidential Statement: Attack on Republic of Korea Naval Ship 'Cheonan'" UNSC, July 9, 2010, S/PRST/2010/13, http://www.un.org/News/Press/docs/2010/sc9975.doc.htm.

³⁸- The PRC was the ROK's No. 1 trading partner (20.5%) in 2009, followed by Japan (10.4%) and the U.S. (9.4%) [Korea Bank].

^{39 -} In September 2010, President Lee and President Medvedev agreed to jointly pursue a project that would bring Russian natural gas to the ROK beginning in 2015.

creeping beneath the everyday lives of the South Korean people. The ROK armed forces began improving capabilities and interoperability with the U.S. for defense against asymmetrical warfare including anti-submarine warfare (ASW). The "National Defense Reform 2020," which emphasized long-range power projection, went under revision to improve its defense posture against conventional warfare. ⁴⁰ Out of its elevated taste for internationalism, the ROK hosted an international exercise of the Proliferation Security Initiative (PSI) on October 13-14. ⁴¹

The second pillar of the "Post-Cheonan" policy concerned efforts to resurrect dialogue with the North. Since Pyongyang accepted general-officers-level meetings under the terms of the Armistice Agreement in June after repeated refusals, the UNC-KPA has held colonel-level talks several times. Seoul has kept a channel of dialogue open to see if Pyongyang would come prepared to settle the Cheonan case and honor its commitments to the 2005 Joint Statement. Seoul has also provided humanitarian assistance and agreed to hold reunions of separated families, but apparently nothing positive and substantive has occurred to date.

The third pillar is close coordination with Six-Party partners. There is general consensus that the ROK will remain in the driver's seat, conditioning the resumption of the talks on Pyongyang's genuine readiness to negotiate terms. "Strategic patience" is the name of game that Seoul, Tokyo and Washington are playing at this juncture, whereas Beijing is impatient to resume the talks and take the wheel on issues of the Korean Peninsula and regional politics.

^{40 -} http://www.koreatimes.co.kr/www/news/nation/2010/07/205_66548.html.

⁴¹- The ROK hosted a PSI international exercise for the first time in October, named "Eastern Endeavor 10," which was joined by vessels and aircraft from the U.S., Australia and Japan, along with military and civilian observers from 10 other countries. It is noteworthy that Japanese and Korean destroyers set sail side by side, representing the first such exercise conducted in the territorial waters of the ROK.

The ROK's New Paradigm: A Sea Power Charting its Navigation Map

To the Lee administration, returning to "normalcy" hardly means turning the clock back to the *status quo ante*. It means a new paradigm for ROK diplomacy with further articulation of its foreign policy principles and nuanced revisions. How will the Cheonan incident influence the ROK's diplomacy in the meantime? What are strategic implications, if any, of the ROK's foreign policy?

Impacts on the ROK's Diplomatic Equilibrium in the Region

The immediate impacts and implications of the Cheonan incident on the ROK's policy can be most effectively analyzed in terms of its diplomatic equilibrium with the other regional players: the U.S., the PRC and Japan.

First, the attack revealed the necessity for the ROK to further solidify its defense posture and the conservative value of the ROK-U.S. alliance: defense and deterrence against the North Korean threat.

Secondly, the Cheonan aftermath prompted Seoul to redefine its relations with Beijing. When President Lee first visited China in May 2008, the two leaders elevated their relationship to a "strategic cooperative partnership" which underscored the essential importance of the bilateral relationship on one hand, but on the other hand showed a certain degree of ambivalence and reluctance to go beyond that level.⁴² Though Sino-Korean relations have been periodically strained by such issues as the history of Koguryo, North Korean defectors, illegal fisheries, and the ROK's participation in the U.S.'s BMD system, these political frictions

^{42 -} China-ROK Joint Statement, May 28, 2008, http://www.fmprc.gov.cn/eng/wjdt/2649/ t469103.htm.

were marginalized by the overwhelmingly vibrant commercial interactions. However, Beijing's detrimental responses to the Cheonan incident sparked Sino-phobia, giving rise to animosities and anxieties about its present misbehavior, casting doubts about the legitimacy of China's chairmanship of the Six-Party framework, and enhancing alertness toward China's potential claims and challenges to ROK interests in the future.

Thirdly, the incident has given rise to progressive ideas about ways and means of promoting cooperation with Japan on security matters. ⁴³ Japan consistently supported the ROK's Cheonan diplomacy, because Tokyo believed that: a) the attack constituted a security threat to Japan and the region; b) Japan's support would help alleviate tensions during the year of the 100th anniversary of Korea's annexation; and c) it would pave the way for bilateral cooperation in the security and defense areas.

A New Paradigm for ROK Foreign Policy

Considering the changing equilibrium of the ROK's relations with other regional powers, Seoul's trilateral solidarity with Washington and Tokyo is of vital importance in its security and diplomatic policies. As analyzed in the preceding sections, the single most important and overarching effect of the Cheonan incident was the realization that the ROK would best thrive as a "sea power," as opposed to a "land power," standing fast on a set of universal values and principles, anchored on its strong alliance with the U.S., and nourishing wholesome internationalism.

The three-way partnership among these sea powers has five core strategic values. Trilateral solidarity serves as: a) defense and deterrence against the North's provocations; b) diplomatic coercion against Pyongyang and its "strategic decisions"; c) a mitigation system against potential

^{43 -} Four officers of the Japanese Maritime Self-Defense Force observed the ROK-U.S. joint exercise "Invincible Spirit" in the Sea of Japan on July 25-28.

contingencies such as outflows of refugees; d) a safeguard for the ROK's rather nascent initiatives at international venues including the Six-Party platform and the U.N.; and e) a strategic stronghold in the regional context to cope with a wide range of security challenges.

It is imperative that Seoul, Tokyo and Washington seize the current momentum to promote substantial cooperation, particularly in the security field, by sharing basic recognition of their strategic interests. In this regard, the author proposes that they take the following concrete steps.

First, regarding the Korean Peninsula: a) Since it is time-sensitive to analyze the on-going succession process and civil-military relations in the North, the three nations should closely "compare notes" and assess the current situation in the North. b) Since it is high time to prepare for various scenarios that could occur during the transitional period and the post-Kim Jong-il era, the authorities should start discussing concerted responses to potential contingencies on the peninsula, including noncombatant evacuation operations (NEO) of their citizens and third parties. c) In order to deter its provocations and influence Pyongyang's strategic decisions, they should take a lead in the international endeavors to render consequences by strengthening sanctions measures and the international non-proliferation regime. d) They should reestablish coordination mechanisms such as "TCOG" to lay the groundwork for negotiating terms with the North.

Secondly, regarding the PRC, the author proposes that they should substantively engage in a strategic discourse about China in the broader context of regional security, yet in a discreet way. Specific issues of discussion may include: a) how to ensure a more constructive role for the PRC in terms of North Korea and other issues of mutual concern; b) rapid and opaque modernization of its military capabilities; c) the assertive and expansive naval activities by China in the East China Sea and the South

China Sea, which threaten territorial integrity of neighboring countries and the sea line of communication (SLOC), when the very survival of sea powers depends on freedom of navigation; and d) China's encroaching influence in the Indochina region, the underbelly of ASEAN. The ROK-U.S. joint exercises in Beijing's vicinity produced the side-effects of checking China's assertive naval activities and challenging Beijing's lukewarm stance to the Kim Jong-il's regime. Since the ramifications of the incident have been detrimental to its national interests in many ways, Beijing may reasonably question the value of its perennial brotherhood with the North and begin regarding it as more of a strategic "liability" than an "asset."

Finally, Tokyo and Seoul should waste no time in filling the conspicuous vacuum in their security cooperation. Washington's facilitation is necessary to rectify the misshaped triangle, given the tendency of Japan and Korea to recoil at the sensitive nature of such cooperation due to their respective domestic considerations. Once introduced, an Acquisition and Cross-Servicing Agreement (ACSA) or a General Security of Military Information Agreement (GSOMIA) would be widely applicable in various fields of activities such as PKO, PSI and humanitarian assistance and disaster relief (HADR) overseas, widening the horizon of the strategic partnership.

Conclusion

Concerning the policies and reactions of the ROK following the Cheonan incident, there is a whole spectrum of criticism: some criticize that the "hawkish" approach of President Lee antagonized North Korea, closed the door with Pyongyang, and polarized the Six-Party members into two camps. At the opposite end of spectrum, others complain that the "dovish" approach failed to pass a UNSC resolution, left the culprit at large and exacerbated the tense situation surrounding the peninsula.

When the ship was sunk, the country was faced with unprecedented challenges posed by the great vulnerability and uncertainty of North Korea, its own new role and responsibilities as an emerging power, and the changing tide of international politics. A crisis tests leadership and strengthens its philosophy. It seems to this author that the set of principles and rules followed by President Lee successfully enabled the nation to shape appropriate choices and actions throughout the Cheonan aftermath and steered the nation in the right direction. This author supports the ROK's audacious yet discreet actions in pursuit of its foreign policy as a sea power that cherishes fundamental values such as democracy, human rights, freedom, rule of law, economic rationalism and free navigation, anchored solidly in the alliance with the U.S. and the strategic partnership with Japan, embarking on a joint venture of regional and international cooperation. In this sense, the Cheonan crisis was a perfect proving ground for the ROK to test the quality of its leadership and to chart a navigation map of its foreign policy for years to come, as the nation navigates the unmapped waters of international politics.

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An Assessment of the Security Environment and Challenges in the Post-Cheonan Era: A South Korean Perspective*

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Abstract

The Cheonan incident has brought the biggest security challenges to South Korea since the end of the Korean War. These challenges include the multiplying North Korean security challenges, the rise of China and changes in the strategic landscape in Northeast Asia, the hard, cold reality of international politics, and a weak domestic posture toward preventing and handling North Korean provocations. To overcome these challenges, South Korea needs to widen the scope of its security paradigm to reflect the bigger picture of the North Korea question. It is also necessary for South Korea to pay more attention to the security environment of Northeast Asia, which is fundamentally conditioned by the shifting U.S.-Chinese power structure. In addition, South Korea should view issues from various angles and devise comprehensive measures and approaches toward present and future security challenges. There are several measures for consideration. First, South Korea must establish a comprehensive security platform, including military and non-military means, to prevent North Korea from attempting any kind of military provocation. Second, South Korea should mobilize and secure the understanding and support of the concerned countries on fundamental issues, such as the nature of North Korean regime, the desirable end state on the Korean Peninsula, and the roadmap and action plan for reaching that end state. Third, South Korea should develop its own security network to minimize the impact of the shifting balance of power between the U.S. and China. Finally, South Korea should consolidate a domestic base for security and North Korea policy by enhancing domestic strategic communication.

Key Words: Cheonan incident, North Korea, security challenges, U.S.-China relations, China

^{*} The opinions on this paper are those of authors and do not necessarily reflect the viewpoints of the government bodies or institutes with which authors are associated.

Introduction

The Cheonan incident, which occurred on March 26, 2010, raised significant challenges to the diplomacy and security posture of the Republic of Korea (hereafter the ROK or South Korea), considering the background and details of the incident as well as the subsequent investigation, post-incident developments and conclusion. The incident made the South Korean government revisit certain realities of its security situation that had been forgotten or unheeded and revealed the possibility of a split in public opinion on security problems. In addition, it showed ill-preparedness to prevent and react to such incidents and revealed the harshness of the international community which ROK diplomacy faces at present. Furthermore, the Cheonan incident reminded us of the importance of being conscious and prepared to analyze how security circumstances around the Korean Peninsula have changed thus far and what course to take in the future.

Taking the incident as an opportunity, South Korea should make efforts to thoroughly analyze and discern a comprehensive list of "North Korea questions" including core security challenges raised by North Korea now and in the future. Moreover, it is urgent that South Korea establish a comprehensive and multi-dimensional strategy for national security taking into account the possibility of changes in the overall security and strategic landscape of the Northeast Asia region, including U.S.-China and China-North Korea relations. In particular, it is important to devise an objective and plausible approach strategy while avoiding "arbitrary understanding" or "wishful thinking" on our part. On top of that, it is vital to closely analyze and assess the security polices and strategies of related countries, paying attention to connectivity between issues on the Korean Peninsula and changes in the security structure of Northeast Asia.

Against this backdrop, this paper aims to analyze the problems

uncovered after Cheonan incident and ultimately identify the future security strategy and policy to be carried out. This paper is divided into three sections as follows: 1) an examination of the responses of the related countries including the U.S., China, North Korea and others, with a view to the future outlook, as a basis for understanding the situation after the Cheonan incident and the emerging perceptions about the changed security environment; 2) an analysis of major challenges including diverse North Korean threats, changes to the regional strategic landscape, and international and domestic factors; and 3) a proposal for a policy agenda to be considered by the ROK government.

Responses of Related Countries and the Future Outlook

It is necessary for the ROK government to comprehend its neighboring countries' perceptions on this issue as a basis for handling it and deciding on the future direction in which to lead international cooperation. Also, their positions reflect perceptions and interests in regard to the Korean Peninsula. Through the Cheonan incident and subsequent follow-up measures, related countries such as the U.S., China, Russia and Japan expressed their standpoints in dealing with this incident. There is convergence and divergence among the concerned parties. Some support the South Korean government, while some express ambiguous stances. Simultaneously, North Korea has shown its strong position by insisting it was not involved in the incident. By recognizing each country's position, we can understand how their different positions are formed in terms of managing the incident itself and North Korea in general, and the perceived security environment in Northeast Asia.

The United States

In the early stage following the Cheonan incident, the U.S. government was cautious in expressing its position on whether or not the incident was caused by a North Korean torpedo attack. However, as the investigation proceeded, the U.S. began to recognize that the Cheonan incident was a critical challenge to both security on the Korean Peninsula and regional peace and stability in Northeast Asia. Under the principle of "ROK-leading, U.S.-supporting," the U.S., as an ally of South Korea, actively supported South Korea on various occasions including summit meetings, foreign ministerial meetings, and the 2+2 Meeting (Foreign and Defense Ministerial Meeting). The U.S. emphasized "compelling evidence" from the investigation conducted by the Civil-Military Joint Investigation Team and firmly maintained its position that North Korea should take responsibility for the Cheonan incident.

While its initial attitude was timid, after announcement of the investigation results the U.S. showed an active and aggressive position. Of particular note, U.S. Secretary of State Hillary Clinton visited to Seoul on the way back to the U.S. after the U.S.-China Strategic and Economic Dialogue and confirmed the strong U.S. support of the investigation results at the press briefing for the ROK-U.S. Foreign Ministerial Meeting.¹ Also, the U.S. conducted various follow-up measures beginning with a ROK-U.S. joint anti-submarine drill in the Yellow/West Sea. Simultaneously, it reviewed its unilateral measures and actions against North Korea.

¹⁻ The U.S. Secretary of State Hillary Clinton said in regard to the Cheonan incident, "The international independent investigation was objective, the evidence overwhelming, the conclusion inescapable. This was an unacceptable provocation by North Korea, and the international community has a responsibility and a duty to respond. The measures that President Lee announced in his speech are prudent. They are absolutely appropriate, and they have the full support of the United States." These remarks were made at the press briefing after the ROK-U.S. Foreign Ministerial Meeting held on May 26, 2010.

From the beginning, the Obama administration has emphasized a policy of "settling the Cheonan incident first, then resuming the six-party talks," taking the same position as the ROK. Also, the U.S. seemed to gradually expand the various North Korean issues including the Cheonan incident into the broader "North Korea question." The U.S. policy toward North Korea has been overshadowed by its nuclear program, as it was designed and implemented based on that issue. In dealing with the North Korean nuclear issue, the U.S. emphasized "strategic patience" and maintained its position that North Korea should take visible action to prove its willingness to denuclearize. Also, the U.S. adhered to the position that it would not accept "dialogue for dialogue." It was clear that the focal point of North Korean policy in the U.S. was the nuclear question.

After the Cheonan incident, however, the North Korean policy of the U.S. appeared to take on a more comprehensive approach. The U.S. seemed to expand the scope of North Korean issues, considering not only the importance and seriousness of the Cheonan incident, but also the general "North Korea question" beyond the nuclear issue. One sign of this comprehensive approach was the recent sanctions measure against North Korea which was unilaterally introduced and implemented by the U.S. The U.S. justified these sanctions against the North due to not only WMDs (Weapons of Mass Destruction) but also illegal activities conducted by North Korea. This may explain the changed policy direction of the U.S. on a variety of North Korean issues. This compulsive policy by the U.S. sends the critical message that the U.S. wishes for North Korea to make a new strategic decision. Also, it shows that the U.S. is running out of

²⁻ At first, the U.S. urged North Korea to resume the Six-Party Talks without conditions, and then stressed that North Korea should take a clear action to support the spirit of the September 19th Joint Statement. The specific measures the U.S. demands of North Korea are the disablement and shutdown of its Yongbyon nuclear facilities and a return to the Nuclear Non-Proliferation Treaty (NPT) and the Six-Party Talks.

strategic patience and is pessimistic about resolving the North Korean nuclear problem.

The U.S.' tough position on the Cheonan incident also reflects the need to "keep China in check." After the 2nd nuclear test by North Korea in May 2009, the U.S. and China reached a consensus in dealing with the North Korean nuclear problem and strengthened their cooperation.³ However, with the continued deadlock of the six-party talks, China asked the U.S. to take a more flexible position. At the same time, it tried to improve its relationship with North Korea. The most significant point was Prime Minister Wen Jiabao's visit to North Korea. It is assumed that during this visit China and North Korea agreed on an economic cooperation plan including Chinese economic aid to the North. After that, conflicts between the U.S. and China emerged in other fields irrelevant to North Korea's nuclear problem.

From the U.S. point of view, the North Korean leader Kim Jong-il's visit to China from May 3-5, 2010 was also occasion enough for the U.S. to feel concern about the details of the agreement between China and North Korea. Moreover, the fact that China actively restored and strengthened its relations with the North by permitting Kim Jong-il's visit to China in the midst of international discussion about the Cheonan incident made the U.S. consider China's position as a disruptive element in North Korean policy.4 In light of this attitude, China displayed its

³⁻ China and Russia were very active and cooperative in the process of adopting United Nations Security Council Resolution 1874, which is related to North Korea's nuclear issue, and the U.S. assessed it positively.

⁴⁻ At the G20 Toronto Summit in June 2010, while talking to Chinese President Hu Jintao, U.S. President Barack Obama criticized that China was reacting to the Cheonan incident with willful blindness. Also, President Obama criticized China publicly, mentioning the summit with President Hu Jintao as follows. "This is not an issue where you've got two parties of moral equivalence who are having an argument. This is a situation in which you have a belligerent nation that engaged in provocative and deadly acts against the other, and I think it is very important that we are clear about that... But I think there's a difference between restraint and willful blindness to consistent problems, and my hope

desire to contain U.S. influence, at least in the Northeast Asia region including the Korean Peninsula.

In this vein, the U.S. seems to perceive China's attempts to expand its influence over the Northeast Asia region and the Korean Peninsula on the basis of its efforts to rebuild its traditional relations with North Korea throughout the Cheonan incident. Especially, it is recognized that the very enthusiastic U.S. stance toward the ROK-U.S. joint military exercises sends a strong message toward not only the North but also China in terms of U.S. willingness to fulfill its security commitment to South Korea. The reason for this is that, as the U.S. sees it, China's recent increase in military capability has focused on access denial capabilities, and the increase in military activities in the East China Sea and the South China Sea may become a new challenge for the U.S.

China

Fundamentally, China approaches North Korean problems, including Cheonan incident, with the sense that peace and stability on the Korean Peninsula are critical to China's sustainable economic development and they should contain the U.S. expansion of its influence.

From the Chinese point of view, it felt pressured out of necessity to take a sort of desperate measure in embracing North Korea. China considers that severe pressure against North Korea could lead to additional provocations or uncontrollable behaviors by the North and consequently raise tensions on the Korean Peninsula. China tries to be a *balancer* or *mediator* between North Korea and other countries, actually taking North Korea's side to manage diplomatic pressure from others. The reason why China takes this position is that it regards the security

is that President Hu will recognize as well that this is an example of Pyongyang going over the line in ways that just have to be spoken about seriously."

environment of the Korean Peninsula as more unstable than ever. Also, China judges that increased pressure against North Korea and deepened isolation from the international community could lead to more tensions on the peninsula.5

Furthermore, the attitude shown by China in dealing with the Cheonan incident can be considered as a sign that China is reinforcing its policy to restore and strengthen its mutually cooperative relations with North Korea in order to contain the alliance relationship between the U.S. and South Korea. In fact, South Korea has been focusing on reconstructing and developing its alliance with the U.S. since the Lee Myung-bak administration was inaugurated. Further, China has expressed skepticism about the ROK-U.S. alliance as a leftover of the Cold War on a number of occasions. Considering the facts mentioned above, it can be assumed that China may have responded to the incident in order to contain the strengthening of the ROK-U.S. alliance, which would weaken China's impact on the Korean Peninsula. In sum, China might want to impose its influence and prevent South Korea's stance on the ROK-U.S. alliance from highlighting the prominent pattern of "U.S.-South Korea versus China-North Korea" in military and security fields.

Also, the posture of China implies that it has complaints about the government policies of the U.S. and South Korea toward the North. It is well known that China has been pressing for a change in the ROK's policy toward North Korea since President Lee Myung-bak's inauguration. China has stressed that South Korea should enforce a flexible policy toward North Korea. Chinese experts on North Korea insisted that North Korean problems should be dealt with by inducing gradual changes in

⁵⁻ Heung-gyu Kim, "Cheonanham Sataewa Han-Jung Gwankye [The Cheonan Incident and ROK-China Relations]," Juyogukgemunjebunseok [Analysis of Major International Affair], No. 010-23 (Institute of Foreign Affairs and National Security, September 1, 2010), pp. 7-8.

North Korea through closer mutual understanding, rather than simply imposing pressure on it. As the U.S. position toughened and North Korea's attitude changed significantly, the U.S. and China started to hold different views of each other. Evidently, China has been aggressively pushing for consistent engagement by the U.S., which set forth a policy of "strategic patience" and argued that it is meaningless to talk with North Korea unless North Korea takes clear action to renounce its nuclear programs. 6 Consequently, U.S.-China cooperation toward North Korea grew weaker, and wider gaps were revealed between their opinions. Under these circumstances the Cheonan incident occurred. The gap between the two countries was reflected in the process of reaching a resolution on the incident, and it led to different approaches toward North Korea within the structure of the ROK and the U.S. versus China, even though the three share the common goal of establishing peace and stability on the Korean Peninsula. This gap among the major related countries - the ROK, the U.S. and China - appears to be widening.

North Korea

North Korea continues to deny its involvement in the Cheonan incident and to respond to the problem very actively and aggressively through its diplomatic activities. First, North Korean leader Kim Jong-il visited China and met with President Hu Jintao in May 2010 in an attempt to seek the cooperation and understanding of China, insisting that North Korea was not involved in the Cheonan incident.⁷

⁶⁻ The Obama administration has emphasized the implementation of the September 19th Joint Statement and urged North Korea to return to the NPT regime while freezing and shutting down its nuclear facilities. The U.S. regards these two actions as a demonstration of North Korea's intention to abandon its nuclear program.

⁷⁻ A number of Chinese experts report that in the middle of their meeting, Chinese President Hu Jintao asked North Korean leader Kim Jong-il if North Korea was responsible for the Cheonan incident, and Kim strongly denied it.

Regarding the announcement of the outcome of the investigation by the Civil-Military Joint Investigation Team on May 20, North Korea promptly took strong action, claiming that the Cheonan incident was fabricated by the South Korean government on several occasions including a press conference, a statement by the North Korean National Defense Commission, 8 the warning statement of the North Korean Military Front-Central Command, and a statement by a spokesperson of *Chopyungtong* (the North Korean National Peace and Unification Committee). 10 Furthermore, North Korea accused the U.S. of inciting a nuclear war and insisted on reinforcement of its nuclear deterrent. In fact, North Korea has not taken any physical action to put their announcements into practice, but has focused on a verbal threats and diplomatic activities. For example, North Korea actively introduced diplomatic measures at international and regional diplomatic meetings. It explained and publicized its stance by keenly participating in the U.N., regional events, and civil-governmental joint conferences of regional security experts and governmental officials such as the Council on Security Cooperation in the Asia Pacific (CSCAP) and the Asia-Pacific Roundtable.

Such activities imply that North Korea also realizes the situation is unfavorable to itself. In other words, North Korea has already noticed that its belligerent attitude and actions serve to strengthen the ROK-U.S.-Japan relationship and international solidarity, intensify its own isolation,

⁸⁻ In the statement by the North Korean National Defense Commission released just after the Civil-Military Joint Investigation Team reported its results, North Korea announced that it would take countermeasures such as dispatching an inspection team regarding the incident, reacting strongly to the sanctions, and reinforcing its physical responses.

⁹⁻ In the warning statement North Korea stated that "If a psychological warfare is conducted, North Korea will implement direct fire to eliminate speakers."

^{10 -} In the statement, North Korea listed its major concerns as easing the current war-like situation, abolishing the non-aggression agreement between North and South Korea, eliminating inter-Korean economic cooperation, and requesting that the South accept the North's inspection team.

worsen China's situation, and ultimately lead to changes in China's policy toward the Korean Peninsula in the long-term. Considering the possible consequences, North Korea will be reluctant to implement actual measures that may cause radical changes or aggravate the situation. It is evident that North Korea recently displayed soft-line gestures toward South Korea by suggesting family reunions and inter-Korean military working-level talks, and calling for humanitarian relief aid. 11 All of these activities by North Korea showed a desire to conclude the Cheonan incident quickly and focus on U.S.-North Korea bilateral talks and the nuclear problem. As mentioned in the previous China section, China is also taking a similar stance with North Korea

Russia and Japan

Russia has been careful about the incident but began to actively support South Korea's stance after the South Korean government announced counter-measures against North Korea. However, as the postincident proceedings continued, Russia altered to a stance similar to China's (position with reservation) and raised its suspicions indirectly about the investigation results. Meanwhile, President Dmitry Medvedev of Russia expressed a strong intention to support South Korea, talking on the phone with ROK President Lee Myung-bak, 12 and he demonstrated cooperation by dispatching a Russian investigation team to South Korea. However, the Russian investigation team started to have doubts about the results of the investigation conducted by the Civil-Military Joint Inves-

¹¹- It was reported in the media that North Korea requested aids of food, cement, heavy equipment and vehicles, while South Korea excluded heavy equipment and vehicles.

¹²- On May 25, 2010, in a phone conversation with President Lee Myung-bak, President Dmitry Medvedev expressed his intention to actively cooperate with and support the South Korean government, stating that "Russia will try to send a clear message to North Korea. Also, Russia understands South Korea's policy toward the North, including the matters related to the U.N. Security Council."

tigation Team, which made the South Korean position difficult. Although Russia did not publicly express its suspicions, they were partially exposed through the media, further exacerbating the situation. 13

Russia may be concerned over the growing tensions on the Korean Peninsula and attempting to check the strengthening of ROK-U.S. relations. Also, Russia may want to use the incident as an opportunity to reinforce its influence on the Korean Peninsula. Or, Russia's posture toward the incident can be interpreted as a reflection of the country's dissatisfaction with South Korean relations thus far. From this point of view, it can be expected that Russia will work to check the U.S. as China does, emphasizing North Korea's nuclear problem and the six-party talks rather than the Cheonan incident.

The basic position of Japan is similar to what the U.S. has been continuously advocating since the beginning of the incident. Also, Japan has insisted on strengthening ROK-U.S.-Japan cooperation and enforcing sanctions against North Korea. Japan has a great interest in security cooperation with South Korea, particularly after this incident; the reason is that Japan considers the China factor to be a challenge that extends beyond North Korea issues. Recently, Japan has been very sensitive about China's aggressive posture in dealing with the Senkaku Islands dispute. At the same time, Japan agrees on the need for a strong reaction against the aggressive foreign policy of China since the Cheonan incident. Moreover, it is likely that Japan will show an interest in seeking out measures to tackle North Korea's problems based on broad analysis and assessments

¹³- The situation was exacerbated by the revelation of Russia's conclusion that the South Korean vessel Cheonan was sunk not by a North Korean torpedo attack but because of a net and mine, as revealed in a New York Times article written by the former advisor to the Korea Society, Donald Gregg. According to the article, Russia responded to Mr. Gregg's question as to why the Russian government was reluctant to publicize its stance by saying, "If Russia announces this, it will severely affect the Lee Myung-bak administration and shame the Obama administration." Russia finally clarified its standpoint not to publicize its "report on Cheonan incident."

looking at the incident as an opportunity, and will remain enthusiastic about strengthening security cooperation with South Korea.

Future Outlook

The developments surrounding the Cheonan incident touch upon various issues, including not only North Korea's military provocation, but also the whole North Korea question in parallel with other issues such as inter-Korean relations, strengthening North Korea-China relations, the rise of China and its foreign policy, ROK-China relations and U.S.-China relations, all interacting together in a dimensionally complex way.

In the future, it is expected that the gap between South and North Korea's position and the increasing possibility of another North Korean provocation may lead to military conflicts in the Northeast Asia region including the Korean Peninsula. Although the situation is not likely to cause an actual military conflict, diplomatic discord will be constantly triggered.

Moreover, the interest and focus of related countries will change and expand from the Cheonan incident to broader North Korea questions, the rise of China and changes in the dynamics of surrounding countries. The core target of interest in the long-term will be the ways in which the U.S.-China conflict and the power dynamics in Northeast Asia might influence the future security structure both on the Korean Peninsula and in Northeast Asia. The differences in these countries' policy priorities can disrupt the search for a common solution to North Korea issues like the Cheonan incident, and can widen and highlight the gaps between their different viewpoints. This situation may grow even more uncertain.

Against this backdrop, the ROK government is facing a situation in which it must seek a resolution to the Cheonan incident and the associated security challenges based on a distinct analysis. Also, the ROK government urgently needs to devise measures to address its long-term

security challenges, including North Korea issues, and to implement multi-dimensional security strategies.

Emerging Major Security Challenges

The Cheonan incident provided an opportunity for both South Korea and its neighboring countries to reassess a variety of serious and diverse security challenges including the North Korean threat and the transformation of the security environment in Northeast Asia. Also, it forced South Korea to reconsider its response capability for coping with not only security issues but also the international and domestic politics involved in handling those issues. In this vein, on the basis of our understanding of the major related countries' positions as described in the previous section, this section introduces the major security challenges which have emerged or reemerged due to the Cheonan incident as follows: 1) diverse security threats by North Korea, 2) changes in the regional strategic landscape in Northeast Asia, 3) different postures among related countries on North Korean problem, 4) lack of a sufficiently capable crisis management system, and 5) the limitations of follow-up measures. In particular, the last two challenges require the South Korean government to seriously reconsider its situation and regain a level of alertness. It is inevitable that South Korea must strengthen its crisis management capability to a certain degree. And the question of international and domestic limitations in implementing follow-up measures in its security agenda is another important task for the South Korean government to carry out.

Challenges of Diverse Security Threats by North Korea

Security threats and challenges from North Korea can be divided into three categories: 1) the threat of full-scale war, 2) a limited-scale war or asymmetric threats, and 3) the threat incurred from regime instability. In terms of probability and frequency, asymmetric threats including limited military provocations can be considered the most urgent pending issue. In second place are threats from North Korean regime instability such as political, economic, and social contingency. Though least probable, the threat of all-out war must be concerned as well. The following explanation will address these threats in a different order, based on the scale of impact if the threat is actually carried out.

In that case, the threat of full-scale war must be considered first. In reality, as reflected in the Perry Report of September 1999, the likelihood of a full-scale war is low. The dominant observation is that a full-scale provocation by North Korea will result in its self-destruction, and North Korea is well aware of it. This testifies to the low probability of an all-out conflict. It cannot be ignored that the North might choose full-scale conflict as a last option when forced into the worst situation. However, as the North Korean leadership considers "regime security" as its top priority, the probability of a full-scale war leading to the destruction of North Korea as well as the leadership seems relatively low.

There are also external elements which reduce the probability of a full-scale confrontation by the North. The first element is China. Considering its current national interests and objectives, China is unlikely to support a full-scale war conducted by North Korea even though it is China's ally. The top policy priorities of China are the creation of a favorable external environment for the sustainable growth of its economy and stability in domestic affairs involving political, economic, and social issues. In this regard, China strongly supports peace and stability on the Korean Peninsula in principle and stresses this basic position to North

Korea. China's lack of enthusiasm is an important factor in the assumption that a full-scale provocation by the North is unlikely. 14

Another external factor is the decreasing gap in military capability between the two Koreas through South Korea's buildup of military strength. 15 In fact, it is hard to find consensus about the balance of military capability between the two Koreas, and it is expected that the South could not avoid sustaining tremendous damages in the early stages if North Korea launches a surprise attack. But ultimately, the deterrence and defense capabilities of the ROK-U.S. combined defense on the basis of the strong ROK-U.S. alliance are expected to effectively foil the North's military aims.

The second category of security threats by North Korea is asymmetrical threats, which can be classified by their causal types: 1) through the use of weapons of mass destruction (WMD) and 2) through irregular warfare with conventional weapons. In particular, the increase in North Korean capability by the addition of WMDs brings an important challenge in terms of the threat of a full-scale war, making it possibly more serious. The North already conducted two nuclear tests, in 2005 and 2009, and still expresses a willingness to strengthen its self-deterrence capability through its nuclear program, and even use it if necessary. In

¹⁴- The Perry Report, written in 1998-1999 and based on ROK-U.S.-Japan consultations, assessed a low probability of North Korea deciding to initiate a full-scale war. This assessment was based on the North Korean leadership's recognition that their regime would be destroyed through a full-scale war if the military capabilities of North and South Korea were balanced in any way.

^{15 -} This is based upon the assessment of conventional military strength, so different results are possible with the inclusion of asymmetrical capabilities. If the threat of WMDs is included, the aspect of warfare is basically different, so a comparison of conventional military strength cannot be very meaningful. Dominant assessments at present are as follows: 1) the South's air force capability is slightly superior to the North's; 2) Naval capabilities are on equal terms between the two Koreas; and 3) the South's army is especially inferior in numbers to the North's. However, if the military strength of the U.S. Forces in Korea is added to the total strength, the result of a comparison of conventional military power is very different.

addition, it is believed that the North's long-range missiles Taepodong-1 and 2 are continuously being developed. It is estimated that North Korea is working to diversify its missile capabilities as well.

If North Korea has nuclear weapons, it indicates a different dimension in the content and quality of the North Korean threat and necessitates a change in the strategies and tactics toward North Korea which have been maintained and developed, particularly by South Korea. North Korean nuclear weapons will be utilized to increase military tensions for its political and diplomatic aims even in peace time. In addition, the threat of nuclear war could be used as leverage to block active intervention and responses by external forces and the international community. In order to deal with such shifts in the nature of threats by North Korea, South Korea and the U.S. are making efforts to reinforce extended deterrence, including the nuclear umbrella. 16 However, the current extended deterrence policy of the Obama administration focuses not on the nuclear weapons but on conventional military capabilities.¹⁷ The question is if the U.S. is ready to actively intervene when North Korea's WMD capability is no longer limited to the problem of proliferation but is extended to include the possibility of immediate military strikes. In other words, it is critical for the South Korean government to consider ways of establishing confidence in extended deterrence.

¹⁶⁻ The extended deterrence of the U.S. consists of conventional forces, the nuclear umbrella, and missile defense. The problem is that the U.S. stresses conventional forces rather than the nuclear umbrella, and has been equivocal toward the nuclear umbrella.

^{17 -} President Barack Obama called for "a world without nuclear weapons" in his speech in Prague in April 2009 and held the 1st Nuclear Security Summit with the leaders of 47 countries in Washington in April 2010. President Obama is continuing his efforts to find and prepare ways to reduce dependency on nuclear weapons. The NPR (Nuclear Posture Review) is a document which reflects such ideas. NPR 2010 called for 1) preventing nuclear proliferation and nuclear terrorism; 2) reducing the role of U.S. nuclear weapons in U.S. national security strategy; 3) maintaining strategic deterrence and stability at reduced nuclear force levels; 4) strengthening regional deterrence and reassurance of U.S. allies and partners; and 5) sustaining a safe, secure, and effective nuclear arsenal.

Another asymmetrical threat is the increase in the possibility of limited warfare or the limited use of military forces. North Korea, not capable of competing with the South in the conventional realm either quantitatively or qualitatively, must have continued to look for various ways to achieve its political and military goals by targeting South Korea's weaknesses. The Cheonan incident worked well in terms of exploiting the weaknesses of the South. North Korea will continue to attempt to acquire a dominant position through such unconventional military provocations. Such unconventional types of military provocations by the North represent its continued efforts to dominate the security competition. Such provocations are carried out not for a military purpose but for a political purpose, and given its internal and external circumstances North Korea's political motives to create tensions on the Korean Peninsula are expected to continue to a certain degree, or even increase. This change of the North's strategy and tactics also implies that South Korean vulnerability has possibly increased along with the development of its society and economy. For example, a cyber attack by the North can exploit this vulnerability by creating confusion in social and economic areas in South Korea. This shows a political aim to attack through unconventional provocations rather than the military.

Finally, regime instability in North Korea is another possible security challenge. The North Korean regime adopted its "Military First" policy and set 2012 as the year of achieving "Kang-sung-dae-guk" (a Strong and Prosperous Country), and is concentrating its efforts on realizing this objective. However, the regime's internal contradictions have tended to escalate and grow more serious as time passes. Its economy has almost failed and social discontent has been steadily growing. Worse still, as Kim Jong-il's health condition has continued to deteriorate, concerns have arisen as to his ability to hold complete command of the regime. Thus, the possibility of disturbances in the process of succession cannot be denied. As the regime transforms from a one-man dictatorship to a collective leadership system, it is questionable whether the new system will be able to maintain a certain level of stability.

The security challenges brought on by regime instability are different from those caused by all-out war or irregular warfare and therefore demand a much more complex and precise response. ¹⁸ Particularly, when considering the terminal phase of the regime, the subsequent stabilization and nation-building phases, and integration, the material measures required by South Korea would not be the same as the measures it would prepare for a war, and this implies additional expenses.

Changes in the Security and Strategic Landscape in Northeast Asia

Throughout the Cheonan incident, the possibility of shifts in the security structures and dynamics surrounding the Korean Peninsula has emerged more prominently, and this must be considered from the midand long-term perspectives. This change will not pose a direct threat to South Korea and other neighboring countries. Nonetheless, it may present an indirect threat or potential limitation to the decision-making process in foreign and security policy. Therefore, it is necessary to follow this trend closely, analyze the changes, and prepare policy alternatives.

The Cheonan incident and the post-crisis development of the situation revealed the current status of U.S.-China relations and gave implications for the future direction and prospects of that relationship. The U.S. and China started their relationship with high expectations when the Obama administration was inaugurated. However, a negative atmosphere of containment and conflict between the two countries

^{18 -} Colonel David S. Maxwell, head of the Strategic Initiatives Group, U.S. Army Special Operations Command (USASOC), predicted that violent extremism may arise when the North Korean regime collapses. *Yonhap News*, "Violent extremism expected when regime collapses," September 3, 2010.

emerged from the end of 2009. China criticized the U.S. stance on several sensitive issues such as the resumption of U.S. exports of weapons to Taiwan, the Dalai Lama's visit to the U.S. and his personal meeting with President Obama, the trade imbalance, and currency manipulation. On the other hand, the U.S. started to be concerned about China's recent assertive position when China announced its designation of the East China Sea, the South China Sea, and the Taiwan Strait as regions of core interest and decided to strength its military activity. In particular, the U.S. was concerned about the increase in China's projection capability in the military field. China's military capability in its navy and air force is still not comparable with that of the U.S. However, China possesses enough capability to conduct effective operations at least at the regional level, and it presents a critical challenge to the U.S. in terms of pursuing "freedom of navigation," accessing the region, and securing SLOCs (Sea Lines Of Communication).19

After the Cheonan incident, China assertively and critically responded to the ROK-U.S. joint military exercises. Previously, China's reaction on the joint exercises was a verbal critique, but unlike before, this time China revealed undiscovered images of maritime exercises (including a practice with a full charge) and held its own exercises in the Yellow/West Sea. In some analysts' views, this indicated that China has intentions to take advantage of the ROK-U.S. joint military exercises and the strengthened ROK-U.S. alliance to increase its own military estab-

¹⁹- For more information about the assessment and analysis in terms of China's military buildup, see "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2010." In the past, the U.S. pointed out the lack of transparency in Chinese military and defense policy, and expressed its concerns. Recently, however, the U.S. starts indicating more specific contents of Chinese defense policy such as anti-access and area-denial capability, the capability of conducting cyber warfare, and the increase of power projection ability. In addition, the U.S. is pointing out that it is possible for China to use its strengthened military capability to achieve political and diplomatic aims.

lishment. If this is the case, China's continuous increases in military capabilities, including power projection and the ability to implement various types of operations, deserve more attention as a key element challenging the power balance in the Northeast and East Asian regions.

In sum, China's reaction to the Cheonan incident has become a useful clue in figuring out and analyzing the hitherto overlooked military buildup of China and its implications for the Korean Peninsula. Therefore, the nearsighted strategy of narrowly focusing on North Korea should be replaced with a policy that takes into account shifts in the regional power balance and their implications. This implies a greater need for measures to deal with not only the immediate issues at hand but also the security challenges ahead as well.

Different Postures of Related Countries toward Possible Solutions

As mentioned in the previous section, consensus among related countries is very weak and the scope of cooperation is limited for various reasons. As time goes by, it is possible that the scope of cooperation may grow even narrower.

The ROK, the U.S. and Japan have maintained the same position toward general North Korea issues, including the Cheonan incident. China and Russia, however, have expressed different points of views in policy priorities and approaches to solving problems. Specifically, South Korea, the U.S. and Japan maintain the stance that the situation must not play out according to the North's intentions, and it is important for related parties to give a tough and clear message to the North. In contrast, China and Russia are more interested in the negative impact cause by such firm stances from related countries. They seem focused on stabilizing the situation in the short-term rather than finding an ultimate solution to the problem. In particular, China has improved its relations with North Korea and shown efforts to restore the relationship and strengthen cooperation

with the North. It is also seeking to contain the U.S. Consequently, cooperation among the five members concerned with the North Korean nuclear problem is potentially getting worse as well. Moreover, this confrontational structure of ROK-U.S.-Japan versus China-Russia in terms of dealing with the Cheonan incident may be intensified, and this structure will influence the developing conspicuous gap in positions among the members involved in resolving the North Korean nuclear issue. If so, the current structure among the related countries can become a critical challenge in both the short- and long-terms.

In addition, a more important issue among the concerned countries is that they do not share a common long-term vision of the Korean Peninsula. This is because they mainly gather to solve pending issues and because they have not had frank discussions based on confidencebuilding. The lack of exchanges of ideas and understandings led to this outcome. All the related countries – the U.S., China, Russia, Japan and the two Koreas - agreed to work toward peace and stability on the Korean Peninsula as an ultimate goal, but they have not agreed on "conditional elements" including methods, measures, and processes to guarantee stability and peace on the peninsula. The task of sharing methods to design a common vision of the Korean Peninsula is another inevitable challenge.

The Lack of an Effective Crisis Management System with Sufficient Capabilities

A serious problem that emerged from the controversy over the Cheonan incident, for the ROK government in particular, concerns the system of crisis management by which the government can prevent or react to a crisis. Since President Lee Myung-bak took office, several small and large crises have occurred. There was the detainment of a South Korean worker at the Gaesung Industrial Complex, the banishment of South Korean workers from the complex, and the attack on a tourist at the Mountain Keumgang Resort. Although the ROK government announced a strong posture to improve and reinforce its crisis management system when each crisis happened, the system still clearly reveals deficiencies.

Specifically, the series of procedures, from collecting, reporting and delivering information in a timely manner to assessing the situation and executing response measures, did not progress favorably. These procedures revealed problems of omissions and delays, insufficient information, inappropriate timing and an insufficient level of response in the crisis management and reaction system. The gravity of the deficiency in crisis management should be considered a result of a lack of interest in the prevention and management of crises in actual practice.

Also, an insufficient and reversed explanation of the situation undermined public confidence in terms of the government announcement. The deficiencies in collecting and analyzing information at the early stage of the procedure were acceptable. However, it is necessary to understand that public confidence in the government's announcement may have weakened as unconfirmed information confused the situation, and the government's reversed account raised questions and increased suspicions.²⁰

The ROK government reacted by announcing its intention to conduct a scientific and objective investigation on the incident considering all possibilities. However, insufficient analysis of the situation in the first stage and information omissions and reversals raised suspicions. In addition, the South Korean government hectically tried to respond to each of the suspicions and questions as they arose, rather than leading the

^{20 -} Many public opinion polls have been conducted about South Korean public confidence in the government's performance related to the Cheonan incident. The results of public polls have varied depending on the time sequence and survey agencies/institutes. However, the frequent fluctuations of the results seem to reflect low confidence among the South Korean public in the government's announcements and explanations.

situation and handling public opinion. In the end, the government was confronted with an increased public mistrust of its announcements.²¹

It is true that the fundamental differences in views among the public toward the government's announcement reflected basic gaps in perceptions about inter-Korean relations. However, the fact that mistakes occurred in accurately judging the incident and delivering the explanation highlights the need for a more cautious approach. In addition, it is important to recognize that these problems do not simply concern the "means of delivery" but also the "contents being delivered" to help the public comprehend the situation.

The Lack of Determination in Taking Firm Follow-up Measures

On May 2, the ROK government announced its intention to impose a firm follow-up measure toward North Korea via a joint press conference conducted by the Ministers of Foreign Affairs, Defense, and Unification.²² However, they encountered limitations in their ability to control the pace of implementation of some measures, including psychological warfare toward North Korea, which strongly opposed such actions.²³ The ROK government's responses, including strong follow-up measures, were supported by the South Korean people originally, but public unease became increasingly problematic as the process went on.

This domestic situation showed clearly how military tensions

²¹- In terms of public confidence, this situation can be compared with the beef crisis which occurred in the spring of 2008.

²²⁻ In the joint press conference, the Ministry of Foreign Affairs and Trade announced its intention to forward the Cheonan incident to the U.N. Security Council, and the Ministry of Defense announced a resumption of psychological warfare against North Korea. Also, the Ministry of Unification declared a halt to all exchanges and business cooperation except humanitarian aid to infants and operations in the Gaesung Industrial Complex.

²³- North Korea announced its planned response to the South's follow-up measures, including direct fire against South Korean loudspeakers, the dispatching of an inspection team by the Military Committee of the North, etc.

negatively influenced society in general and how difficult it was to take optimal actions considering the limited scope and types of feasible alternatives. The core issue is that South Korean government needs to have options for stern countermeasures against the North, and to be able to minimize the negative impact on society and the economy. In sum, the Cheonan incident can be considered a demonstration of the "Korean-type security dilemma," including the conflict between principle and reality in implementing firm countermeasures.

In diplomatic terms, when South Korea submitted the report of the Cheonan incident investigation to the U.N. Security Council, the results failed to meet their expectations. The U.N. Security Council issued a Presidential Statement condemning the attack rather than a resolution against North Korea.²⁴ Moreover, the Presidential Statement of the U.N. Security Council mentioned the positions of both Koreas. The gist of the statement vaguely points to an attacker in the Cheonan incident. However, it does not directly implicate the North as the attacker, revealing the limitations of diplomatic measures. Through the Cheonan incident, South Korea recognized a chance to note that contrary to its expectations, the international community, and leading powers in particular, deal with pending issues on the basis of their own interests and mainly seek to stabilize the situation. Thus there are limits to the support and cooperation that can be secured from the international community even when all available diplomatic and non-diplomatic means are employed. In other words, the South Korean government must not underestimate the harshness of international community in reality.

In terms of inter-Korean relations, tensions between the two Koreas absolutely increased and influenced the domestic political burden,

²⁴- In the beginning, the ROK Ministry of Foreign Affairs announced that it ultimately aimed for a UNSC resolution and expected that the resolution would be similar to Resolution 1874, including sanctions against the North.

creating limitations in the ability to implement firm countermeasures against North Korea. Specifically, the issue of complaints from businesses involved in inter-Korean economic cooperation restricted the options for follow-up measures. In the beginning of the incident, there was strong support from the public for curtailing exchanges and cooperation with the North due to negative perceptions about North Korea. As time went by, some began to suggest the need for an "exit strategy" to manage the situation on the Korean Peninsula in a better way, and some conservatives also started to call for the resumption of humanitarian aid toward North Korea. The ROK government, however, was in difficult position as it could not restore inter-Korean relations without an apology from the North for the incident and a promise to prevent a recurrence. The South faced a dilemma between its strong stance of demanding an apology and reassurances, and the North's peace offensive (including suggestions for family reunions and dialogue, etc.).

Major Policy Agenda Considerations

The challenges posed by diverse threats from North Korea, the change in the Northeast Asian security landscape and its impact on the Korean Peninsula, the issues of crisis prevention and management, and the feasibility of resolute measures are currently major issues for security policy. After the Cheonan incident, the South Korean government launched the Commission for National Security Posture Review under the command of the Blue House and appointed a special security advisor. Through three months of activities, the Commission for National Security Posture Review suggested and reported ten agenda items and 50 subagenda items. The major agenda items are as follows: suspending a planned reduction of military forces, reinforcing countermeasures against the North's asymmetrical threat, restoring the period of mandatory military service to 24 months, modifying military strategy against North Korea, establishing an organization to manage nationwide crises or war-like conditions, strengthening reactions toward cyber war, eradicating "parochialism," and appointing private specialists to high-level government posts.

What is more remarkable is that Seoul plans to change its military strategy against North Korea by strengthening measures against the North's asymmetrical threat such as weapons of mass destruction, special operation forces, etc. and by pursuing "proactive deterrence," consisting of active and offensive strategies. Such points only reflect the changes in the security environment of the Korean Peninsula, and it may be premature to conclude that the commission accurately reviewed the security conditions and suggested alternative solutions appropriately, as their suggestions only covered military and security issues in the traditional context. Therefore, in order to supplement the actions mentioned above, the following points need to be reviewed and developed further.

Strengthening Deterrence against North Korea by Building a Comprehensive and Active Security Posture

To deter the North's provocations and induce change, it is all the more important to reinforce comprehensive security strategies and capabilities to tackle the political and military goals of North Korea. By controlling the North Korean risk through such a process, it is possible to minimize the challenges caused by Pyongyang. In other words, as long as the North fails to fully recognize that its strategies and policies will be unsuccessful, it will be difficult to expect the North to change. Therefore, the ROK's first emphasis against North Korea should be on nurturing capabilities and creating circumstances to deter and respond to Pyongyang's adventurous military provocations. Also, under these circumstances, it

is important to conduct extensive analyses and evaluations on the threats from North Korea, strengthen cooperation between South Korea and the U.S., develop military capabilities, strategies and tactics, and make sure that the North clearly understands the situation.

In terms of the military, it is crucial to secure full spectrum dominance, even going beyond predictable stages, to respond to the military actions of the North and build up capabilities and systems in order to limit North Korea's possible actions and options. Upon predicting possible actions by North Korea, several steps should be taken to prevent these actions. This means conducting "Crisis Action Standard Operation Procedures" (CASOPs), which are influenced by new types of provocations and threats. Namely, the aim is to reduce North Korea's options and approaches in terms of scope and to take a dominant position.

In this regard, firstly, it is important to analyze and evaluate the types and ranges of military approaches by North Korea and come up with countermeasures. To this end, it is necessary to think and judge matters from the North's perspective in order to determine how the North will challenge the South. Also, it is essential to pay keen attention to the impact on North Korea and the weaknesses of Pyongyang.

Secondly, non-military means need to be formulated to reinforce military measures and capabilities. If provocations by the North are detected or the possibility is raised, both military and non-military actions should be considered to pre-empt them. However, if the focus is on military action, conditions will likely grow worse and limit the opportunities to seek cooperation and support from relevant countries. Thus, political, diplomatic and economic measures should be developed and a cooperative network firmly forged to prevent possible incidents and to resolve problems peacefully. This will be more effective and reasonable if precautions are taken to establish a solid justification for South Korea's military countermeasures. Previously, the Flexible Deterrence Options (FDOs), which have evolved constantly, were adopted to efficiently tackle crises. In order for FDOs to comprehensively deter the North in military actions as well as non-military actions such as politics, diplomacy, economics, etc., they must be further developed in cooperation with the relevant authorities.

Thirdly, through education, training and practice on the solutions and measures mentioned above, the capability to cope with actual incidents should be strengthened. Even if the programs and solutions are well-planned and organized, if the persons in charge are not very familiar with or accustomed to them, these plans may not bear fruit. Therefore, it must be noted that effective responses are possible only if the hardware, software and human-ware are evenly developed, and particularly more effort should be made to build up human-ware.

Constructing Global Consensus and Cooperative Networks toward North Korea Issues and Policy

A critical issue that surfaced after the Cheonan incident was the complete difference in stances toward North Korea by the U.S. and China. Also, while the two share the same goals, their priorities and key target points seem to diverge. Furthermore, they do not share the same vision for the most desirable end-state on the Korean Peninsula.

Concerning North Korea issues, the relevant countries have prioritized the nuclear issue (use and proliferation), regime instability, military provocations, etc. In the case of the U.S., nuclear proliferation, regime instability, use of nuclear weapons, and military provocations are considered key elements. For China, the greatest concern is the instability of the regime, followed by the nuclear issue and military provocations. South Korea places emphasis on the nuclear issue (feasibility and precautions instead of proliferation), military provocations and the in-

stability of the regime. Japan's stance closely resembles that of South Korea, but it puts more weight on regime instability than military provocations. True, such priorities can be affected by the internal conditions of the North, and it is highly likely that the same policy targets and priorities can be shared among the countries concerned. In this context, the related countries are likely show more differences in their key agendas toward North Korea.

It is critical to seek common understanding and support from the related countries in order for North Korean policies to succeed, and actual practical cooperation must be taken to reinforce mere declarations. Until now, mutual cooperation on North Korean policy has been formed and centered on pending issues, but contrasting opinions have emerged frequently throughout the process. There was even a lack of consensus on the fundamental understanding of the North Korean issue. To resolve the North Korea problem, it is crucial to consolidate cooperation not only between the U.S. and South Korea, but also between China and Russia. In particular, enormous efforts need to be made to find optimal solutions to guide the fundamental policy directions of these countries to the South's advantage on issues regarding the Korean Peninsula. This also signifies that consensus needs to be reached in order to find the right solutions. As a way to bring China and Russia back to the negotiation table, numerous strategic dialogues should be initiated to change their perceptions, policy priorities and targets, and South Korea needs to take passive as well as proactive approaches to transform the relevant countries' attitudes.

Furthermore, it is important to share ideas on the desirable endstate of the Korean Peninsula, overcome the hurdles to creating a favorable environment, draw a framework of North Korean policy and clarify the roles of related countries.²⁵ It is true that this process will not

²⁵- A similar example of this issue is the Perry Process in 1999. There were trials to review the Perry Process in the U.S. and Japan, and recently there have been calls to revisit the

be completed overnight, but South Korea needs to lay the foundation for sharing perceptions and goals in order to narrow the gap among the relevant countries.

In his address marking the celebration of Korea's 65th Independence Day, South Korean President Lee Myung-bak proposed that the two Koreas build an inter-Korean economic community for comprehensive exchanges and mutual prosperity. It is desirable to raise understanding and seek cooperation from the related countries by demonstrating the prospects and benefits that a reunified Korea can bring. In the process of realizing reunification, even if it takes a tremendous amount of time, the foundation of a cooperative network can be strengthened while identifying problems and challenges through mutual cooperation. In other words, the pursuit of "active peace and reunification diplomacy" beyond "passive peace-oriented diplomacy" is a shortcut to raising the understanding of neighboring countries.

In this context, while working to resolve the Cheonan incident, the ROK government needs to concentrate on transforming the North and improving the quality of inter-Korean relations. It is all the more important for South Korea to consistently stick to its principles regarding inter-Korean relations and not change its stance based on events. The focus needs to be on peaceful coexistence and ultimate reunification through normalization of the North. The policy toward North Korea should be the stabilization of the Korean Peninsula and reunification through fundamental changes of the North, by transforming North Korea into a normal country. In this respect, what is needed is a harmonized strategy that incorporates diverse areas such as politics, diplomacy, economy, social issues, military issues, etc.

necessity of the ROK-U.S.-Japan consultation framework.

Preparing for Possible Changes in the Northeast Asian Security Structure

The Cheonan incident highlighted the challenges posed by the rise of China and the gradual change in the strategic balance between the U.S. and China. The change in the strategic balance will become an independent variable that highly influences South Korea's foreign policy as well as the Korean Peninsula and Northeast Asian region. Hence, now is an appropriate time to forecast changes in the strategic structure, identify challenges and come up with timely response measures.

At a global level, China does not yet possess a military capability to rival that of the U.S., and its probability of surpassing the U.S. in the future is very low, but it is reasonable to predict that China will become a containing power vis-a-vis the U.S. within the Northeast Asian region. Additionally, it is important to recognize the changes in China's attitude. Previously, China was highly passive in exercising its military power, but now it is showing a tendency to use its military capability for political and diplomatic purposes, as was proven through the Cheonan incident. China claims that it is achieving a "peaceful rise" and its fundamental aim is to stabilize its neighboring countries, but South Korea cannot ignore the fact that China is changing its approach and attitude toward its fundamental goals. China's gradually evolving stance has increased U.S. concerns toward China as well as the possibility of a more active approach by the U.S., as was taken during U.S. President Barack Obama's trip to Asia in November 2010, in building a cooperative network centered on the U.S. while taking China into account.²⁶ The U.S.'s encirclement strategy of checking China's expansion will arouse resistance from China, and Chinese antipathy may irritate the U.S., producing a vicious cycle

²⁶- The cooperative network led by the U.S. is expected to include India and Indonesia as well as its allies South Korea and Japan.

between the two countries.27

As the ROK government has dual goals of security cooperation with the U.S. and economic cooperation with China, such a confrontational structure will hardly benefit South Korea. However, South Korea has few options for dealing with this. A small-scale multilateral cooperative framework can help to overcome or minimize conflicts that arise in U.S.-China relations. Specifically, through various "mini-lateral dialogues," the South should explore new areas and actively seek ways to ease the competitiveness of relations between the U.S. and China. Consequently, in addition to the South Korea-U.S.-Japan network, various other minilateral cooperative groupings such as South Korea-U.S.-Japan-Australia, South Korea-Japan-Australia, South Korea-China-the U.S., and South Korea-India-Australia-Japan-Indonesia can play pivotal roles in establishing security cooperative systems, redesigning the security structure and transforming the ROK's cooperative network. This should be a key part of South Korea's new Asian diplomacy agenda.

Building Domestic Consensus

It is necessary to draw South Koreans' attention to their national interests at home and abroad, and to build understanding and consensus on inter-Korean relations. In fact, over the past several years national interest in inter-Korean relations has drastically declined, and the topic is no longer open to discussion. Therefore it has become very difficult to gain positive opinions from the general public on North Korean policies, and public opinion tends to change based on events.

Against this backdrop, it is important to build consensus and

^{27 -} The U.S. and China have different definitions of the most desirable regional structure, and they do not even share fundamental values. This weakens cooperation between the two countries. In this regard, it seems probable that future U.S.-China relations would be structured based on competition and confrontation.

reinforce the foundation of public support for improved ties between the South and the North through extensive discussions on inter-Korean relations and North Korean questions. Furthermore, the South-South conflicts need to be handled through a series of thorough discussions, and measures should be taken to prevent the North from misusing these conflicts. In other words, South Korea needs to make more efforts to develop and deliver internal messages together with external messages. In particular, it is imperative to carefully figure out new ways to communicate accurate messages to the general public rather than reformulating old methodologies.

Conclusion

Through the Cheonan incident, the South witnessed changes in its security circumstances which have not been well recognized. Due to the diversification of North Korean challenges and threats, and the shifts in balances and security structures in Northeast Asia, and the resulting uncertainty about security in the mid- to long-term, the South's security chaos has increased dramatically in absolute terms, and the problems have grown more complicated.

As a means to respond to changing security conditions and challenges, a comprehensive and multi-dimensional strategy is needed. By explaining the security status of the Korean Peninsula accurately to the Korean people, it will be possible to gain constant and consistent support from the general public at home. Instead of communicating messages unilaterally, efforts should be made to seek and expand consensus between the government and the public by holding genuine, sincere and interactive dialogues.

Secondly, the South Korean government needs to make efforts to complement and further reinforce national security. It is highly important to establish cooperative systems and strategies by closely interlinking all security assets, rather than focusing on military affairs only. To this end, it will be useful to analyze and evaluate the changing threats from the North. That is to say, South Korea desperately needs to break away from its security mannerisms and wishful thinking and to firmly equip itself with realistic countermeasures and solutions, while doing away with the security illusion. In addition, instead of operating exclusively in the military dimension, it is worth considering using all the national assets in the name of "comprehensive security" in order to achieve the best effects. Furthermore, it is important to seriously consider what support and cooperation can be gained from alliances and allies.

Lastly, it is of utmost importance to understand the changes occurring around the Korean Peninsula and their impact on South Korea's national security. After the Cheonan incident, the South once again had an opportunity to analyze the North Korean issue and even re-examined its thinking about the emergence of China. The Cheonan incident has laid a foundation for looking at challenges to national security from a different angle.

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China-North Korea Economic Relations during the Hu Jintao Era*

Byung-Kwang Park

Abstract

One of the major features of the relations between China and North Korea since the inception of Hu Jintao's leadership in Beijing has been their rapid expansion of economic exchanges. South Koreans are looking at the expanding economic relations between China and North Korea with growing unease. China's economic exchanges with North Korea will certainly grow in the days ahead, but this will not necessarily be accompanied by an attempt to subordinate the North Korean economy. The continued expansion of China-North Korea economic ties can result in economic institutions and regulations conducive to the opening of North Korea's economy. On the other hand, certain negative factors should not be overlooked. The South Korean government and enterprises should take a "strategic approach" toward North Korea with a broader vision. A strategic approach is different from a market-oriented approach in that the former seeks to build foundations for Korean reunification and counter reactions from neighboring countries. There is no doubt that the first prerequisite for such an approach is unfreezing relations between the two Koreas.

Key Words: China, North Korea, Hu Jintao, economic relations, economic exchanges

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Introduction

One of the major features of the relations between China and North Korea since the inception of Hu Jintao's leadership in Beijing has been their rapid expansion of economic exchanges. China's investment in North Korea has grown dramatically along with exports to its neighbor. Until the early 2000s, during the rule of Jiang Zemin, China was almost on par with Japan as a trading partner of North Korea. But with the eruption of the second nuclear crisis involving North Korea, relations between Pyongyang and Tokyo quickly deteriorated and their bilateral trade came to a standstill. In contrast, exchanges between China and North Korea increased in several areas and China became the largest trading partner of North Korea. More than 80 percent of consumer goods now being circulated in North Korean markets are known to be Chinese products.1

Economic exchanges between China and North Korea have noticeably increased while their overall relations have been strained because of various troubling issues, including the nuclear question, ideological differences and leadership successions. Economic relations between the two neighbors are by no means balanced. They consist of one-sided Chinese investment in the North and North Korea's almost exclusive dependence on China in trade. This unique arrangement has continued to persist during the Hu Jintao era despite the growing political tension between the two countries.

South Koreans are looking at the expanding economic relations between China and North Korea with growing unease. They are afraid that North Korea may eventually be economically subjugated to China.²

¹⁻ International Crisis Group, "China and North Korea: Comrades Forever?" Asia Report, No. 112 (February 1, 2006), p. ii.

²- Kim Tae-ki, "North Korean Economic Subordination to China," MunHwa Ilbo, February 1, 2006; Choi Choon-heum, "New Moves in Relations Between N.K. & China," Vantage

Such apprehension has increased in South Korea as inter-Korean economic cooperation has declined with the freezing of overall North-South relations since the inauguration of the conservative Lee Myung-bak administration in Seoul. However in 2009, China shipped 519,814 tons of crude oil to North Korea and China's trade and aid have become crucial to North Korea's survival, especially as its ties with South Korea have frayed. Moreover, developments such as China's Northeast Project, a government-supported research program to review Korea's historical claim on northeastern China, have heightened a China phobia among South Koreans

This paper intends to determine the context and the manner by which China and North Korea have broadened their bilateral economic exchanges since Hu Jintao became president and to analyze the significance of these developments. This study will first examine the motivations behind China's economic thrust into North Korea on the basis of its domestic and external circumstances. Second, this study will look into the characteristics of China's trade and investment to identify the depth of its involvement in the North Korean economy, and third, it will observe reactions in South Korea toward these economic changes in the North. Finally, this study will assess the positive and negative factors in the increasing economic cohesiveness between China and North Korea in order to suggest how the South Korean government can strategically approach this complicated question.

Point, Vol. 33, No. 4 (2009), pp. 10-11; Kim Young-yoon, "Afraid of North Korean Economic Subordination to China," Joong Ang Ilbo, March 18, 2010.

Background and Purpose of Exchanges

Background of Expanding Bilateral Exchanges

North Korea's external position has been aggravated to an unprecedented extent since Pyongyang created a security crisis in Northeast Asia with its nuclear tests and missile launches. In an extremely adverse situation, North Korea clings to economic cooperation with China, which is its only lifeline for survival. From a Chinese viewpoint, however, North Korea remains unattractive as an investment market. North Korea's mineral resources, such as iron ore and coal, and the potential value of its ports as possible shipping terminals of Chinese products offer little incentive for large-scale investment of Chinese capital.³ So what is behind China's steadily growing economic presence in North Korea? The most important force is the "strategic judgment" of the Communist Party of China.4

China's economic cooperation with North Korea has been guided not by any profit-seeking market principles but by the strategic decisions of the nation's leadership. Chinese leaders in recent years have made it clear that advancement of relations with North Korea is strategically important for China. During Kim Jong-il's visit to China in April 2004, Premier Wen Jiabao declared that the Chinese government "positively encourages Chinese enterprises to engage in mutually beneficial cooperative projects with North Korea in diverse ways."5 In March 2005, the two countries signed an agreement on the "encouragement and protection of

³⁻ Kim Jong-oh, "The Chinese Government's Strategy on the Korean Peninsula and Concerns about Dominating the North Korean Economy," Sino-Soviet Affairs, Vol. 30, No. 1 (Spring 2006), p. 100.

⁴⁻ Some Chinese scholars insist that China-North Korea economic ties are the result of market-oriented decisions by Chinese enterprises. See Liu Ming, "Deepening China-North Korea Economic Ties: Trends, Characteristics, and Its Interaction with the Inter-Korean Economic Community," Discussion Papers, KIEP, October 30, 2007.

^{5 -} Renmin Ribao, April 22, 2004.

investments" and agreed to establish a "joint committee on economic cooperation." Hu Jintao stressed during his summit talks with Kim Jong-il in October 2005 that "it is the firm strategic policy of the Chinese Communist Party and government to steadfastly develop close China-North Korea relations."6

These remarks by China's top leaders indicate that they plan to shift the focus of their economic relations with North Korea from aid programs and trade to investment. From a future-oriented strategic judgment, China revealed its intention to simultaneously pursue economic interests as well as diplomatic and security cooperation with North Korea, breaking away from the ideologically-based unconditional alliance of the past. It is now evident that Beijing is seeking qualitative change in its North Korea policy with a view to securing practical economic interests while trying to ensure regional stability.

While barter trade in goods dominated economic cooperation between China and North Korea in the past, economic exchanges in the Hu Jintao era have taken the shape of development support, as in the construction of the Daean Glass Plant, joint petroleum exploration in the Yellow Sea, and Chinese enterprises' mine development projects in the North. China is also participating in joint infrastructure construction projects, including ports, and unlike in the past, the central government in Beijing has become involved in many of these cases. All these activities attest to the policy of the fourth-generation Chinese leadership to pursue national interests and economic benefits rather than ideology.

As for North Korea, the isolated regime has had to lean harder on China for its survival in the face of formidable pressure from the United States and Japan since the nuclear conflict emerged. U.S. financial sanctions, including the freezing of the North's Banco Delta Asia accounts

⁶⁻ Renmin Ribao, May 29, 2005.

over its suspected money laundering, pushed North Korea further toward China, its only patron in the international community. Kim Jong-il's visit to China in January 2006 was an open gesture by the North Korean leader to reconfirm his country's link to China under mounting international ostracism. Kim called for an expansion of bilateral trade and investment at a time when relations between the United States and North Korea were taking a turn worse with the delayed implementation of the six-party agreements on the disabling of North Korea's nuclear facilities.⁷

At that time, Kim reportedly asked Chinese leaders to increase cooperation in energy and resources, infrastructure, tourism resources, high-technology industries, agriculture, and labor-intensive industrial estates. On the other hand, Wen Jiabao clarified three principles for Chinese-North Korean economic cooperation: "government initiatives, corporate participation and market operations."8 This meant that, in a departure from the unilateral trade of the past, China would prefer investing in profit-generating projects in accordance with market principles.

It was Beijing's judgment that it could benefit politically as well as economically by strengthening ties with North Korea and improving the economy of its neighboring country. Without strategic decisions by the party and the government, there could have been no such steps toward a country with such an adverse investment environment.

China's Objectives

The Chinese Communist Party and government had complicated objectives in ramping up economic exchanges with North Korea. Those objectives were based on the dual goals of China's North Korea policy: the

⁷⁻ Paik Hak Soon, "Kim Jong-il's China Visit and Changes in the North Korean Survival Strategy," Sejong Commentary, No. 36 (January 16, 2006).

^{8 -} Renmin Ribao, January 19, 2006.

stable maintenance and management of the North Korean system and the increase of China's influence over North Korea.9

Despite the shift in its traditional relations with North Korea at the end of the Cold War, China has regarded the possible collapse of the North Korean regime as a problem with grave consequences for its interests. China wishes to prevent North Korea's collapse because a destabilized Korean Peninsula would directly affect its ultimate national objective of economic development. Millions of North Korean refugees swarming into China would hamper China's economic growth and China could face turmoil beyond its control due to festering internal issues such as income disparities, regional differences in development, unemployment and bureaucratic corruption. China therefore has more reason to prevent North Korea's collapse than any other country in the world. 10

China is also obliged to support economic stability and maintenance of the political status quo in North Korea because Beijing regards its next-door neighbor as a military-geographic 'buffer zone' for its own national security. 11 Its intervention in the Korean War was aimed at preserving the crucial buffer zone, according to Chinese strategists. China's security situation requires a buffer zone to insulate itself from the sphere of influence of the United States. North Korea's strategic role and significance as a buffer zone may have diminished in the changing

⁹⁻ For China's North Korea policy, see Jun Byoung Kon, "China's Korean Peninsula Policy in the Post-Cold War Era," The Journal of Chinese Studies, Vol. 44 (2008), pp. 379-392; Moon Heung-ho, "Hu Jintao's Views and Policy toward North Korea," Sino-Soviet Affairs, Vol. 33, No. 2 (Summer 2009), pp. 15-44; Park Byung-Kwang, "China's North Korean Policy: Keynotes and Perceptions on the Nuclear Issues during the Hu Jintao Era," Unification Policy Studies, Vol. 19, No. 1 (2010), pp. 55-78.

¹⁰- Wu Baiyi, "China on the Korean Peninsula: Interests and Role," *The Korean Journal of* Security Affairs, Vol. 11, No. 1 (June 2006), pp. 61-81.

¹¹- Alastair Iain Johnston, "Is China a Status Quo Power," *International Security*, Vol. 27, No. 4 (Spring 2003), p. 42; You Ji, "The Military Aspects of China's Strategy of Peaceful Development and Increasing Chinese Influence on the Korean Peninsula," Strategic Studies, Vol. 14, No. 2 (2007), pp. 52-78.

international environment since the end of the Cold War, but China still finds no fundamental change in the strategic value of the northern half of the Korean Peninsula. China cannot afford to overlook North Korea's struggles with international isolation and extreme economic adversity. It has had to strengthen economic exchanges and cooperation with its beleaguered ally in order to help it maintain its socialist regime and stability.

China's North Korean policy seeks to maintain and strengthen its influence over North Korea. 12 China wants to establish its image as a global power by securing a strong influence over the Korean Peninsula including North Korea, thus earning the status of a 'responsible major power' in the region. In the Hu Jintao era in particular, China is striving to increase its international influence on the basis of its economic growth. In this process, North Korea and the Korean Peninsula could be China's base to expand its influence and a stepping-stone in moving onto the global stage. In the course of tackling the North Korean nuclear problem, Beijing has tried to demonstrate that it is the only power that can control North Korea. Since the second nuclear crisis erupted in 2002, China has played an active role in seeking a resolution, arranging the six-party talks to demonstrate its influence over the Korean Peninsula. 13

By keeping North Korea under its sphere of influence, China hopes to deepen the North's political, economic and military dependency. Chinese efforts in that direction have resulted in the restoration of personal ties between the two countries through meetings of their top

¹²- China's provision of food and energy, given as grants or sold at "friendly prices," has been central to the survival of the North Korean regime. It is hard to assess to what extent such aid can be directly translated into Beijing's explicit influence over Pyongyang, however. There is no doubt that, so far, China has been potentially more influential than any other major country.

¹³- Shin Sang-jin, "China's Diplomatic Strategy in the Six-Party Talks on North Korean Nuclear Issue," National Strategy, Vol. 11, No. 2 (Summer 2005), pp. 29-54.

leaders, and their mutual trust and economic cooperation. Undoubtedly, Chinese Premier Wen Jiabao's visit to North Korea in October 2009 also reflected China's intention to increase its influence over the North. Beijing would not allow Pyongyang to fall under the influence of any other country. The acceleration of economic cooperation between China and North Korea in the Hu Jintao era attests to Beijing's move to enlarge its political leverage over Pyongyang to be used in times of need. Beijing wants to maximize the effect of its "North Korea card" in the fluid situation in Northeast Asia. 14

At the same time, China's support of the North Korean economy is also related to its new national economic development plans regarding its northeast territory. The three northeastern provinces of Liaoning, Jilin and Heilongjiang, which are traditionally strong in heavy industries and therefore have a higher proportion of state-owned enterprises, have fallen behind in market economic development and have relatively less foreign investment. In November 2002, the 16th National Congress of the Communist Party of China formally adopted a strategy to revive the northeastern provinces.15

Just as China strongly pushed its plan for western regional development during the Jiang Zemin era, the Hu Jintao government is championing development of the northeastern provinces as a core economic policy. The Chinese government believes more trade and

¹⁴- Bonnie Glaser, Scott Snyder, John Park, Keeping an Eye on an Unruly Neighbor, USIP Working Paper (January 3, 2008), p. 8; Park Byung-Kwang, "China's Standpoint on the Improvement in North Korea-U.S. Relations after the February 13 Agreement," Unification Policy Studies, Vol. 17, No. 2 (2008), p. 48.

^{15 -} For the Chinese Northeast Development Project, see State Council, "Periods Prior to and after the Announcement of the State Policy of Revitalizing the Northeast," 21 Century Economic Reports, http://www.sina.com.cn accessed on October 10, 2009; Dong Lisheng, "China's Drive to Revitalize the Northeast," China Perspectives (March-April 2005), http://chinaperspectives.revues.org/document462.html accessed on March 2, 2010; Jin Byung-jin, "The Results and the Prospects of the Northeast Revitalization Plan of China," Journal of Northeast Asian Studies, Vol. 47 (2008), pp. 5-31.

investment in North Korea will help boost the northeastern provinces. North Korea's rich mineral resources also provide outstanding momentum to expand economic relations. Therefore China is expected to advance major cooperative projects agreed upon during Premier Wen Jiabao's visit to the North last year and quicken the construction of infrastructure in border areas. The main message from Wen Jiabao's visit was that the CCP would bolster the stability of the WPK through a comprehensive bilateral relationship centered on expanding economic engagement. In practice, pursuing the goals of Xiaokang and securing strong bilateral commercial ties have resulted in a close localized connection between North Korea's Hamgyongbuk-do and Jilin province. The symbiotic relationship that exists between these two border provinces can be characterized as "Ham-Ji" - a sub-regional area where the border is relatively porous and conducive to coping mechanism-type activities such as trade in the nascent DPRK markets. After Wen Jiabao returned to Beijing in January 2010, North Korea merged two northern cities, Rajin and adjacent Sonbong, to form its first "special city," known as Rason. And in March, North Korea opened the Rajin port to China and granted it open use of its five docks for ten years. 16

Present Situation and Characteristics of Economic Exchanges

Present Situation

Political relations between Beijing and Pyongyang cooled after China normalized ties with South Korea in 1992. Trade between China and North Korea declined sharply, with China only supplying strategic items such as crude oil and food to North Korea in limited amounts. The

¹⁶⁻ Lee Kwang-ho, "Kim Jong-il's Five-Day Trip to China," Vantage Point, Vol. 33, No. 6 (2010), pp. 4-5.

situation did not improve until a visit to Beijing by Kim Yong-nam, standing committee chairman of North Korea's Supreme People's Assembly in June 1999. After Hu Jintao succeeded Jiang Zemin, political and economic relations were significantly restored through exchanges of high-level visitors between the two nations, which led to major agreements on economic cooperation.¹⁷

When Kim Jong-il visited Beijing in April 2004, the leaders of the two nations discussed economic cooperation and trade promotion between their countries. In March 2005 when North Korean Premier Pak Bong-ju visited China, the two governments signed an "investment protection agreement" and agreed to establish a "joint economic cooperation committee." In October that year, Chinese Vice Premier Wu Yi visited North Korea and promised development aid in the three heavy industry sectors of mining, iron and steel, and port development. Kim Jong-il's visit as the top leader of North Korea in January 2006 demonstrated the full restoration of traditional ties between the two countries and further accelerated Chinese investment in North Korea. 18

The trade volume between the two countries, which had bottomed out at \$370 million in 1999, increased to \$490 million in 2000, \$740 million in 2001, \$1.02 billion in 2003, \$1.69 billion in 2006, and \$2.78 billion in 2008. During this period, North Korea's trade dependence on China also increased from 25 percent in 1999, passed the 50 percent mark in 2005, and jumped to 67.1 percent in 2007 (51 percent when inter-Korean trade is taken into account). The increased weight of trade

¹⁷- Of course the Hu Jintao-era restoration of relations with the DPRK is not a return to the "blood oath relationship" of the past, but rather a "stealthy but slow," barely perceptible change in the traditional bilateral relations between the two countries. Jae Ho Chung, "China's Korea Policy under the New Leadership: Stealth Changes in the Making?" The Journal of East Asian Affairs, Vol. 18, No. 1 (Spring/Summer 2004), pp. 1-18.

¹⁸⁻ Choi Soo Young, North Korea-China Economic Relations Expansion and South Korea's Corresponding Plan (Seoul: Korea Institute for National Unification, 2007), pp. 8-10.

with China in North Korea's overall trade volume has been mainly due to the shift of its exports to China from Japan following the deterioration of relations between Tokyo and Pyongyang. ¹⁹ As international aid decreased amid the dispute over its nuclear arms development, North Korea came to depend more on Chinese food and oil supplies. The relatively lower prices of Chinese products and advantageous conditions for transactions and logistics also contributed to the swelling of trade volume with China.

Table 1. North Korea's Trade with China, 1990-2009

(in \$US thousands, %)

Year	Export to China		Import fro	m China	Tot	Dalamas	
	Amount	Increase	Amount	Increase	Amount	Increase	Balance
1990	124,580	_	358,160	_	482,740	_	-233,580
1991	85,670	-31.2	524,780	46.5	610,450	26.5	-439,110
1992	155,463	81.5	541,107	3.1	696,570	14.1	-385,644
1993	297,290	91.2	602,350	11.3	899,640	29.2	-305,060
1994	199,217	-33.0	424,523	-29.5	623,740	-30.7	-225,306
1995	63,606	-68.1	486,187	14.5	549,793	-11.9	-422,581
1996	68,638	7.9	497,029	2.2	565,667	2.9	-428,391
1997	121,610	77.2	534,680	7.6	656,290	16.0	-413,070
1998	57,313	-52.9	355,705	-33.5	413,018	-37.1	-298,392
1999	41,709	-27.2	328,660	-7.6	370,369	-10.3	-286,951
2000	37,214	-10.8	450,824	37.2	488,038	31.8	-413,610
2001	166,797	348.0	570,660	26.6	737,457	51.1	-403,863
2002	270,685	62.3	467,309	-18.1	737,994	0.1	-196,624
2003	395,344	46.1	627,583	34.3	1,022,927	38.6	-232,239
2004	585,703	48.2	799,503	27.4	1,385,206	35.4	-213,800
2005	499,157	-14.8	1,081,184	35.2	1,580,341	14.1	-582,027
2006	467,718	-6.3	1,231,886	13.9	1,699,604	7.5	-764,168
2007	581,521	24.3	1,392,453	13.0	1,973,974	16.1	-810,932
2008	750,121	29.7	2,030,516	46.0	2,780,637	40.9	-1,280,395
2009	793,247	5.1	1,888,256	-9.6	2,681,738	-3.8	-1,095,009

Sources: KOTRA, KITA.

Note: Excludes exchanges between North and South Korea.

^{19 -} Korea Trade-Investment Promotion Agency, North Korea's Foreign Trade Trends 2004 (Seoul: KOTRA, 2005), p. 39.

On item of note in the expanding economic relations between China and North Korea is the rapid increase in the number of Chinese enterprises investing in North Korea since 2003. By the end of the 1990s, only a handful of Chinese companies had invested in restaurants, fish farms and retail businesses in North Korea in spite of the North Korean policy to induce foreign investment.²⁰ Chinese investment began to increase in both volume and variety after July 1, 2002, when North Korea introduced a package of economic improvement measures which allowed independent accounting and asset management for enterprises. Since then, China has invested mostly in the services, construction materials, packaging, marine farming and mining sectors. The largest investment to date was a 50 million yuan investment by the Shenyang Zhongxu Group in the Pyongyang First Department Store after seven years of preparations. Investment in iron ore and coal mining has recently been soaring to meet rising demand in China.

Table 2. China's Investment Trends in North Korea

(in \$US millions)

Year	1999	2001	2002	2003	2004	2005	2006	2007	2008
Amount	0.61	2.6	1.5	3.5	14.1	6.5	11.1	18.4	41.2

Sources: Ministry of Commerce of the People's Republic of China; Statistical Bulletin of China's Outward Foreign Direct Investment; UNCTAD.

China's officially recorded investment in North Korea only amounted to \$3.5 million from five companies in 2003. The total volume grew to \$14.1 million in 2004, and the aggregate total reached \$41 million in 2008. The size of Chinese investment in North Korea remains far smaller than the trade volume between the two countries. The proportion of

²⁰- Choi Soo Young, The Expansion of North Korea-China Economic Relations and South Korea's Corresponding Plan, p. 49.

Chinese capital involved in the total foreign investment in North Korea cannot be calculated because the scale of foreign investment in the isolated state remains unknown. It seems clear, however, that Chinese capital accounts for most of the foreign money invested in North Korea. North Korea's efforts to attract foreign capital, China's blazing growth and related expansion in foreign investments, and the restoration of China-North Korea political relations suggest that China will likely continue to increase its investments in North Korea.

Characteristics of Exchanges

The key indicator that best illustrates the acceleration of China's economic exchanges with North Korea is the rate of increase in trade and investment. This phenomenon can be better understood through analysis. An initial examination of the aspects of China-North Korea trade reveals the following characteristics.²¹

The first characteristic is that North Korea's trade dependence on China is becoming more pronounced. This dependence has increased sharply during Hu Jintao's term as paramount leader of China. Up until 2000, North Korea's trade dependence on China was on par with its dependence on Japan.²² Since that time, however, China-North Korea trade has increased every year; the proportion of trade with China comprised 32.7% of total trade in 2003, 48.5% in 2004, 52.6% in 2005, 56.7% in 2006, and 67.1% in 2007. It is also assumed that North Korea's dependence on trade with China increased in 2008 due to the worsening of South-North Korea relations, which resulted in a relative decline in South Korea's share of North Korean trade. It is expected that the North

²¹- Choi Soo Young, pp. 43-44.

²²- In 2000, North Korea's trade volume with China was 488.03 million USD, and its trade volume with Japan was 463.65 million USD. Korea Trade-Investment Promotion Agency, North Korea's Trade Trends 1999-2000 (Seoul: KOTRA, 2001), pp. 73, 91.

Korean bias in favor of trade with China will continue until the U.S., Japan, the EU and other major trading countries decide to drop sanctions on trade with the North which have resulted in a reduction of North Korea trade volume.

The second characteristic of North Korean trade with China is the North's reliance on mineral and natural resource exports including iron ore, zinc, fish, timber and other raw materials while importing required industrial inputs such as fuel, machinery, and steel, in addition to everyday necessities such as meat products, grains and other products from China. In other words, while North Korea exports a limited range of items to China, almost all the necessities of the North's economy are imported from China. This situation has become even more pronounced with the increasing severity of sanctions imposed by the international community against North Korea. Sanctions ultimately affect DPRK industry and consumer lifestyles, meaning that the influence of China has become even greater.

The third characteristic of China-North Korea trade is the DPRK's chronic and institutionalized trade deficit with China. Prior to 2005, North Korea recorded annual trade deficits with China of about 200-400 million USD, but after 2005 the trade deficit grew considerably, reaching 810 million USD in 2007. It is likely that this deficit will only continue to grow, due to the erosion of North Korea's industrial base and the limited scope of its exports to China. While trade with China is responsible for an overall increase in North Korean trade volume, it also increases the North's economic dependence on China, a situation that will become further entrenched as North Korea's trade deficit with the China continues to grow.

The fourth characteristic of China-North Korea trade concerns its hubs in the three provinces of northeastern China. Among the three provinces, Liaoning Province with its hub city of Dandong is the most active site of China-North Korea trade. Dandong has surpassed the Yanbian region as a hub for China-North Korea trade due to the emergence of the "Frontier Trade" policy, one of the key features of China's trade with North Korea.²³ But over the past several years, the share of North Korean trade taken up by China's three northeastern provinces has fallen below 70%, reflecting a slight weakening in their position of market leadership as well as a growing interest throughout China in entering the North Korean market.

An analysis of the characteristics of Chinese investment in North Korea during the Hu Jintao era is as follows.²⁴ First, central government support and encouragement of investment in North Korea have become more noticeable. In April 2004, Chinese Premier Wen Jiabao met with Kim Jong-il, chairman of North Korea's National Defense Commission, during the latter's visit to China, and promised that the Chinese government would actively encourage Chinese companies to participate in economic cooperation projects in North Korea. In February of the same year, Premier Wen announced the establishment of the 'DPRK-PRC Friendship & Exchange Corporation' which would form the basis of government management and support for companies entering the North Korean market. In March 2005, North Korea's Prime Minister Pak Bong-ju visited China to conclude a bilateral 'Agreement on Investment Promotion and Defense' which provided a framework for guaranteeing the safety of Chinese investors' assets in North Korea, reducing the risk of investing in the North and setting the foundation for an increase in investment. This led to the foundation of a flagship economic cooperation project led by the Chinese government, the Daean Friendship Glass

²³- The DPRK's foremost window of trade with China is the city of Dandong, where it has opened consular trade offices for the further expansion of China-North Korea trade. Yonhap News, January 11, 2009.

²⁴- Choi Soo Young, The Expansion of North Korea-China Economic Relations and South Korea's Corresponding Plan, pp. 66-67.

Factory in North Korea, which would partially address North Korea's severe lack of heating - an act of friendship which won the trust of the North Korean people while strengthening friendly relations with North Korea.25

Second, Chinese investment interest in North Korea has focused mainly on energy, raw materials, mining and development of underground resources. The serious shortage of raw materials and energy resources in China is a challenge that will determine China's economic future, so China's trade with North Korea in a few key sectors such as mineral resources is a way for China to pursue its national interests.²⁶ That is why China is currently pursuing investments in North Korea related to iron ore, copper, molybdenum steel, coal and almost every other mineral resource. The industrial base of China located in its three northeastern provinces is facing structural difficulties due to the shortage of raw materials, which has heightened Chinese interest in North Korea's mineral assets. Chinese investment in North Korean infrastructure and construction has increased because of the need to transport mineral resources, and investment is gradually diversifying into other sectors such as manufacturing, services, and logistics.

Third, investment in North Korea is led mainly by the three provinces of northeast China, as well as companies headquartered in southern provinces such as Zhejiang and Fujian. In the case of China's three northeastern provinces, investments in North Korea are part of a strategy to revitalize northeast China, while North Korean investments by

²⁵- The Daean Friendship Glass Factory received a direct investment of 24 million USD from the Chinese government and was completed in October 2005, after which China handed the entire factory over to North Korea free of charge.

²⁶- North Korea possesses over 360 kinds of mineral resources, of which 200 are resources with economic value, especially its magnesite and tungsten deposits, which constitute the first and second largest deposits in the world, respectively. North Korean deposits of molybdenum, graphite, barite, fluorite, and seven other minerals are estimated to be among the ten largest of their kinds in the world.

companies from southern China are part of their overseas market entry strategies.²⁷ The focus of Chinese investment in the DPRK has shifted from ethnic Koreans living in China to ethnic Chinese merchants who have connections with the Chinese regional government, leading to a dramatic reduction in the share of Chinese-North Korean trade controlled by ethnic Koreans. The possible weakening of the Yanbian Korean Autonomous Region as a result is an issue that should also concern South Korea.

Fourth, China's investment in North Korea has mostly taken the form of compensation trade or joint ventures. Most Chinese companies choose to follow local North Korean business regulations and generally do not demand management control, preferring to invest in the North through joint ventures with local partners and compensated trade. This lowers the investment risk because expenditures in plant and equipment are guaranteed by the manufacture of products which have a short inputoutput cycle, making the mutual dissolution of business ventures easier.

The Significance of Expanded Exchanges

The expansion of economic exchanges with North Korea under Hu Jintao's leadership of China has garnered a variety of opinions both inside and outside of South Korea. Opinion is divided among positive and negative interpretations of China's overt and hidden intentions concerning North Korea. The North Korean side also needs Chinese trade, but experts are divided in their opinions of North Korea's motivations in encouraging the expansion of Chinese involvement in the domestic economy. These issues matter because, depending on which opinion is closest to reality, policies

²⁷- China's Hangzhou Wahaha Group began to prioritize exploring investment opportunities in North Korea in 2004. In 2006, this group was the first to obtain molybdenum mining rights in North Korea; it is a private company headquartered in Wenzhou.

regarding inter-Korean and South Korea-China relations could be affected.28

Opinions vary concerning China's desire to expand economic involvement in North Korea and the North's opening of its economy to Chinese goods and capital. One school of experts on North Korean and Chinese affairs views the present situation as part of the "status quo," regarding the expansion as simply a reflection of China's concerns about North Korea's possible collapse and its consequences for its neighbors. Apart from a change in its practical relations with the North in the post-Cold War era, China views the possible collapse of the North Korean socialist system as an issue closely related to its fundamental interests. China is pursuing a policy to prevent the collapse of North Korea's socialist regime because its leadership seems to believe that an unstable Korean Peninsula following a collapse would likely have negative effects on a core state objective - sustained, stable economic development.²⁹ Therefore, according to these analysts, China's support will be limited to helping North Korea survive and will fall short of restoring the two countries' traditional ties. 30 They base their views on the fact that China's economic support and exchanges began expanding when the United States suspended its fuel supply to North Korea in November 2002 and accelerated when North Korea faced intensified financial sanctions in 2005. They also point out that China's economic cooperation with the North has focused on supplying the energy and food needed for North Korea's survival.

Another school of thought looks at the bilateral economic co-

²⁸- Nam Sung Wook, "A Study of China's Fast Capital Outflows into the DPRK," *The Korean* Journal of Unification Affairs, Vol. 18, No. 1 (2006), p. 22.

²⁹- David Shambaugh, "China and the Korean Peninsula: Playing for the Long Term," The Washington Quarterly, Vol. 26, No. 2 (Spring 2003), pp. 43-56.

^{30 -} Lee Dong-ryul, "Research on China's Influence over North Korea," FKI, China's Political Situation Change and ROK's Corresponding Policy (Seoul: FKI, 2005), p. 148.

operation from the standpoint of "simultaneous growth." This side argues that China's economic growth depends on the development of its three northeastern provinces, and their growth can have a "synergistic effect" if North Korea is developed simultaneously.31 They cite the theory of "balanced development" of China's three northeastern provinces and North Korea through active economic exchanges and cooperation which gained attention after Hu Jintao took office. The so-called Document No. 36, published in June 2005, which lays out a development plan for the three northeastern provinces, is also presented as evidence of the simultaneous growth strategy. In fact, there is a strong possibility that once transportation and logistics infrastructures have been developed along the border between North Korea and China's northeastern provinces, and joint projects for resource development and utilization get under way in earnest, major changes will occur in industrial production and overall economic activity in North Korean cities in border areas. It may be said that China is investing in resource development and infrastructure construction in North Korea with hopes of efficiently transporting North Korean resources to its three northeastern provinces and exporting products manufactured in those Chinese provinces through North Korea, which will be made possible by the simultaneous development of both territories.

Thirdly, there is the view that China aims to eventually include North Korea in the "Great Chinese Economic Sphere," making it "a virtual economic satellite" or "the fourth northeastern province." Apprehensions about such a possibility are widespread in the liberal and conservative circles of South Korea.³² Proponents of both the "satellite" and "fourth

³¹- Xu Wenjie, Korean Peninsula Conditions and China's Corresponding Policy (Jinan: Shandong University Press, 2007), pp. 157-163; Li Tieli, Transborder Regional Economic Cooperation (Beijing: China Finance Press, 2005), pp. 218-223.

³²- Former Korean President Kim Dae-jung also expressed concern about the expansion of economic exchanges between China and the DPRK. Kim Dae-jung Peace Center (ed),

province" theories cite the fact that Chinese investments in North Korea are being made under the meticulous planning and guidance of the central government, while the investment environment in the North remains far from attractive. Statistics show that North Korea is already subordinated to the Chinese economy to a significant extent: The North depends on China for 87 percent of its oil consumption, 80 percent of its consumer goods, half of the entire food grain its population needs, and 80 percent of all foreign direct investment. Under these circumstances, China may well expect to attain strong political leverage over North Korea

The notion that North Korea has fallen into a state of subjugation has its challengers.³³ They believe China's influence is still quite limited, as shown by its inability to persuade the North to honor agreements in the Six-Party Talks. North Korea has twice conducted nuclear tests and launched missiles without heeding China's advice, proving that expanded economic cooperation does not necessarily provide effective political leverage.

What is also noteworthy is the strong will of the North Korean leadership and the diplomatic abilities they have attained from past experiences. Pyongyang has long pursued independence in its external relations, and its diplomacy has displayed a strong sense of balance as shown in its adroit policy of maintaining equal distance between the former Soviet Union and China to maximize its national interests amid their conflict. It therefore is hard to believe that North Korea will simply allow itself to be co-opted into the economic sphere of another nation.

Peace for the Korean Peninsula: 13-Day Visit to the United States (Seoul: Kim Dae-jung Peace Center 2007), pp. 20, 23, 30.

³³⁻ See Lee Hee Ok, "The Change of China's Policy toward North Korea and Its Implications," The Journal of Modern China Studies, Vol. 8, No. 1 (August 2006), pp. 75-105; Dongho Jo, Sangkeun Lee, "Critical Review on North Korean Economic Subordination to China," International Area Studies, Vol. 12, No. 3 (2008), pp. 363-394.

The continued expansion of China-North Korea economic ties may result in economic institutions and regulations conducive to the North's opening of its economy. It may also expedite the development of a market economy by educating North Koreans about what is happening outside their isolated country. Above all, China's generous economic support of North Korea should be viewed positively as it definitely helps the impoverished country to survive in its current state of extreme economic difficulty.

On the other hand, some negative factors should not be overlooked. First, China's growing investment in North Korea and its strengthened economic cooperation will eventually deepen the North's dependence on China and force South Korea to concede the North Korean market. Second, China's economic support of North Korea, which has continued irrespective of progress in the six-party denuclearization talks, has tended to make the North less interested in improving relations with South Korea and resolving the nuclear stalemate. Third, if economic cooperation between China and North Korea expands to the point that the former is economically annexed to the latter, this would upset the balance of power in Northeast Asia and negatively affect South Korea's reunification plan. Fourth, China's port and mine development projects and its acquisition of real estate in North Korea may lead to property disputes between China and South Korea when the peninsula is reunified.

Conclusion

Relations between North Korea and China have developed in various complicated ways during the Hu Jintao era. However, as discussed above, the great expansion of Chinese economic exchanges and cooperation with North Korea has focused mainly on trade and investment, and it is expected that this trend will continue into the near future. Of course,

China's economic cooperation with North Korea will henceforth be affected by changes in Beijing's North Korea policy. But the Hu Jintao administration's strategic measures and diplomatic policies toward North Korea focusing on economic engagement will continue for the time being, because expanded economic cooperation and investment meet the strategic and realistic needs of both nations.

In the meantime, China has been attempting to lure North Korea into engaging with the international community in a natural way and accepting changes and developments in the international community, by means of indirectly encouraging North Korean reform and opening, as well as expanding economic exchanges and cooperation with the North. Of note is Wen Jiabao's proposal to Kim Jong-il, made during Kim's visit to China in May of this year, that China should pass on its experience in reform and opening – a proposal which probably reflects China's earnest wish for a change in North Korea's policy.34

China's economic exchanges with North Korea will certainly grow in the days ahead, but these will not necessarily be accompanied by an attempt to subordinate the North Korean economy. As for North Korea, China's increased influence is a cause for worry. Pyongyang will seek to establish a balance between China and South Korea. North Korea has allowed China to invest primarily in its northern provinces and has invited South Korean investment into its southern region, namely Mt. Kumgang and Gaesong, just north of the border. Since the inauguration of the Lee Myung-bak administration in Seoul, economic exchanges between the two Koreas have almost entirely stalled. A continued freeze could lead to an asymmetrical expansion of China's economic involve-

³⁴⁻ Chinese Premier Wen Jiabao promised Kim Jong-il that "China will, as always, support North Korean efforts to develop its economy and improve its people's livelihood and is willing to introduce to North Korea to the experience of China's reform and opening-up and construction." Xinhua News Agency, May 7, 2010.

ment in the North and its acquisition of large chunks of North Korean resources.

South Korea needs to establish policies to counter economic cohesion and collaboration between China and North Korea. The South Korean government and enterprises should take a "strategic approach" toward North Korea, with a broader vision than the Gaesong Industrial Complex, in order to prepare for the opening of the North Korean market in the long run. A strategic approach is different from a market-oriented approach in that the former should consider building foundations for Korean reunification and countering reactions from neighboring countries. There is no doubt that the first prerequisite for such an approach is unfreezing relations between the two Koreas.

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The Concept of "China as a Responsible Stakeholder": Seen from Washington, Beijing and Seoul*

Jaeho Hwang & Brad Glosserman

Abstract

In 2005, the then U.S. Deputy Secretary of State Robert Zoellick proposed the concept of China as a "responsible stakeholder (RS)." There has been considerable discussion and debate over the meaning of the concept and its applicability to China. The germination stage of the concept was marked by an amicable bilateral environment fostered by a sense of expectation by the U.S. toward China, and a corresponding Chinese desire to meet those very expectations. However, such favorable sentiments toward the RS concept waned somewhat due to the adoption of a more realistic viewpoint and differences in interests of both parties. As this contentious debate between the U.S. and China has progressed, other countries have retired to the role of spectators. The fear of being caught up in an undesirable situation by 'taking sides' was predominant among the countries peripheral to the issue. In particular, the example of South Korea, which lies close to China's borders, can be given as evidence of such limited and restrained behavior.

Key Words: Responsible stakeholder, Robert Zoellick, China, U.S., South Korea

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Introduction

In 2005, then U.S. Deputy Secretary of State Robert Zoellick decided to take the Beijing government at its word. If China was going to work within the existing international order, then Zoellick proposed that the appropriate framework for evaluating Chinese behavior was that of a "responsible stakeholder": Did China's actions contribute to and strengthen the international institutions it professed to support? Is China genuinely ready in terms of political will and preparation to cooperate as a responsible state (Zeren Daguo) with the U.S. on various transnational issues? Will China translate the goodwill gestures displayed by the U.S. into a positive force in formulating a stable international order?¹

While Zoellick had specific benchmarks in mind, there has been considerable discussion and debate over the meaning of the "responsible stakeholder" concept and its applicability to China. However, the germination stage of the responsible stakeholder concept was marked by an amicable bilateral environment fostered by a sense of expectation by the U.S. toward China, and a corresponding Chinese desire to meet those very expectations. In reality, both nations have undertaken a great deal of cooperation on issues of anti-terrorism, counter-proliferation, climate change, energy, and overcoming the financial crisis. If both states can maintain cooperation as stakeholders in the international system, the current unipolar system with the U.S. at the helm will be marked by the collaborative aspects as opposed to the more conflictual facets of contested leadership.

¹⁻ Related discussions can be found at, "Reframing China Policy" - China as a Responsible Stakeholder, The Carnegie Debates 2006-2007, June 11, 2007; Melvin Gurtov, "[Editorial] China and the United States: Responsible Stakeholder or Emerging Threat?" Asian Perspective, Vol. 32, No. 4, 2008, pp. 181-83; Ernest J. Wilson III, Testimony before the U.S.-China Economic and Security Review Commission Hearing on China's role in the world: Is China a responsible stakeholder in Africa? August 3-4, 2006, www.uscc.gov/...3.../06_08_3_4_wilson_ernest_statement.pdf; Chen-yuan Tung, Vice Chairman of the Mainland Affairs Council, ROC, www.mac.gov.tw/english/.../cn9604 .htm accessed on September 1, 2009.

Nevertheless, there are still many different opinions regarding Sino-U.S. relations. Initially, the responsible stakeholder concept was introduced by Deputy Secretary of State Robert Zoellick during a period when the U.S. held dual views toward China. This speech came at a time when views of China in the U.S. and Washington were heavily shaped by Pentagon concerns and views of China as a "potential evil force." Zoellick and the State Department provided an alternate view of the relationship. Moreover, though China was initially encouraged by the U.S. recognition of China as more of a strategic collaborator than a strategic competitor, with time, China entertained suspicions of the U.S. and its strategic intention as perhaps a ploy to have China 'exhaust' its powers. Thus, China preferred to cooperate on a selective level so as to not play into the hands of the U.S.

Amid this contentious debate between the U.S. and China, other countries have retired to the role of spectators. The fear of being caught up in an undesirable situation by 'taking sides' was predominant among the peripheral countries. In particular, the countries contiguous to China's borders could not help but think of possible involvement in the polemic as highly problematic.2 In this regard, South Korea provides a useful case study. Of course, other allies of the U.S. such as Japan, Australia, Singapore, and de facto ally, Taiwan, may present equally worthy cast studies. However, Japan as a strong global player is in a state of competition with China, rather than in the position of a fragile third party in U.S.-China discussions. Australia and Singapore, on the other hand, are geographically distant from China, and are not placed in a dilemma by the U.S.-China debate. Taiwan is in the vicinity of China and thus within the direct sphere of Chinese influence, but it is at the same time a part of China and not internationally recognized as a legal political entity. Hence,

²- Christian Caryl, "Beijing and Washington: Rivals in Asia," Newsweek, September 10, 2007.

South Korea as a legitimate entity to the international community within the sphere of the U.S.-China "responsible stakeholder" debate, and as a direct party to the North Korean nuclear problem which is a core issue between the U.S. and China, represents an optimal case.³ If we accept that the North Korean nuclear issue is included in the conceptual discussion of the responsible stakeholder concept, then it is clear why South Korea is the third-party case-study choice.

Therefore, this paper starts from the responsible stakeholder concept introduced by Robert Zoellick, and discusses the viewpoint of the U.S. and the corresponding reaction from China, zooming in on the example of South Korea as a peripheral country on the sidelines of the debate.

Creation and Development of the Responsible Stakeholder Concept in the U.S.

Zoellick first articulated the idea of the "responsible stakeholder" in 2005. Speaking to the National Committee on U.S.-China Relations, he argued that "it is time to take our policy beyond opening doors to China's membership in the international system. We need to urge China to become a *responsible stakeholder* in that system. China has a responsibility to strengthen the international system that has enabled its success." Zoellick further explained what this notion entails. "All nations conduct diplomacy to promote their national interests. Responsible stakeholders go further: they recognize that the international system sustains their

³- Thomas Cristensen, "Will China become a 'responsible stakeholder'? - The six-party talks, Taiwan arms sales, and Sino-Japanese relations," *China Leadership Monitor*, No. 16, Fall 2005, pp. 2-6.

⁴⁻ Robert Zoellick, "Whither China: From Membership to Responsibility," remarks to the National Committee on U.S.-China Relations, Sept. 21, 2005.

peaceful prosperity, so they work to sustain that system."5

The phrase was soon adopted by other parts of the U.S. government. When President George W. Bush welcomed Chinese President Hu Jintao to the U.S. on April 20, 2006, he used the term for the first time. In the 2006 Quadrennial Defense Review, the Department of Defense expressed its expectation that China will "emerge as a responsible stakeholder."6

The concept has produced a U.S. policy that seeks to engage China, and helps "to channel China's growing influence in a positive direction." Washington wants a cooperative relationship with Beijing, one in which the two countries work together, along with others, to shape the international system and address new challenges. It is worth noting that Zoellick explicitly contrasted U.S. policy toward China with the Cold War containment policy toward the Soviet Union. "For 50 years, our policy was to fence in the Soviet Union while its own internal contradictions undermined it. For 30 years, our policy has been to draw out the People's Republic of China."7

The responsible stakeholder concept has two distinct implications. The first concerns the relationship it accords China relative to other states. David Lampton has argued that a "stakeholder" can be likened to a "partner." Use of the term strongly implies that the U.S. considers China as an important member of the international system which should share an interest in maintaining that system. Lampton explains, "There is no equivalent for stakeholder in Chinese, and in the United States the word carries a strong indication of equal rights and responsibility and equal interests and obligations."8

The clearest manifestation of this policy is the series of bilateral (and

^{5 -} Zoellick, "Whither China: From Membership to Responsibility."

⁶- U.S. Department of Defense, *Quadrennial Defense Review Report*, February 2006, p. 29.

⁷⁻ Zoellick, "Whither China: From Membership to Responsibility," emphasis in original.

⁸⁻ People's Daily Online, "New vocabulary ushers China-U.S. relations into global scenarios," http://english.people.com.cn, Dec. 22, 2005.

multilateral) dialogues with which the U.S. engages China. This is a long list, but the most prominent is the Strategic Economic Dialogue, now headed by Secretary of State Hillary Clinton and Treasury Secretary Timothy Geithner and their counterparts State Councilor Dai Bingguo and Chinese Vice Premier Wang Qishan. Initially kicked off under former U.S. President George W. Bush, the dialogue proceeds along the two tracks of economics and strategy, involving such issues as the economy, trade, and currency, and further expanding into more diverse areas such as the environment, climate change, terrorism, and traditional security. Others include the NDRC-State Department Dialogue, the Global Issues Forum, the U.S.-China Joint Commission on Commerce and Trade, the Joint Economic Committee, the Five-Party Ministerial Meeting on Energy, and the Asia Pacific Partnership on Clean Development.

The second key element of this concept is the standard it sets for Beijing. The "responsible stakeholder" idea has been described as "a broad set of expectations," a "framework," or a "roadmap." Central to this notion are behavioral benchmarks that the U.S. will use to ascertain whether Beijing is in fact being "responsible." In his 2005 speech, Zoellick identified several specific issues that Washington was keeping tabs on: in the economic arena, he pointed to the fairness of competition within the Chinese market, piracy, intellectual property, and currency manipulation; in foreign policy, he warned against the pursuit of a mercantilist energy policy, called for assistance in combating the proliferation of weapons of mass destruction and help fighting terrorism, and inveighed against supporting regimes that violate the human rights of their citizens or back terrorist groups.

The jury is still out on whether China has risen to the challenge. In an authoritative assessment, U.S. Assistant Secretary of State for East Asia and Pacific Affairs Thomas Christensen told Congress that "China increasingly recognizes [its interest in supporting and strengthening the

international system] and we are making progress in many areas of mutual concern."9 His report examined China's relations with problem states - North Korea, Iran, Burma, and Sudan - and other foreign policy challenges - Iraq, Afghanistan and Lebanon - before tackling issues like global health, energy security, human rights and religious freedom, trade/economic imbalances, nonproliferation and the military.

Bates Gill, a long-time China watcher, agrees with Christensen, concluding that "the trend is clear that China is becoming a more responsible stakeholder. Beijing is taking actions at a global and regional level which by and large are more convergent with U.S. interests, regional expectations and international institutions while making contributions to regional and global security, stability and prosperity and more openly seeking cooperation in the delivery of international public goods."10

Dan Blumenthal, a resident fellow at the American Enterprise Institute, takes a different view (one that is, no doubt, shared by many China hawks). He argues, "It is difficult to count China as a responsible stakeholder. While it has taken low-cost actions to help solves some of the challenges to the system, it has done so, for the most part, to alleviate U.S. pressure. It still refuses, however, to take high-cost or risky actions to sustain the international system. When it comes to tradeoffs between narrow interests such as oil, or thwarting threats to the system, it has chosen the former. Moreover, in some instances, China's approach has taken on the cast of a spoiler, perhaps even a balancer, to America's vision of international order."11

⁹⁻ Thomas J. Christensen, "China's Role in the World: Is China a Responsible Stakeholder?" remarks before the U.S.-China Economic and Security Review Commission, Aug. 3, 2006.

¹⁰- Bates Gill, "China becoming a responsible stakeholder," in Reframing China Policy Debate 7: The Carnegie Debates, June 11, 2007, http://www.carnegieendowment.org/ files/Bates_paper.pdf.

¹¹⁻ Dan Blumenthal, "Is China at Present (or Will China Become) a Responsible Stakeholder in the International Community," in Reframing China Policy: The Carnegie Debates,

It should be clear that the responsible stakeholder approach is intended to repudiate the "China threat" school and sees China as an opportunity. Chinese rhetoric acknowledges the revisionist record of rising powers, but the Chinese claim that they will not make the same mistakes and they accept prevailing international norms. But it is also important to recognize that the choices are not binary - threat or opportunity - and proponents of the responsible stakeholder policy are not blind-eyed optimists. 12 Zoellick acknowledged that "Uncertainties about how China will use its power will lead the United States – and others as well - to hedge relations with China. Many countries hope China will pursue a 'Peaceful Rise' but none will bet their future on it."

Assistant Secretary Christensen was blunter: "The crux of U.S. policy toward China today [is] a policy that combines active engagement to maximize areas of common interest and cooperation, along with a recognition that we need to maintain strong U.S. regional capabilities in case China does not eventually move down a path consistent with our interests...."13 As Michael Green, former National Security Council senior Asia director, has explained, "our policy is not a choice of alternative paths, but rather a toolkit that helps us to shape a positive role for Beijing while hedging against the possibility that China's leaders will instead pursue a negative path."14

To summarize, as evidenced by the emergence of such neologisms as the G2, China's role in the world has become a clear necessity, and the U.S. has advanced its bilateral relationship with China beyond mere

http://www.aei.org/docLib/20070919_200705CarnegieDebate.pdf.

^{12 -} Joshua Eiseman and Devin T. Stewart, "Can 'responsible stakeholder' hold?" Policy Innovations, Carnegie Council, December 12, 2007, http://www.policyinnovations. org/ideas/commentary/data/000027/:pf_printable.

¹³- Christensen, "China's Role in the World: Is China a Responsible Stakeholder?"

¹⁴- Michael Green, Constructing a Successful China Strategy - Promote Balance and Democratic Ideals in Asia, Opportunity 8: Independent Ideas for Our Next President, www.broo kings.edu/~/media/Files/.../PB_China_Green.pdf.

economic concerns, recognizing China as a party to cooperate with on global issues. However, as outlined by the "responsible stakeholder" theory, popular perceptions, and the internal debate within the U.S., there is a question of responsibility toward key global issues behind the discussions on cooperation. This has been linked to talks on global and regional leadership and subsequently placed at the forefront of the debate.

Chinese Discussions and Responses

China's initial response to the Zoellick speech was positive. ¹⁵ Despite some confusion over the precise meaning of the phrase - reportedly attributable to the absence of a direct translation – there was enthusiasm for an attempt to create a new framework for U.S.-China cooperation. Plainly, a U.S. strategy that seeks bilateral cooperation with China is preferable to one that sees Beijing as a competitor or a threat. 16 Moreover, many Chinese analysts and policy makers recognize that the responsible stakeholder concept ultimately affirms China's international roles, capabilities and status.

Chinese analysts understand that their country's rise requires a new foreign policy framework. A country with China's status and influence has to conceptualize its interests more broadly; narrowly defined selfinterest is unbefitting a world power. The result has been a new foreign policy that stresses a harmonious world. While this serves as an international corollary to the theory of harmonious development, it is also an attempt to develop a context for evaluating China's international behavior 17

¹⁵- Yang Tiehu, "Military observer," Renmin Ribao, February 12, 2006, www.people.com.cn.

¹⁶⁻ Liu Aming, "U.S. Response to China's Rise," Xiandai Guoji Guanxi [Contemporary International Relations] (in Chinese), 2006 (10), pp. 22-27.

¹⁷- Yuan Peng, "The Harmonious World and China's New Diplomacy," Xiandai Guoji

The Chinese acknowledge that they can be held to international standards. A Foreign Ministry spokesperson explained that:

"China is a responsible member of the international community. We have always participated in the international and regional political, economic and security system in light of the UN Charter and fundamental norms governing international relations. In the process, we are enjoying our due rights and making earnest efforts to fulfill our international commitment and obligations. We stand ready to work with all nations including the U.S. to strengthen understanding and dialogue, enhance mutual trust and take an active and constructive part in promoting joint prosperity of mankind on the basis of equality and mutual benefit."18

Wang Guangya, China's permanent ambassador to the United Nations, highlights his country's membership in over 100 intergovernmental organizations and signature on over 300 treaties, concluding that China "is naturally glad to be a stakeholder" in the international system. 19

For many Chinese, the responsible stakeholder concept sells the bilateral relationship short. In remarks at the White House luncheon during his April 2006 visit, President Hu noted that his country and the U.S. are not just "stakeholders" but should be constructive partners.²⁰ Ever since, virtually every comment on the China-U.S. relationship by Chinese officials, from Hu on down, has used precisely that phrase. Clearly, for most Chinese, the stakeholder concept sets the bar too low for the bilateral relationship.

Still, there is recognition that the responsible stakeholder concept is

Guanxi [Contemporary International Relations] (in Chinese), 2007 (4), pp. 1-8.

¹⁸- "Foreign Ministry Spokesman Kong Quan's Regular Press Conference on May 24, 2006," www.fmprc.gov.cn.

¹⁹- Wang Guangya, Summary of Remarks by Ambassador China and the Future of the World, April 28-29, 2006.

²⁰- People's Daily Online, "Remarks by President Hu Jintao of The People's Republic of China at Welcoming Luncheon at the White House Hosted by President George W. Bush of the United States of America," April 20, 2006.

a potentially double-edged sword. It is not enough to merely be a stakeholder; active contributions are required.²¹ Some scholars are concerned that the demands on China may exceed its capacity to respond. If so, China will have to decide whether it will acknowledge those responsibilities. Policy makers must weigh the potential costs and benefits of failing to act or failing to take sufficient action. In either case, China's international status could be damaged.²²

Other scholars and researchers worry that attempts to take responsibility may require the sacrifice of some Chinese national interests, in particular, the cherished norm of nonintervention in the domestic affairs of states.²³ These scholars maintain that acting as a responsible stakeholder must be done in a manner suitable to China's status and dignity. Thus, responsible behavior is evidenced by offering support and aid to developing nations through the UN.²⁴ Likewise, this must be done in accordance with Hu Jintao's diplomatic policy for "a harmonious world." Nonetheless, they concede that China has a long way to go before it can call itself a responsible nation.²⁵

Some argue that the U.S. call to become a responsible stakeholder was intended to create difficult choices for China. There is apprehension that the concept is designed to highlight Chinese shortcomings, both in

²¹- Pang Zhongying, "China's Role and Status in the International System," Xiandai Guoji Guanxi [Contemporary International Relations] (in Chinese), 2006 (4), pp. 17-22.

²²- Liu Zhiyuan, Deputy Director of Division I of the World Military Research Department at the Chinese PLA Academy of Military Science, "Positive signs from Sino-U.S. military exchanges," People's Daily Online, June 27, 2007, pp. 22-26.

²³- The authors would like to thank one anonymous reviewer who points out that while the norm of non-intervention is a cherished part of PRC foreign policy, Beijing undercuts this norm when it suits its national interest: i.e. Kiribatsu, past support for Chadian rebels, etc.

²⁴- Zhiyuan, "Positive signs from Sino-U.S. military exchanges."

²⁵- Xing Yue and Zhan Yijia, "A Constructivism Analysis on China's Current Diplomacy: New Status, New Interests, New Vision," Xiandai Guoji Guanxi [Contemporary International Relations] (in Chinese), 2006 (11), p. 22.

actions and capabilities.²⁶ For this group, the responsible stakeholder idea is not a new framework for the bilateral relationship, but is merely a new way to confront China.²⁷ These critics point out that the U.S. also "propagates various versions of the China threat theory, which is not conducive to stable bilateral relations.²⁸ Ma Zhengang, president of the China Institute of International Studies (CIIS), part of the Chinese Ministry of Foreign Affairs (MOFA), argues the responsible stakeholder idea carries the same concerns as those outlined in the China threat theory. The concept only increases and strengthens the formalities of cooperation. It may seem that the U.S. looks at China in a positive light, but, Ma insists, the U.S. is actually maintaining its boundaries and creating a net around China. Thus, he argues that China must be cognizant of its limits as it assesses its capacity to act as a responsible nation.²⁹

For most analysts, however, the responsible stakeholder concept is a marked improvement over the China threat school. But it is also clear that there needs to be a better understanding of what is meant by "responsible." Who defines whether actions are consistent with international norms and obligations? Are those responsibilities consistent with national capabilities? There is a fear that the U.S. will arrogate those decisions and definitions to itself. China hopes to become a responsible stakeholder and make its contributions to the world, but it does not want to become a responsible stakeholder solely to serve the "interests of the U.S." 30

²⁶- Yang Wenchang, President of the Chinese People's Institute of Foreign Affairs, "Time to correct those Western misconceptions," People's Daily Online, July 9, 2007.

²⁷- Liu Aming, "U.S. Response to China's Rise," p. 27.

²⁸- Liu Zhiyuan, "Positive signs from Sino-U.S. military exchanges."

²⁹- Ma Zhengang, "Facing Up to New International Challenges and Promoting Peace and Development," Guoji Wenti Yanjiu [Journal of International Studies] (in Chinese), 2007 (3), p. 3.

³⁰ - Liu Naiqiang, "The right of speaking for China itself," August 20, 2007, People's Daily Online, www.people.com.cn, accessed on September 28, 2007.

South Korea's Distancing and Detachment

South Korea has remained quiet as the U.S. and China have debated the meaning and implications of the responsible stakeholder concept. For the most part, South Koreans view the idea as a sub-theme of the more general discussion of China's rise. South Korea's China scholars analyze the notion through the prism of the Chinese debate. This reflects a growing concern in South Korea with Chinese thinking, at least relative to U.S.-ROK relations.

Few analysts have taken up the "responsible stakeholder" theme since it was articulated by Deputy Secretary Zoellick in 2005. Though research has been conducted to enhance understanding of the responsible stakeholder concept on a functional level as a way of elevating U.S.-China relations, 31 there has been little theoretical interest in whether or not China is a responsible stakeholder or the possibility of China becoming a responsible stakeholder. Instead, South Koreans have shown interest in China's rapid rise and have paid more attention to its economic impact and the security implications for the Korean Peninsula.³²

Originally, there was widespread belief that China's rise was a historical inevitability. More recently, however, it has been suggested that China's growing prominence is more the result of waning U.S. power than China's own actions. For this group, the U.S.'s "unilateral moment" has passed, and it is becoming a "normal" superpower. Meanwhile, China is resuming its historical status as a regional power (although global power status is on the horizon as well). Thus, their analysis focuses on the

³¹- Cha Chang Hoon, "Strategic competitor or stakeholder? - Reviewing U.S.-China military exchange," The Korean Journal of International Affairs (in Korean), 46 (2), 2006, pp. 81-103.

³²⁻ Lee Keun, Chap. 12, "The Rise of China and Korea's China Policy," The Rise of China and Changing East Asian Order (Tokyo: Japan Center for International Exchange, 2004), pp 195-203; Shin Kak-Soo, "The Implications of the Rise of China for South Korean Foreign Policy," Korea and World Affairs, 31 (1) (Spring 2007), pp. 13-38.

factors behind this process and tries to understand how to respond to it. The general conclusion is that no country can block this rise, although "restraining" Chinese influence may be an option.33

Thus, the focus of South Korean analysis is on China's future role within the international community and when (or if) the U.S. and China may reverse roles in the regional order. As a result, South Korea focuses on regional dynamics and pays considerable attention to changes in the balance of power. There are doubts as to whether China will reach its own national development targets for 2050. The majority view is that it is unlikely to surpass the U.S. by 2020; however, it will still be a regional power.³⁴ Without global superpower status, China is unlikely to be able to shape international norms to reflect its particular ideas and preferences. As a result, it will continue to be a norm follower, rather than a norm maker.

South Koreans are aware of the disagreement between the U.S. and China over what a responsible stakeholder is and their differing definitions of "responsibility."35 For the most part, South Koreans accept the benign interpretation of U.S. policy. They see engagement dominating U.S. thinking about China and view U.S. policies toward China as encouraging Beijing's constructive participation in the international order.³⁶ From this perspective, Washington is trying to constrain China as a stakeholder rather than trying to encircle it.

³³⁻ Jaeho Hwang, "China's Future Rise and South Korea's Security Implications," The Journal of East Asian Affairs, 21 (2), 2007, pp. 108-110.

³⁴- For related research, see Tae-Hwan Lee (ed.), Korea's National Strategy 2020 - Northeast Asian Security Cooperation, Sejong Policy Paper 2005-7 (in Korean), Sejong Research Institute, 2005; KIDA (ed.), Projection of the Future in 2025 (Seoul: Kim & Jung), 2005.

³⁵⁻Sukhee Han, "The Rise of China and the Responsible Great Power: Comparative Approaches to Perceptional Differences between the West and China," The Korean Journal of International Affairs (in Korean), 44 (1), 2004, pp. 191-210.

³⁶- Byong-kwon Sohn, "The U.S.'s Response to the Rise of China," The Korean Journal of Area Studies (in Korean), 25 (1), 2007, pp. 127-149.

A less benign interpretation is that the U.S. is using China to lessen its own burdens. A few analysts see the responsible stakeholder concept as an attempt to drain Chinese power in the pursuit of international, rather than national, goals.³⁷ South Koreans have an image – the "water ghost" - that is often used to explain burden sharing in a negative way. This image is suggestive of being "dragged into the water to drown together." This is how South Koreans see U.S. strategy. By questioning whether China is a responsible stakeholder, the U.S. is attempting to link U.S. and Chinese interests together. The call to support a global standard binds the two countries in a way that furthers both their interests while advancing global concerns.

As demonstrated in the previous discussion, the list of U.S. concerns is long. They range from internal problems, such as human rights issues, to foreign policy concerns such as product safety, unfair trading practices, and trouble spots such as Sudan-Darfur, Myanmar, and Iran, to name just a few exemplars. From a South Korean perspective, these affairs are not urgent, nor do they require immediate action.

Rather, for South Koreans, the most pressing concern - and the filter through which Chinese actions are evaluated - is how China as a responsible stakeholder deals with Korean Peninsula issues.³⁸ In this light, China has stepped up since the first nuclear crisis in 1994. South Koreans (and many others) expect China to continue to play the role of mediator in the Six-Party Talks, and to continue to push for a permanent peace regime on the Korean Peninsula as well as the creation of a permanent security architecture for Northeast Asia. These efforts reinforce the image of China as a responsible stakeholder working toward con-

³⁷- "Interview with Prof. Chung Jae Ho," Peace Network, http://peacekoreanet.cafe24. com/zbxe/223202006.03.03.

³⁸⁻ Hongseo Park, "An emerging Sino-U.S. concert system after the Cold War?" China-U.S. cooperation over North Korea's nuclear diplomacy, The Korean Journal of International Affairs (in Korean), 47 (3), 2007, pp. 77-97.

structive solutions in regional diplomacy. For the most part, South Koreans have not extended the responsible stakeholder concept to evaluate Chinese behavior in other areas. Indeed, the two countries have agreed to not address these concerns directly. Neither wants to tackle contentious issues head on and each prefers to deal with them discretely.

There is another fear in South Korea when the responsible stakeholder concept arises: the concern that South Korea will have to take sides between the U.S. and China if it joins the discussion. In fact, with the change of government in the ROK to the Grand National Party (GNP), Lee Myung-bak's firmer approach to the DPRK and stronger focus on relations with Washington and Tokyo suggests that ROK foreign policy is quite different under this new government as compared with the previous Roh Moo-hyun administration. In other words, the Lee government is more receptive of the responsible stakeholder concept and the set of tests the U.S. has set for China under this concept.

Nevertheless, it is difficult not to be conscious of neighboring China amidst an enduring steadfast ROK-U.S. alliance against the larger picture of a rapidly rising China and a relatively declining U.S.39 Seoul fears a backlash from China if or when it does rise. South Korea is already engaged in a delicate balancing act between Washington and Beijing, and fears its current position would be undermined by weighing in. 40

Ambiguity on South Korea's part would damage U.S. trust in its ally and be disadvantageous to the U.S.-ROK alliance relative to the U.S. alliance with Japan. There is a belief that the restructuring of the U.S.-

³⁹- Jaeho Hwang, "A Korean perspective on the future of ROK-U.S. relations," PacNet Newsletter, No. 54A, August 13, 2009, www.pacforum.org.

⁴⁰- Jae Ho Chung, "From a 'Special Relationship' to Normal Partnership?: Interpreting the 'Garlic Battle' in Sino-South Korean Relations," Pacific Affairs, 76 (4) (Winter 2003-2004), pp. 549-568; Chang-hoon Cha, "Sino-U.S. relations in the 21st century and South Korea's strategic choice," Research for International Affairs (in Korean), 4 (2), 2004, pp. 113-118.

ROK alliance in recent years has been driven as much by anger in Washington at ROK policies as a need to modernize the alliance. 41 While some analysts in the U.S. understand and sympathize with South Korea's position, it is unclear how widespread that thinking is within the U.S. government. There is speculation that the Lee Myung-bak presidency will strengthen U.S.-ROK relations and will facilitate trilateral cooperation among the U.S., South Korea, and Japan. As Seoul moves closer to Washington, tension should drain from the bilateral relationship. South Korea's dilemma – the product of geography and alliance politics – will not change however. The Lee administration may have taken office expecting to align itself more closely with U.S. positions on human rights and North Korea's nuclear problem, but if North Korea threatens to destabilize the region, Seoul is likely to return its focus to Beijing.

Above all, President Lee is committed to creative pragmatism. Through two state visits to Beijing in 2008, he showed that he will not neglect China even as his administration changes course from that of its predecessor. Moreover, Lee has expressed hopes of elevating bilateral relations between the ROK and China, which ties in with his agenda for a pragmatic economic policy. China's aspiration for continued economic development is well aligned with Lee's desire to prioritize the economy above all other issues.

Thus far, however, South Korea has envisioned itself as a state with a limited horizon. Its concerns have been restricted to the Korean Peninsula. That situation is changing. South Korean interests are increasingly far flung, and its economic and business concerns - and even its political focus - are taking on a global perspective. The successful campaign to have former Foreign Minister Ban Ki-moon named the new United

⁴¹- Dae-Sung Song, "Transformation of U.S. Forces in Korea and Korean National Security: Response Policy and Complementation," Sejong Policy Studies, 3 (2), 2007 (in Korean), pp. 27-34.

Nations secretary general is sign of South Korea's new desire to be seen as a global player. Despite some reluctance on the part of South Koreans, Seoul did send peacekeeping forces to Afghanistan, Iraq, Lebanon, and the Gulf of Aden. 42 This may have served as a springboard for South Korea to realize the need to play a bigger role in the international community.

Early signs suggest as much. Although details have not been revealed, the Lee government's Asia policy seems intent on strengthening ties with the U.S., Japan, China, and Russia - thereby making a greater Korean imprint on East Asia - but also involves making a mark on international society. Lee is conducting a foreign policy that contributes to global peace, one that befits a country among the top 12 economic powers of the world, and one that South Koreans can be proud of. 43 South Korea may contribute to a global agenda that includes such issues as democracy and nation-building, human rights, poverty, and conflict resolution. In the future, this new mentality could produce a shift in South Korean thinking about China as well and influence South Korean thinking about the responsible stakeholder concept.

In the mid- to long-term, South Korea hopes that China will become a responsible stakeholder. If China does so, it will not be a threat to South Korea in terms of political, economic, or security concerns. Additionally, South Korea hopes that China, as a great nation, will set a grand example in terms of the global agenda. However, South Korea's immediate concern is the North Korean nuclear problem, and therefore, it does not have the

⁴²⁻ Currently, ROK forces have been deployed to a total of 13 different regions with a tally of 710 personnel under mission, including 359 ROK forces as part of peacekeeping forces in Lebanon and 298 on the Cheong-hae destroyer in the Gulf of Aden in Somali waters. ROK Ministry of National Defense, "ROK Forces in the World," http://www. mnd.mil.kr/ accessed on August 24, 2009.

⁴³- Woo-sang Kim, "The Initialization of a New Asia Foreign Policy," Newsweek [Korean Edition], January 2-9, 2008 (in Korean), pp. 24-25.

flexibility to monitor China's overall role as a responsible stakeholder in the international community.

Conclusion

The responsible stakeholder concept provides a positive first step for a new conceptual framework for U.S.-China relations. Unfortunately, the meaning and content of this new framework are disputed. Moreover, the resources each country can bring to bear in dealing with problems and the investments they are prepared to make within the framework differ significantly, both in terms of amounts and expectations. Clearly, it will still be some time before the responsible stakeholder concept comes to define the U.S.-China relationship.44

Americans see this idea as a means to develop a constructive and cooperative bilateral relationship in the 21st century. The new Obama administration that came to office on January 24, 2009 emphasized cooperation with other states in place of unilateralism, especially acknowledging China as a player that cannot be left out when it comes to America's international strategy. 45 This concept has continued to dominate policy during Obama's administration. At the same time, Obama's administration calls for China to increase its stake in the international community, thereby adhering to international norms and taking on greater responsibility. Observers should pay close attention to the formulation of new policies toward China as well as the perceptions and terminologies associated with it

⁴⁴⁻ Wang Jianwei, "Can 'stakeholder' hold U.S.-China relations?" PacNet #17A, May 11,

⁴⁵⁻ Secretary Clinton's March Asia visit confirmed that the focus of America's Asian diplomacy will be China. There will be a great deal of cooperation between the two countries on antiterrorism, counter-proliferation, climate change, energy, and overcoming the financial crisis.

China's international standing greatly increased with the August 2008 Olympics, and in the second half of 2008, during the financial crisis, China's existence was definitely felt. China probably wants to take ownership and act as a responsible stakeholder as Obama suggests. However the Chinese see this as a device to foist American demands upon them. This has neither helped to reduce suspicions about long-term relations nor provided a better foundation for that relationship. Moreover, this is a temporary sentiment and the debate surrounding this point has decreased somewhat. Instead, there is a need to focus on whether U.S. popular perceptions toward China will maintain the responsible stakeholder concept as a core idea or take on a completely new viewpoint.

With implications not only for China and the U.S., but also the adjacent region as a whole, the advent of this concept and the subsequent debates have shaped the actions of the affected states in a rather passive manner. The example of South Korea can be given as evidence of such limited and restrained behavior. South Korea is merely observing the debate over the responsible stakeholder concept; most South Koreans feel this is an issue between the U.S. and China. Still, South Korean analysts are troubled by the prospect of balancing relations with both the U.S. and China. The bilateral relationship will continue to oscillate between cooperation and competition (sometimes the two will happen at the same time). South Korea anticipates that both nations will maintain and apply the responsible stakeholder concept when dealing with the North Korean nuclear problem and when addressing Korean reunification. Aside from these problems, there are no other issues to which South Korea can apply the responsible stakeholder concept as a benchmark.

Ultimately, the responsible stakeholder concept seems best suited to global issues. South Korean concerns have been largely peninsular,

^{46 -} Wang, "Can 'stakeholder' hold U.S.-China relations?"

although they appear to be spreading to encompass a more regional outlook. This broader conceptualization of national interests may provide a context within which to analyze and assess Chinese behavior. By framing Chinese actions more widely, Seoul can avoid a zero-sum formulation that obliges it to align with either the U.S. or China. A global perspective allows Seoul to embrace national interests and permits it to evaluate Chinese behavior from a system-wide perspective. That reformulation of South Korean interests is only beginning, however. Today, South Korea is still focused on expanding its national interests. This defines Seoul's position more generally, and serves as the pivot for South Korean security policy.

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The Rise of Kim Jong Eun and the Return of the Party

Jinwook Choi and Meredith Shaw

Abstract

As it prepares a new ruling structure to support the 3rd generation power succession, the North Korean regime has recently undergone a dramatic reorganization within its ruling structures, creating an intertwined system of mutual surveillance and control in which a handful of powerful individuals hold overlapping positions in the highest governing bodies of the Party, Cabinet, and military. This reorganization has created confusion within the NDC hierarchy and cast doubt on whether the military-dominated songun system will continue to function, or the Party will reassert its dominance through a return to the traditional party-state system. As the regime currently faces serious challenges on several fronts, the outcome of this military-party power struggle will have major implications for the stability of the new system and its likely future course. This paper will assess the likely future direction of the North Korean governing system based on a review of the evolution of the existing songun system during the previous leadership succession and an analysis of the details of the recent reorganization and its implications for future power dynamics among the governing elites. In light of North Korea's recent erratic behavior, we will also explore the possibility of a power struggle between the hawks and doves among the elites.

Key Words: Kim Jong Eun succession system, military-party balance of power, the 3rd Party Delegates Conference, KWP personnel reorganization, songun governing system

Introduction

North Korea has now fully committed itself to the succession of Kim Jong Eun, 3rd son of Kim Jong-il, as its next supreme leader, and it is in the midst of implementing a plan to gradually install a new leadership structure around him. Kim Jong Eun, whose mere existence was not publicly acknowledged by the regime until this year, has recently vaulted in status to the position of vice chairman of the KWP Central Military Committee and was recently listed second after his father on the official roster of the State Funeral Committee for the late Jo Myong Rok, 1st vice chairman of the National Defense Commission (NDC) – a strong indication of his actual status within the regime hierarchy. At the same time, Kim Jong Eun's aunt, uncle, and close friends have risen to influential positions in the Korean Workers' Party (KWP). Meanwhile, Kim Jong-il continues to rule the country as chairman of the NDC.

As it attempts to balance power between the rising KWP and the still-dominant NDC, the regime has recently reshuffled key personnel in the Cabinet, the NDC, and the leading Party organs, through an irregular session of the Supreme People's Assembly last May and a Party Delegates' Conference on September 28. Through this reorganization of personnel, the regime has created an intertwined system of mutual surveillance and control in which a handful of powerful individuals hold overlapping positions in the highest governing bodies of the Party, Cabinet, and military. The dominant figure within this system is Kim Jong-il's brotherin-law Jang Song Taek, who has been given sufficient influence to guide and protect the succession process through his own high status and the positioning of his close associates throughout the ruling structure. The reorganization has created confusion within the NDC hierarchy, and cast doubt on whether the NDC-dominated songun system will continue to function, or the KWP will reassert its dominance through a return to the traditional party-state system.

It remains to be seen how this new system will work and how it will evolve as the succession process moves forward. Meanwhile a series of external and internal developments threaten to disrupt the system in complex ways. If Kim Jong Eun is to gain acceptance as the successor, he will need to demonstrate strong leadership through bold new ventures, while still deferring to his father's leadership, and he will have to be able to evade responsibility if those ventures fail. To maneuver successfully through this delicate dance he will need the absolute support of a wellconnected group made up of older, more respected elites from the military and the Party.

This paper seeks to address the question of whether the Party is truly returning to dominance in North Korea, or whether the militarydominated songun system will continue to hold ultimate sway. To do so, we will first review the evolution of the songun system through which Kim Jong-il has exercised total control for the past 13 years, and then analyze the ways in which that system appears to be changing recently to accommodate the succession plan. Finally we will offer some predictions for the stability of the new system and its likely future course.

The Songun System: 1997-Present

Songun was originally developed as the ruling ideology in North Korea to support Kim Jong-il's one-man authoritarian system as he consolidated power in the years after his father's death in 1994. North Korea formally codified its songun political system in 1998 with a revised Constitution which dramatically diminished the role of the Party within the state and increased the functionality of the military organization. Under the new structure, the NDC had direct control of People's Security, the Armed Forces Ministry, and State Security, bypassing both the Party and the Cabinet. The new Constitution also abolished the position of Jusok (head of state) and removed all references to it, since it was decided that no one could replace Kim Il Sung after his death.² Thus under songun, Kim Jong-il ruled not as head of state but as chairman of the NDC, eliminating the Party as a middleman and giving the leader direct control of the policymaking process in the Cabinet and the military.

For most of the Kim Il Sung era the KWP dominated policymaking in the North Korean system, in some ways taking on an even more influential role in the system than the CCP did in China's governing structure.³ However, after Kim Il Sung's death the role and functionality of the Party declined. There has been no Party Congress since 1980. The plenum of the Central Committee, which normally approves important personnel decisions within the Party, has not convened since December 1993; it did not meet even to elect a new secretary general of the Party after Kim Il Sung's death (instead, the KWP Central Committee and the Central Military Committee endorsed Kim Jong-il to formally take this position in October 1997). Because the plenum has not been fulfilling its role, important positions in the Party structure have remained vacant after their members died or retired. It is suspected that neither the Secretariat nor the Politburo has met since Kim Il Sung's death; these bodies would ordinarily take charge of the highest levels of KWP policymaking.4 Consequently, it is believed that the organs of the Party have been reduced to a largely symbolic role, while the NDC has become the most important governing body, and the military and State Security organizations have

¹⁻ Kongdan Oh and Ralph Hassig, North Korea: Through the Looking Glass (Washington, DC: The Brookings Institute, 2000), p. 118.

²⁻ Ibid, p. 90.

³- Gahb-chol Kim, "Changes in North Korean Communism," in North Korean Communism: A Comparative Analysis, Chongshik Chung and Gahbchol Kim (eds.) (Seoul: Research Center for Peace and Unification, 1980), pp. 406-408.

⁴⁻ Choi Jinwook, "The Changing Party-State System and Outlook for Reform in North Korea," International Journal of Korean Unification Studies, Vol. 18, No. 1, 2009, p. 154.

taken a greater role in actually running the country.

The purpose of songun was not to allow the military to take over and supplant the Party, but to use the military organization to control the population and support the Party's leadership. This system had its roots in the period of mourning after Kim Il Sung's death, when Kim Jong-il needed the backing of top military leaders to ensure his place in power. The military's role became even more crucial during the Arduous March period of the mid-1990s; during this period of economic hardship, Kim Jong-il mobilized the armed forces to restore the Party's leadership authority and to maintain control over society.

Through the songun system, Kim Jong-il took direct command of the military organization; it is said that his personal authorization is required for military exercises down to the battalion level.⁵ The military has taken on an important role in the national economy, being mobilized as a labor force for constructing public works, assisting in labor-intensive farming tasks, and even protecting harvests from thieves. Through military- controlled overseas "trading companies," military organizations have been tasked with the mission of earning much-needed foreign currency for the regime, and the high-level officers who run these operations are known to reap significant financial dividends for themselves, giving them high status in society and helping to secure their loyalty. As songun became systematized, the rapid expansion of this trading company phenomenon caused a small group of military elites to become influential figures within the regime with their own patronage groups.6

⁵- Oh and Hassig, North Korea, p. 112.

⁶⁻ John S. Park, "North Korea, Inc.: Gaining Insights in to North Korean Regime Stability from Recent Commercial Activities," Working Paper, U.S. Institute of Peace, April 22, 2009, p. 9.

External policy under songun

As explained above, under the *songun* system the military has more direct influence over policymaking through its heavy representation on the NDC. This has affected both inter-Korean relations and foreign policy. Through the NDC the military was able to take an increasingly dominant role, competing with and eventually superseding the authority of both the United Front Department (the KWP's inter-Korean relations organization) and the Foreign Ministry, neither of which are currently represented on the NDC.

In terms of foreign relations, the *songun* era can be divided roughly into two parts: from Kim Il Sung's death in 1994 until the 2nd nuclear crisis erupted in October 2002, and after. Before the nuclear crisis, North Korea had held an uneasy truce with the international community through the Agreed Framework and made outward attempts at engagement in the pursuit of foreign aid in order to recover from economic collapse, holding several major summits in Pyongyang in the early 2000s. After the nuclear crisis, however, the regime became increasingly preoccupied with using a combination of engagement and military blackmail to extort aid from the international community, and the hardliners in the regime became dominant as the international environment grew more confrontational and the efforts of reformers failed to produce satisfactory results.

For most of the *songun* period the regime benefited from generous aid from South Korea and the West, after the famine of the 1990s brought international attention to the failure of the North Korean economic system. During the Sunshine period (1998-2007) North Korea allowed carefully controlled inter-Korean cooperation projects in various areas. The Committee for the Promotion of Economic Cooperation, the body responsible for all inter-Korean projects during this period, was upgraded in May 2004 to a Cabinet-level organization. However, during this period the State Security mechanism carefully controlled the level of exchanges

and the military was able to intercept aid material for their own purposes. After South Korean President Lee Myung-bak took office in February 2008 and began emphasizing a more pragmatic, action-for-action approach to North Korean policy, inter-Korean relations sharply declined. Lee's election came as a shock to the North Korean regime, which reacted by sacking its South Korean specialists for failing to foresee the change in South Korean public opinion.

This coincided with and perhaps contributed to the increased dominance of the military and the NDC over the Cabinet in foreign policy. In the last two years several key military figures have been promoted to influential positions in the state hierarchy as an apparent reward for orchestrating military provocations or espionage activities against the South, such as the 2nd nuclear test, the attack on the Cheonan, and the attempt to assassinate defector Hwang Jang Yop. In cases like these, when military provocations lead to breakdowns in inter-Korean relations or international condemnations, it is the United Front and the Foreign Ministry which take the blame, while the military gets praise for another "great victory over foreign adversaries." Thus North Korea's increasingly aggressive foreign policy appears to be a sign of the military's growing influence over policy.

One thing that has remained mostly constant throughout the songun era has been the state of North Korea-China relations. Despite the nuclear tests and other provocations which have brought near-universal condemnation from the international community, China remains committed to supporting the regime in Pyongyang; while privately unhappy about having a nuclear wild-card for a neighbor, it still considers regime collapse a greater threat to its interests. China has never formally rebuked the regime for its nuclear programs, and in recent years it has succeeded in taking most of the bite out of any UN sanctions. Meanwhile, total trade volume between China and North Korea has steadily increased throughout the songun era, from \$413 million in 1998 to nearly \$2.7 billion in 2009.7 Pyongyang's leaders know that they need China's continued support to survive. While China is unlikely to cut off support to the regime for any reason in the future, it may make increasing demands now that South Korean economic cooperation has essentially ceased and the regime has no alternative source of support.

Internal policy under songun

In its domestic economic policy during this period the military's influence is less clear, and there is evidence of an evolving policy conflict between reform-minded technocrats in the Cabinet and traditionalists in the KWP. This conflict played out most clearly in the changing fortunes of two rival officials, reformist Pak Bong Ju (Prime Minister, April 2003-April 2007) and well-connected KWP leader Jang Sung Taek.

During the first half of the songun period the regime appeared to make several attempts at reform, most notably through the July 1 Economic Management Measure in 2002 and a series of joint ventures and special economic zones in Gaesong (November 2002), Mt. Kumgang (October 2002), and Shinuiju (September 2002). Even after the nuclear crisis erupted, reforms continued for several years under the leadership of Pak Bong Ju. These included a revised wage system, increased autonomy for cooperative farms and factories, the expansion of small-plot agriculture and public markets, and continuous growth in inter-Korean trade. 8 Under Prime Minister Pak the role of the Cabinet advanced while the Party organizations continued to atrophy. The KWP departments dealing with economic issues were abolished and the number of paid party members was reduced. Younger and more professional personnel

⁷⁻ The Korea International Trade Association, http://www.kita.net/.

⁸⁻ Park Hyeong Jung, "Impact of the Currency Reform and Future Outlook: A Political-Economic Analysis," KINU Online Series No. 09-48, Dec. 10, 2009.

joined the Cabinet and economic bureaucracy. North Korea sought to streamline its economic policy structure by reducing the number of economic projects handled by the KWP and military and giving the Cabinet more authority to manage the economy. 9 Meanwhile Jang Sung Taek was reportedly purged from his position as chief of the Party's Organization and Guidance Bureau sometime in late 2003 or early 2004.

However, Pak's reforms conflicted with the economic interests of the military and Party elites, and they were heavily dependent on foreign partners and large amounts of foreign development aid with no strings attached. The nuclear crisis, perhaps by design, effectively guaranteed that the reforms would not succeed. As the nuclear crisis deepened and North Korea became increasingly isolated from the international community, and particularly after the first nuclear test in 2006, the conflict heated up between the pro-reform faction and the traditional isolationist faction, with the reformers steadily losing ground and in some cases being purged for their failures. In late 2005 North Korea announced that it was restarting the Public Distribution System, which had ceased functioning during the economic crisis in the 1990s, and asked humanitarian aid groups to leave (the PDS system soon faltered again and aid continued). Meanwhile, Jang Sung Taek returned from obscurity and rejoined the inner power circle in 2005. The Pak Cabinet came under increasing pressure from the Party, until finally in April 2007 Premier Pak was dismissed and the Cabinet's authority over the economy was stripped due to the failure of economic reforms. After Pak Bong Ju faltered, the Party took control of the people's economy, and earlier reforms were stalled or rolled back.10

⁹⁻ Choi Jinwook, "The Changing Party-State System and Outlook for Reform in North Korea," p. 158.

¹⁰- Lee Moo Chul, "Content and Outlook of the 3rd Session of the 12th Supreme People's Assembly," Web Brief, The Institute for Far Eastern Studies, Kyungnam University, June 22, 2010.

The status of the Party has been slowly rising since Jang Sung Taek re-emerged. The KWP Central Committee re-introduced the Department of Planning and Finance in October 2005, allowing it to take a renewed role in economic matters and diminishing the role of the Cabinet. In September 2007, the Commission on National Economic Cooperation was transferred over to the supervision of the KWP's Department of the United Front. If the *songun* system was principally designed to justify the consolidation of status and policymaking power to Kim Jong-il over the Cabinet and the Party, then it is easy to surmise that the rise of the Party is a symptom of Kim Jong-il's increasing frailty and inability to govern, and an internal desire to diffuse central power and return policymaking to a more regular negotiated process through the Party structure.

In the last few years under *songun*, the regime has noticeably regressed in its domestic policies, making numerous attempts to reign in the influence of the markets and crack down on worrying trends among the population. In November in 2009 it enacted a currency reform that struck a devastating blow on the growing middle class who made their living off of the markets. Popular resentment of these measures and a worrying influx of information about the outside world have led the regime to boost control measures. The regime's chief instrument for ferreting out malcontents and cracking down on outside influences is the State Security Agency, which in recent years has been controlled by Jang Sung Taek.

As Kim Jong-il's health deteriorated following his stroke in August 2008, the NDC was expanded and strengthened further. In April 2009 the Supreme People's Assembly ratified a new Constitution which

^{11 -} Choi Jinwook, "The Changing Party-State System and Outlook for Reform in North Korea," p. 159.

¹²⁻ Stephan Haggard and Marcus Noland, "The Winter of Their Discontent: Pyongyang Attacks the Market," Peterson Institute for International Economics No. PB10-1, January 2010, p. 4.

increased the authority of the NDC and specified the chairman of the NDC as the supreme leader of the state. The NDC's role was defined as "the highest leading organ of the defense of national sovereignty." The 2009 Constitution also formally declared songun as the guiding ideology of the regime. 13 Also in 2009, North Korea integrated the KWP's Operations Department and the Military Reconnaissance Bureau – the main espionage agencies of the Party and the military, respectively - into a single department under the NDC's control known as the General Reconnaissance Bureau. 14 This reorganization signifies a directional change in Kim's strategy toward South Korea and a shift to a more aggressive stance; the Bureau is believed to have orchestrated the attack on the Cheonan last March. 15 Major General Kim Young Chol, who was promoted immediately after the Cheonan attack, is in charge of this Bureau under General Oh Kuk Ryol's supervision.

Overall, we can see that although the regime experimented with policies of engagement, opening, and economic reform early in songun era, the limited nature of these policies and the worsening nuclear standoff doomed them to failure, allowing military leaders to justify a return to hard-line policies which serve their own interests, while the traditionalists in the Party have also staged a comeback in recent years.

¹³- "North Korea modifies its Constitution to reflect Kim Jong-il system," The Hankyoreh, Sep. 29, 2009.

^{14 -} Park Hyun Min, "N. Korean Spy Chief 'by Kim Jong-il's Side on Field Trip'," Chosun Ilbo, April 15, 2010, http://english.chosun.com/site/data/html_dir/2010/04/15/20100415 00418.html.

^{15 -} Park Sung Kook, "Tasks of the General Bureau of Reconnaissance," Daily NK, May 7, 2010, http://www.dailynk.com/english/read.php?cataId=nk02900&num=6341.

Power Restructuring in the Cabinet and the Party in 2010: Paving the Way to Succession

As we have seen, the last few years under songun have seen the failure of most reform efforts, the deterioration of inter-Korean relations cutting off a major source of income for many, and increasing public knowledge of the outside world despite government crackdowns. The currency redenomination in late 2009 and subsequent disorder in the markets brought public dissatisfaction with the economy to the boiling point. The regime's reaction showed that for the first time since the famine of the 1990s it was clearly struggling internally over policy. In early February Prime Minister Kim Young Il apologized to a gathering of party officials for the failure of currency reforms and for the side effects of closing the markets - an unprecedented show of contrition from the North Korean leadership. KWP Planning and Public Finance Minister Pak Nam Gi got the blame for the failed policy and was publicly executed in March. These developments shed light on just how much trouble the policy failure and aftermath caused for the regime.

At a time when the regime was struggling to build up Kim Jong Eun's personality cult and advertise his abilities as a leader in order to pave the way for a smooth succession, it would not do to allow this kind of public discontent to simmer. The situation called for dramatic measures to boost the legitimacy of the leadership. Both the Party and the Cabinet needed to undergo significant personnel reshufflings to demonstrate to the people that individuals in the leadership were being held accountable and that the new leadership structure would be more capable of improving the people's livelihoods. Thus 2010 saw a series of major reorganizations, proceeding through a "surprise" extra session of the Supreme People's Assembly in May and a rare Party Delegates' Meeting in September.

• The 3rd Session of the 12th Supreme People's Assembly

The 3rd Session of the 12th SPA came as a surprise to Pyongyang watchers as it occurred just two months after the 2nd Session. Since the constitutional revision in 1998, these sessions have typically occurred only once a year. The only significant thing that happened between the 2nd Session in April and the 3rd Session in June was that Kim Jong-il made an unofficial visit to China; thus it is reasonable to assume that Chinese pressure had some influence on the decision to hold the 3rd Session.

The clearest signal from this session was that Jang Sung Taek had risen in stature to become effectively the No. 2 figure in the leadership behind Kim Jong-il, through his promotion to vice chairman of the National Defense Commission in addition to his already firm control of the People's Security and State Security Agencies. As Jang had joined the NDC only a little over a year earlier, his promotion to vice chairman marked one of the most rapid rises to power in the history of that body. This development provides a solid indication that Jang Sung Taek will play a key role in orchestrating the succession system. As Jang has always been first and foremost a Party leader, his promotion also indicates that the Party will take a more active role in ruling the country. "Ultimately, this Cabinet shuffle puts high-ranking Party members in the majority, supporting the Party's economic efforts and rearranging the Cabinet into a body supporting the economic endeavors of elite with ties to Jang Sung Taek."16

The other significant development at this session was the appointment of Choe Yong Rim, long-time secretary to Kim Il Sung and former chief secretary of Pyongyang, as the new head of the Cabinet, replacing Kim Young Il after three years. This appears to be an effort to appease the masses. Choe Yong rim was involved in the campaign to build 100,000

¹⁶- Lee Moo Chul, "Content and Outlook of the 3rd Session of the 12th Supreme People's Assembly."

new housing units in Pyongyang, and thus his promotion boosts the image of the Party as working to improve the lives of the people. Together with the appointment of Kang Nung Su, Kim Rak Hui, Ri Tae Nam and Jon Ha Chol, this reshuffling gave high-ranking Party officials a majority of the positions in the Cabinet.

• The Party Delegates' Conference

Perhaps the most noteworthy thing about the Party Delegates' Conference was that it happened at all. The last time the KWP held a Delegates' Conference was in October 1966. Further, while this conference was announced several months in advance on June 26 and scheduled to take place "in early September," after the delegates had already begun to assemble in Pyongyang the conference was abruptly postponed two weeks; the official reason for the cancellation was the damage caused by torrential floods in July and August, but it is unusual for the Party to change its plans after they have been formally announced, and among Pyongyang watchers speculation was rife as to the actual reason for the delay.

It was anticipated that the main function of this conference would be to give Kim Jong Eun legitimacy through a promotion to some major position of power within the Party, and this expectation was partially fulfilled. While he was not given a position in the Organization and Guidance Department (through which his father had come to power), he was appointed Vice Chairman of the KWP Central Military Committee, which is "reputed to be the core decision-making group for the military and one of the most powerful Party organizations, alongside the Organization and Guidance Department."¹⁷ Also, a day before the conference, he was given the military rank of four-star general, thus preparing the

¹⁷- Oh and Hassig, North Korea, p. 116.

foundations of his military authority in advance of his entry into the Party leadership. While this move gives the young general few actual responsibilities, it increases his status considerably and puts him in position to take credit for any future successful policies enacted by either the Party or military.18

Many observers have noted the significance of the fact that Kim Jong Eun was promoted to power through a position on the KWP Central Military Committee, and not through the NDC as might have been expected. This has been widely hailed as a sign that the Central Party, and specifically the Central Military Committee, is being set up as a rival force to check the power of the NDC.

Contrary to expectations, Jang Sung Taek did not advance in status through this Party Delegates' Conference. 19 Instead, several key figures close to Jang were placed in positions of influence in the Party governing structure. Kim Kyung Hee, Jang's wife and Kim Jong-il's sister, joined the Politburo and was given the rank of four-star general. Another new name dominating the leadership is KPA Chief of Staff Ri Young Ho, who was appointed to the Standing Committee of the Politburo, and who seems to have been charged with securing the military's support for Kim Jong Eun. Ri was promoted prior to the conference to the military rank of vice marshal, and his son is rumored to be a close friend of Kim Jong Eun.

Other new Politburo members include newly promoted Vice Premier Kang Sok Ju, who as 1st Vice Foreign Minister took the lead in negotiations with the U.S. over the nuclear issue and is another of Jang's associates; and Kim Guk Tae, another son of a famous partisan fighter, an

¹⁸⁻ Choi Jinwook, "WPK Reorganization and Its Policy Direction," Vantage Point, Vol. 33, No. 11, Nov. 2010.

^{19 -} Prior to the conference, JoongAng Daily cited a report by an intelligence source stating that Jang would be named secretary of Organization and Guidance. "Jang Sung-taek to get North's No. 2 post: source," JoongAng Daily, August 31, 2010, http://joongangdaily. joins.com/article/view.asp?aid=2925370.

early supporter of Kim Jong-il's rise to power, and a known opponent of reform and opening. New Politburo candidate members include Party Secretary Choi Ryong Hae, the son of partisan fighter Choi Hyun and a long-time friend of Kim Jong-il; Kim Jong Gak, who is currently 1st vice director of the Armed Forces Ministry's General Political Bureau and also an NDC member; and Senior Deputy Director of State Security Woo Dong Cheuk, who is Jang Sung Taek's underling, a KPA general and also an NDC member. These individuals, all with close ties to Jang Sung Taek and/or Kim Jong-il, appear to form the core of a front-line support group for backing up and protecting the Kim Jong Eun succession system; together, they have influence on the NDC, the Politburo, the State and Public Security Agencies, and the top military organizations.

About a month after the conference, Kim Jong Eun accompanied his father on his first publicized guidance visit to a KPA unit. This unit was actually a part of the State Security Agency, but it was promoted as the young leader's first official review of a military facility. Accompanying the father-son leadership on this trip were Ri Young Ho, Kim Jong Gak, and Woo Dong Cheuk.²⁰ In North Korea's informal, personality-driven leadership structure, accompanying the leader on a guidance tour tends to be a strong indication of status regardless of an individual's actual rank, and a look at the list of those accompanying this tour provides confirmation of who will be the most important backers in the new leadership structure.

Through the Party Delegates' Conference, the highest organs of the Party, which had remained dormant through the songun era, were restored and many vacant positions were filled. The members of the Politburo increased from 3 to 17, and candidate members increased from 5 to 15. The Secretariat also grew from 5 to 10. Looking at the new

²⁰- "Kim Jong-il Inspects Command of KPA Unit," KCNA, October 25, 2010.

personnel, we can observe a shift in the central focus of the ruling system from the NDC to the Party. Of the 17 permanent members of the Politburo, only 5 are also on the NDC, and of the 15 candidate members, only 4 are NDC members.21

In order to fill this sudden wealth of new positions in the power structure, in the months leading up to the Party Delegates' Conference there had been a reshuffling of major positions, and several chief secretaries of provincial committees had been promoted to Pyongyang. During the Supreme People's Assembly session in June, the Chief Secretaries of South Hwanghae Province and South Pyongan Province were made vice premiers of the Cabinet; later, in June and July, the chief secretaries of North and South Hamkyung provinces were appointed to the Central Committee of the Party. Shortly before the Party Delegates' Conference, the Chief Secretaries of North Pyongan Province and Jagang Province were both promoted to the Central Party and made candidate members of the Politburo. Mun Kyeong Duk (chief party secretary for Pyongang City) and Kim Kyeong Ok (1st Vice Director of the Organization and Guidance Department, seen as an official who can offer good military guidance) are also among the emerging group of elites who have risen to advanced positions in the Party as part of the succession plan. Maneuvering these comparatively young figures, most in their 60s, into the core of the leadership will help stabilize the succession as they replace unreliable or infirm members of the current ageing leadership.²²

The recent personnel reorganizations have also helped to advance what appears to be a "generation shift" in the military. In addition to Ri Young Ho and Kim Jung Gak, members of this new military leadership include Choi Bu Il (recently promoted four-star general, vice chief of KPA

²¹- Choi Jinwook, "WPK Reorganization and Its Policy Direction," p. 26.

²²- Shin Joo Hyun, "Reshuffle Continues with Provincial Changes," Daily NK, Sept. 26, 2010, http://www.dailynk.com/english/read.php?cataId=nk01800&num=6831.

General Staff), Kim Myung Guk (director of the General Staff Operations Bureau, member of the KWP Central Military Committee), Jung Myung Do (commander-in-chief of the Navy), Hyun Young Chul (8th Army commander), and Kim Young Chul (director of KPA Reconnaissance Bureau).23 Of the above, Kim Myung Guk, Jung Myung Do, and Kim Young Chul are suspected by South Korean intelligence sources of having been involved with the Cheonan incident.²⁴ These new leaders are taking over from the old military group which was dominated by Oh Kuk Ryol and Kim Il Chol, presumably to give the next generation leadership a firmer grip on the military. There is also some speculation that this reshuffling was orchestrated by Jang Sung Taek, on the grounds of defending Kim Jong Eun, but in fact due to Jang's personal fear that members of the old military guard might oppose his overwhelming grip on power. But another explanation could simply be that many of the current military leaders are very advanced in years, and the regime has become more aware of how infirmities or sudden deaths in the upper leadership could destabilize the system.

China's growing influence

One factor behind the recent restoration of the Party's status could be Chinese influence. While China has long been the DPRK's most important and reliable supporter, in the past North Korea always maintained alternative sources of support: during the Cold War, it played on the feud between China and Russia; until the late 1990s significant funds came from ethnic Koreans in Japan; and during the Sunshine Era it could rely on aid from South Korea and the international community. But now,

²³- Kim Jin Ha, "North Korea's Succession Plan: Stability and Future Outlook," KINU Online Series No. 10-40, Nov. 3, 2010.

²⁴- Hyun Gun, "The Five Culprits of the Cheonan Incident," Open Radio for North Korea, May 27, 2010.

South Korea has cut off most economic cooperation in the wake of the Cheonan incident, and the international community is alienated by the unending nuclear saga; thus, for the first time in DPRK history, it is completely dependent on Chinese support for survival. This gives China unprecedented leverage over the North Korean regime, and China can be expected to use this leverage to its best advantage in reaping benefits for Chinese businesses and shaping the succession system in a form it prefers. There is evidence that China may already be taking advantage of its influence to demand more economic benefits in exchange for its support, such as exclusive rights to mineral or ocean resources, the leasing of North Korean territory to China for casinos and tourism ventures, 25 and permission to use the North Korean port of Rajin-Sonbong as part of Chinese plans to develop the Changchun-Jilin-Tumen economic belt.

It is possible that in addition to pushing for economic reforms, the Chinese Communist Party leadership has been encouraging some of the recent systemic reforms in order to stabilize the North Korean regime around the Party. With their own party-dominated system, Chinese leaders may see a return to more normalized, party-centric governance and a return to a socialist state system as the best way to restore the fractured North Korean party-state system and manipulate North Korea toward reform through the strong ties between the two Communist Parties. In an interesting parallel, at the CCP plenary session on October 18, Xi Jinping, who is widely considered Hu Jintao's successor as the next Chinese president, was appointed vice president of the Chinese Communist Party's Central Military Commission - the precise Chinese counterpart to Kim Jong Eun's new position.²⁶

²⁵- Hankuk Ilbo, Oct. 28, 2010, http://kr.news.yahoo.com/service/news/shellview.htm? articleid=2010102802314696307&linkid=4&newssetid=1352&from=rank.

²⁶- "Xi Jinping appointed vice-chairman of Central Military Commission," Xinhua, Oct. 18, 2010, http://news.xinhuanet.com/english2010/china/2010-10/18/c_13563001.htm.

An examination of the historical relationship between the Party and the military in China naturally reveals similarities with the North Korean system. Mao famously said that "Political power grows from the barrel of a gun," but he also said "The Party must always control the gun, the gun must never control the Party." In the early Chinese system, "soldiers were expected to assume responsibilities for organizing the masses and helping the CCP to establish political power. Within the army, party control was exercised through a hierarchy of party committees headed by commissars, and paralleling the military chain of command at all levels."27 Thus in the Chinese model, goals of the military were subordinate to or aligned with the goals of the Party. China also placed high emphasis on maintaining a positive image of the military among the people, encouraging the military to be economically self-sufficient, and holding up "the army as a model for society" - all elements that can be found in the modern North Korean system. During the Cultural Revolution, a majority of the members of the Politburo and the Party Central Committee were also military officers. As China entered an era of reform in the 1980s, military membership on the politburo waned. Today, there are only two officers remaining in the Politburo, and none on the Politburo Standing Committee.²⁸ China clearly has learned the importance of separating the military from government policymaking, and it may attempt to use its influence to teach the North Koreans the same lesson.

Chinese involvement in North Korean affairs has expanded significantly in the last year, although it is still unclear to the outside world what this involvement means. What is known is that this year Kim Jong-il took the unprecedented step of making two visits to northeast China within four months, and both times he met with top Chinese leaders who

²⁷- June Teufel Dreyer, *China's Political System* (2nd ed.), Paragon House, 1993, p. 190.

²⁸- Kenneth Allen, "Assessing the PLA's Promotion Ladder to CMC Member Based on Grades vs. Ranks," *China Brief*, August 5, 2010.

issued public statements on the value of economic reform. Further, China recently appointed an influential member of its Politburo Standing Committee, Zhou Yongkang, to take charge of North Korean affairs. Zhou made a prominent appearance on the balcony alongside Kim Jong-il and Kim Jong Eun at the festivities marking the 65th anniversary of the KWP's founding on October 10, and reportedly bestowed gifts upon both Kim Jong-il and his son. North Korea wanted the foreign press to stand up and take note of this display of homage to the young leader by one of China's top officials. In a recent editorial in the Asia Times Online, infrequent contributor Kim Myong Chol, known as an "unofficial spokesman of Pyongyang," specifically mentioned Zhou's gift to Jong Eun as one of "three noteworthy developments in October." The party secretaries of China's three northeastern provinces also attended the anniversary festivities and met with their North Korean counterparts, the party secretaries of the four North Korean provinces bordering China.

For its part, North Korea recently appointed a new ambassador to China, Ji Jae Ryong, a deputy director in the KWP Information and Publicity Department with ties to Jang Song Taek. A week after the KWP anniversary, a major delegation composed of all 12 of North Korea's provincial party secretaries was sent on an official tour of China, where they were hosted by Zhou Yongkang and briefed on China's next five-year development plan. Then, in early November North Korea's new Prime Minister Choi Yong Rim led another delegation on a tour of northeast China. This flurry of exchanges and new personnel appointments indicates that both countries are eager to bolster their relationship and forge ties between the new leadership elites on both sides, at both the Central Party and provincial levels.

²⁹- Kim Myong Chol, "Young general has hidden depths," *Asia Times Online*, Oct. 19, 2010, http://www.atimes.com/atimes/Korea/LJ19Dg01.html.

Future Political Stability and Policy Direction

As it works to secure the succession system, the regime will take on a series of initiatives: diplomatic overtures using the nuclear card as leverage; economic partnerships (largely with Chinese corporations); negotiations to restart aid programs with South Korea; military provocations and testing of advanced weaponry, etc. If these initiatives succeed, it will be attributed to Kim Jong Eun's leadership skills. His newly acquired position allows him to take credit in a number of areas. If the military sector takes on a successful project to improve the peoples' livelihoods, makes another provocation against the South, or performs another successful test of advanced weaponry or nuclear weapons, Kim Jong Eun can take credit through his status as a four-star general and his position on the Party Central Military Committee. If the Party promotes new economic or social policies that are popular with the people, he can take credit through his position in the Party. If these ventures fail, however, an expendable Party or military official will be set up to take the blame.

During this time of transition, finances will increasingly become an issue as the regime begins to feel the crunch of additional financial sanctions by the U.S. and the near-total cessation of inter-Korean trade. On top of this, as the Party takes on a more active role in government, some state funds and resources will have to be shifted from the military to the Party. As the military and the Party are forced to share limited resources, the regime will face the unenviable task of keeping military leaders content while siphoning off more of their special rights and privileges to the Party.

It is important to remember that this transition to the succession system is not taking place in a vacuum; it is one of many factors currently shaping the actions of the regime. One of the most important of these factors is China's increasing influence. As China today has become Pyongyang's sole remaining lifeline for economic support, it enjoys unprecedented leverage over the North Korean regime. Chinese support will become more important as the cash-strapped regime struggles to keep the elites in its new multi-polar leadership structure from squabbling over privileges. China may take advantage of its influence to demand more economic benefits in exchange for its support, or even endeavor to shape the new succession system in a way that will be easier for it to control.

Another recent factor is the growing realization that the regime does not have as much control over the population as it once did. Despite numerous crackdowns, it has been unable to stop the flow of information across the border or even prevent the children of the elites from enjoying foreign DVDs and radio broadcasts.³⁰ The failure of the currency reform was a shock to the North Korean leadership, as it was forced to accept that it can no longer assert complete control over the small but growing pro-market forces within the country. As the elites absorb the idea that some elements within the country are no longer under their control and that their grip on the country is seriously threatened, their solidarity will increase and they may be willing to accept somewhat reduced privileges as part of the cost of maintaining the system. The mid-level Party and military officials may squabble amongst themselves over privileges and resources, but no one will dare to challenge the upper leadership on major policy issues. To further solidify its control, the regime will need to enact periodic purges, either to provide scapegoats for failed policies or to serve as an extra warning to the elites about the dangers of stepping out of line. The next few years will be a dangerous time to be a North Korean official.

Jang Sung Taek is well aware of the danger of being too close to the top, having suffered a purge himself in the recent past; he will take careful steps to ensure that he is the orchestrator, not the victim, of any future purges. His network of allies in the new leadership structure will help to

^{30 -} Andrew Scobell, "Kim Jong-il and North Korea: The Leader and the System," Strategic Studies Institute, March 2006, pp. 31-32.

monitor all important Party and military organizations for potential trouble-makers. By now most of Jang's former rivals have died or disappeared from power. The only foreseeable danger to Jang Sung Taek is the possibility that the succession system might somehow get fatally derailed while Kim Jong-il is still alive. As Jang was entrusted with the sacred task of ensuring that Kim Jong Eun has a smooth path to power, he will have to take ultimate responsibility if those plans fall apart. After Kim Jong-il's death, Jang's position will be secure, as no one will have an independent base of power from which to challenge him. What he does at that point - whether he will be content to pull the strings while allowing Kim Jong Eun to rule, or try to seize power for himself – is open to speculation.

North Korean sources in China have implied that General Oh Kuk Ryol may be on the outside of the succession structure, possibly because he is one of the few remaining top elites not under Jang Sung Taek's patronage. Oh has long been a trusted aide of Kim Jong-il and was promoted last year to vice chairman of the NDC; he was in charge of espionage operations against South Korea from 1989 to 2009 as director of the KWP Operations Department, and was given control of the General Reconnaissance Bureau when it was created in 2009. Oh's powerful position and the rumored investigations of his close associates³¹ seem to suggest that Jang feels threatened by him. Oh also controls a major trading company in China and is said to be in competition with Jang over who can produce the most foreign currency income for the country.³² This competition between Oh and Jang could be seen as a microcosm of the broader power struggle between the military and the Party; therefore the

³¹- Shin Joo Hyun, "Traders Living in Fear of Pyongyang Summons," Daily NK, Nov. 8, 2010, http://www.dailynk.com/english/read.php?cataId=nk01500&num=6984.

³²- "Bigwigs in North vie for power over investments," JoongAng Daily, July 5, 2010, http://joongangdaily.joins.com/article/view.asp?aid=2922711.

outcome will have important implications for the future direction of the regime's governing structure. If Oh is replaced as head of the Reconnaissance Bureau or demoted to a lower position on the NDC, for instance, it will signify that Jang Sung Taek has grown confident of his complete control over personnel decisions in the new leadership structure.

Overall, control will be the regime's top priority for the next several years. It is highly unlikely that they will experiment with reform or opening to any meaningful degree; they will focus on new joint ventures and other means of acquiring foreign currency. Their goal in inter-Korean relations will be to get the South to abandon its demand for an apology for the Cheonan and restart economic cooperation. To achieve this, the North may offer promises of continued family reunions, high-level military talks, or formal reinstatement of the inter-Korean agreements they recently abandoned. On the nuclear issue, they are eager to restart the Six-Party Talks in order to gain more energy and economic assistance in exchange for some gestures of compromise, but they will not take any concrete, irreversible steps toward denuclearization. Their status as a nuclear power is the main achievement of the Kim Jong-il years and thus is essential to maintaining popular perceptions of the regime's legitimacy.

Conclusion

Kim Jong-il's rise to power went through two distinct phases. From his initial unofficial designation as successor at the KWP Politburo meeting in 1974 until the time of his father's death in 1994, Kim rose through the ranks of the Party, and during that period the Party had an extremely influential role in government at all levels. After his father passed away and Kim Jong-il secured the sole leadership position, the Party declined and Kim Jong-il took direct control through the songun system. This allowed him to bypass the Party decision-making system and thus

eliminated the danger of a powerful rival emerging through the Party structure.

Today, Kim Jong-il's son and designated successor Kim Jong Eun does not have the luxury of time that his father had, and the regime appears to be trying to compress this two-step succession process into a single step. Once again the Party is being restored and given an active role in policymaking, so that the successor can rise through its structure and achieve legitimacy. But at the same time, the supreme leader Kim Jong-il is still maintaining direct control of the country through the NDC.

There appear to be three principle considerations at work behind the recent rise of the Party. The first is the need to provide a backbone of legitimacy for the Kim Jong Eun succession through the institution of the Party. The second is the need to balance the power of the NDC; to do so they have restored the leading Party organs and strategically placed reliable friends and relatives of Kim Jong-il in overlapping positions in all the key organizations of the Party and the military. The third factor at work is the increasing dependence on China and the need to boost cooperation between the Chinese and North Korean leaders via the parallel Party structures of the two countries.

Ultimately what this means for the future of North Korea is that the governing structure is undergoing a fundamental shift from absolute one-man rule to a system of distributed power and collective leadership. This shift is inevitable since Kim Jong-il is unwilling to entrust supreme power to anyone other than a direct descendant, and Kim Jong Eun is still too inexperienced and lacks the power base necessary to take over absolute control. In this situation balancing power between rival organizations will be a major challenge, and the worsening financial situation will exacerbate this. But the primary goal uniting the elites in the military and the Party is the desire to regain control - of the economy, of society, and of the central government. Thus, while rivalries may intensify, they will not

seriously threaten to unseat the Kim family regime, and dramatic reforms will be avoided in favor of a return to traditional social control.

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