

Transition and change on the Korean peninsula

Tim Beal

With the death of Kim Jong Il and the accession to power, nominal and perhaps actual, of Kim Jong Un, many have been asking what change this will make to DPRK policy towards the outside world, and in particular towards foreign business.

The short answer is that in the short to medium term, none.

More important is whether this is the right question to ask. It implies that the barriers to peaceful engagement, and to greater business interaction, lie on the North Korea side. That is not so. It is the United States which has erected sanctions against the DPRK, and cajoled others (but China only to a limited degree) to follow. It is South Korea under Lee Myung-bak that has carried out a hardline, confrontational policy towards the North, reversing the policy of his immediate, and not so immediate, predecessors. Interestingly the *Korea Times* has just published [a strong attack](#) on his policy from, by all people, the advisor to Roh Tae-woo, the last of the generals to run South Korea.

So the question should be, will there be a change of North Korea policy by the US and South Korea, and how would the North react? We can presume that China and Russia will continue as before and be anxious to promote peace and stability. The United States is difficult to read but with a presidential election coming up the chances of a peaceful initiative are slight. One of the problems of the American presidential system is that peace does not win votes for an incumbent presidential candidate but war – the famous ‘[October surprise](#)’ – might rally electors around the flag. However, a war in Korea would be a war with China and that, we can hope, would put it outside a calculated strategy (though not perhaps a miscalculation).

However, it is in South Korea that things look more promising. Lee Myung-bak is constitutionally now a lame duck president whose term of office comes to an end in February 2013. His popularity has slumped and it is not clear whether [he will leave](#) the conservative Grand National Party (GNP) or the party will [leave him](#). And GNP frontrunner Park Geun-hye, the daughter of another general, Park Chung-hee, is struggling against the probable opposition candidate [Ahn Cheol-soo](#).

In the meantime, despite all Lee Myung-bak’s efforts to close it down, the Kaesong Industrial Park, the symbol of North-South economic cooperation, continues to [thrive](#). Far short of its true potential, no doubt, but still a potent reminder of the benefits of peaceful cooperation.

It seems unlikely that there will be much improvement in North-South relations while Lee Myung-bak is in office. There is deep antipathy towards him in Pyongyang for his hostile policy and most recently for his [studied insults](#) on the death of Kim Jong Il. However, in the 2012 election we can reasonably hope that South Korea will move towards a new policy, dropping confrontation with the North and working towards gradual, peaceful, consensual, and mutually beneficial unification. By that time we can anticipate that Kim Jong Un will be confident enough to respond positively and indeed push the process along vigorously.

If that happens then the Americans will find it difficult to block progress and we might well see a rapid improvement in the geopolitical environment on the Korean peninsula. That would provide an

opening for foreign business and those that had already got a toe in the door would be well positioned to realise the opportunities.

This brief piece was originally written for the newsletter of Beijing-based Korea Business Consultants, a company specialising in business with North Korea. To subscribe to their newsletter contact info@kbc-global.com.

Tim Beal is working on a couple of extended essays on the transition on North Korea and the geopolitical situation on and around the Korean peninsula. Check out http://www.timbeal.net.nz/Crisis_in_Korea/