

2012: Turning point for the Korean peninsula?

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Synopsis

The end of 2011 saw the death of Kim Jong Il and the succession of his son Kim Jong Un. During 2012 there will be elections in South Korea (for the National Assembly and for the presidency), and in Russia, China, and the United States. We are embarking on a period of change, perhaps of convulsion. Elections aside, we can expect an on-going crisis in the European Union and a deterioration in relations between the United States and China and Russia. The Korean peninsula remains a fissure line, especially between the United States and China.

However, what happens in Korea in 2012 and beyond is a product of the past, and particularly the administration of Lee Myung-bak. Lee's hardline policy towards the North brought the peninsula to the brink of war at the end of 2010. In particular his exploitation of the accidental sinking of the *Cheonan* and the apparent fabrication of evidence to implicate North Korea brought a state of tension that nearly ignited in November 2010 when, in violation of the agreement signed by Kim Jong Il and his predecessor Roh Moo-hyun in 2007 planning a 'Zone for Peace and Cooperation' the South Korean military conducted provocative live fire exercises in disputed waters off the North Korean coast. The role of the South Korean (and US) military in initiating these inflammatory exercises, and what it could tell us about the balance of power between the presidency and military, is unexplored territory which no one seems to write about.

It would appear that Lee's *nordpolitik* was based on the premise that increased pressure and tension would produce a crisis in North Korea leading to a collapse that could be utilised to reunify the country by force. This did not happen for a number of reasons. China, and Russia, in their different ways, moved to preserve stability on the peninsula and China, in particular, made it clear that it would not tolerate an invasion of the North. This should be set against increased tension between them and the United States over issues such as US policies over Libya, Syria, Iran, and missile defense. US aggressiveness elsewhere in the world made China and Russia more resolute over Korea.

Despite sanctions and constant military threat North Korea proved resilient. While the food situation remained dire it did improve. Increased exports to China allowed for an increase in imports of food and fertiliser which in turn helped boost the autumn harvest. Other parts of the economy moved ahead strongly. Investment from Egypt's Orascom brought about completion of the giant Ryugyong hotel and subscribers to its mobile phone service passed the one million mark. Lee Myung-bak had attempted to cut off trade, investment, and tourism links with the North, but the results were disappointing. For domestic political reasons he was unable to close down the Kaesong Industrial Park, a South Korea processing enclave in North Korea, which continued to grow. North Korea turned to China for trade, which increased some 75% and for tourists – one million of whom visited the Mt Paektu resort on the border.

Although some commentators claim, as they have done for the last two decades, that North Korea's collapse is just around the corner, there is no reason to believe this. On the contrary, Kim Jong Un's youthful energy and extrovert personality may be infusing new vigour.

Meanwhile Lee Myung-bak is racked by a disintegrated party (which changed its name to the New World Party in a futile attempt to escape its past), corruption scandals and economic difficulties, which are compounded by his pro-Americanism; the free trade agreement with the United States arouses a lot of opposition and compliance with US sanctions against Iran would be very damaging to the economy. In addition he is a lame duck president, by the constitution he leaves office in February 2013, so his prestige and freedom of movement is quite constrained.

At this stage it looks as if the progressives will win the legislative and presidential elections but even if the conservative front runner, Park Geun-hye (daughter of the former dictator Park Chung-hee) does win it is almost certain there will be a change in policy towards the North, leading back to some form of engagement. That had limited success during the administration of the two previous (progressive) presidents Kim Dae-jung and Roh Moo-hyun. The Bush administration was hostile. Kim Jong Il was, understandably, suspicious and slow to react.

What will 2013 bring? We can expect continuity from both China and Russia. They will support anything which promotes stability on the Korean peninsula (and limit American influence). The US is more difficult to read. A second term Obama may be more restrained and more willing to accept a Seoul-led engagement policy. A Republican president is likely to be more aggressive and adventurist. In any case it will be the relationship with China that will be paramount. If Washington fears that opposing a South Korean policy of engagement and peace with the North will drive Seoul towards Beijing, then it may well decide that the best course of action is to do the same.

This, in turn, means that Pyongyang's reaction to changes in Seoul are vitally important. If it does not respond positively, or does not respond quickly enough to get the engagement process underway – there is obviously a large amount of reciprocity involved in confidence building – then a great opportunity will be lost. However if it welcomes, even anticipates, a South Korean spring then things could move quite fast. Much will depend on Kim Jong Un, his own inclinations and his power within the system both of which are at this stage unknown. By the end of the year we may well have a better idea. In addition, the example of Lee Myung-bak's hardline policy will be an incentive for both governments to re-engage.

Contrary to conventional wisdom, the scope for unilateral changes by North Korea are very limited. For instance people often ask whether North Korea will follow the Chinese road to opening to trade and investment. In fact North Korea started on that road, attempting to build economic linkages with the West, in the early 1970s. However, whereas China had considerable leverage, primarily as a counterbalance to the Soviet Union, and so could get the Americans to lift their embargo, North Korea has a far weaker hand. The US stranglehold on North Korea is still in place and while it is, expanding trade and investment, except with China, is severely curtailed. Getting that stranglehold removed is no easy matter but South Korea can play a crucial role. That is an added reason why changes in South Korean policy are critical.

So 2012 is likely to lay the foundations for a very different 2013 on, and around, the Korean peninsula. Good or bad we don't know, but there are grounds for optimism.