Grand Plan for Korean Unification 2012–03

Korean Unification and a New East Asian Order

KINU Unification Forum 2012

Edited by *Choi Jinwook*

KINU Korea Institute for National Unification

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Preface

The Korea Institute for National Unification (KINU) is working on a four-year project (2010-2013) on the subject of Korean unification. The objective of this project is to propose a grand plan for Korean unification. The Unification Forum series is one of the tasks of this project. In the first two years, the forums reviewed the positions of the neighboring countries on Korean unification (2010) and analyzed US-China relations and their implications for Korean unification (2011). The forums are also intended to serve as a channel to deliver our unification vision to the international community.

The theme of this year's forums is the positive impact of Korean unification on political and economic transformation of Northeast Asia. In this respect, the tenth forum (February 22, 2012) focused on China, dealing with two topics: Korea-China FTA and China-North Korea relations. The twelfth forum (July 20, 2012) was designed for a joint international conference with the Korean Political Science Association, with respect to Korean unification from an international perspective. This book is a result of those two conferences, together with the editor's introductory paper.

I am indebted to many people for the successful completion of this year's forums and the publication of this book. First of all, I deeply

appreciate our speakers — Drs. Hyun Chong Kim, Jae Ho Chung, Fei-Ling Wang, Zhu Feng, G. John Ikenberry, and Andrei Lankov at the forums. It was my pleasure to work with them through the year. Members of the Forum Planning Committee helped to make each forum productive and enjoyable with their enthusiastic participation as discussants. I would like to take this opportunity to thank Dr. Kim Hosup, president of KPSA, for his advice and contribution to the KINU Unification Forum since the vague idea of the Forum just struck me in early 2010 as well as supporting a joint conference with KINU this year. I am also grateful to our staff members for their assistance. Lee Kyunghwa's exceptionally sincere and competent management made the forum administration and publication a pleasant process.

December 2012

Choi Jinwook

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ANDREI LANKOV was born on 26 July, 1963 in Leningrad (now Petersburg). He completed his undergraduate and graduate studies at Leningrad State University (Ph.D. in 1989). In 1996-2004, he taught Korean history at the Australian National University, and since 2004 he teaches at Kookmin University in 2004, Seoul (currently a professor at the College of Social Studies). His major research interest is North Korean history and society. His major English language publications on North Korea include: *From Stalin to Kim Il Sung: The Formation of North Korea, 1945-1960* (Rutgers University Press, 2003), *Crisis in North Korea: The Failure of De Stalinization, 1956* (University of Hawaii Press, 2004), *North of the DMZ: Essays on Daily Life in North Korea* (McFarland and Company, 2007), and a forthcoming book at the Oxford University Press. He contributed to Wall Street Journal, New York Times, Financial Times, Newsweek, and published a number of academic articles.

Korean Unification:
The Final Goal of North Korea Policy

Searching for a Consistent North Korea Policy

Choi Jinwook

Why Does Seoul Need a Consistent North Korea Policy?

Since the end of the Cold War, Seoul's North Korea policies have experienced two dramatic changes. The first change was in 1998, when the Kim Dae Jung government began to engage North Korea in an unprecedentedly bold manner in inter-Korean relations until that time. The Kim Dae Jung government's North Korea policy, often known as the "Sunshine Policy," was based on three principles: (1) South Korea does not intend to absorb North Korea; (2) South Korea will not tolerate North Korea's military provocations; (3) South Korea will make every effort toward reconciliation and cooperation. The Sunshine Policy was continued by the Roh Moo Hyun government for another five years starting in 2003.

However, the Sunshine Policy was reversed by the Lee Myung Bak government when it began in 2008. According to a national survey conducted on January 14, 2008, 83.1% of South Koreans responded that the next government's North Korea policy should be changed.[1] However, with regard to the same question four years later, 40.8% of people responded that they approve Lee Myung Bak government's North Korea policy, while 59.1% of people disapprove of it. According to another survey, 44.5% of people are dissatisfied with the Lee Myung Bak government's North Korea policy, which is three times as much as those who are satisfied with it (only 13.8%).[2] Not surprisingly, those who demand change of the Lee Myung Bak government's North Korea policy outnumber those who support it.[3]

However, there is also a growing concern about the prospects of having a complete reversal in the previous government's North Korea policy and a dramatic shift from one extreme to the other when the new South Korean administration comes to office in 2013. From a mid-term to long-term perspective, it can be said that a consistent North Korea policy is necessary in order to be an effective and sustainable policy. It is partially because a new policy replacing the Lee Myung Bak's North Korea policy may not necessarily guarantee the development of inter-Korean relations. In fact, it is often said that there is no good

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1 Millward Brown Media Research Corp., "National public opinion poll on the policy toward North Korea" (January 14, 2008).

2 Research period June 28~29, July 2~3, 2012 (4 days), Hyundai Research Institute, "Issues and challenges: The release of the strained inter-Korean relations and the Mt. Kumgang resort" (July 10, 2012); 2012 National public opinion on reunification by Broadcast Research Institute Dept. and Mbizon (August 6~7, 2012).

3 Korea Peace Forum, *Inter-Korean relations 3.0: Peace Process on Korean Peninsula*. Korean Peninsula Forum Report 2013.

North Korea policy, and it is the choice between a bad policy and a worse policy.[4]

North Korea's Attempt to Influence South Korea's Policy

The sharp turn-around from the previous policy causes several problems. Firstly, it takes a lot of time and energy to explain the new policy to North Korea, as well as to promote domestic and international cooperation for the new policy. Secondly, the discontinuity in policy can often lead to the reorganization of government and reshuffling of personnel, which could also bring about instability in the North Korea policy infrastructure. Thirdly, such policy inconsistency may also encourage North Korea to intervene in South Korea's elections or pressure the new government to change the policy directions towards those more favorable to North Korea.

In fact, North Korea engaged in denouncing, bluffing and provocations to nullify the Lee Myung Bak government's North Korea policy. In order to prevent repeating the same mistakes of having a reversal from the previous policy, it is necessary to objectively evaluate the previous North Korea policy and choose which aspects to discard and which to retain.

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[4] Victor Cha, "Thoughts on Korean Unification: An American Perspective," Choi Jinwook (ed.), *Korean Unification and the Neighboring Powers* (Seoul: Neulpumplus, 2010).

What the South Korean People Really Want

Though the approval rating for the Lee Myung Bak government's North Korea policy is low, this does not necessarily mean that the entire policy should be discarded. In fact, the approval rate for the "principle" behind the Lee Myung Bak government's North Korea policy is more than 10% higher than that of policy itself (40.8%). Since the evaluation of the Lee Myung Bak government's North Korea policy is closely related to that of his overall approval rate, a more accurate evaluation of the policy can be well reflected in more specific questions. For example, with regards to questions regarding South Korea providing humanitarian aid to the North and tourism on Mt. Kumgang, those who agree with unconditional resumption of those projects are merely 8.2% and 22.1% respectively. People who responded that inter-Korean economic cooperation should be resumed regardless of North Korea's apology of the sinking of the Cheon'an warship are only 26.4%. In other words, those who do not approve of the Lee Myung Bak government and disagree with its North Korea policy do not necessarily want South Korea to give up the "principle" behind its North Korea policy.

What the South Korean people really dislike is the fear of insecurity, especially after the sinking of the Cheon'an and shelling of Yonpyong Island in 2010. More than 80% of people are concerned about security due to North Korea's provocations. The public's fear of insecurity was deliberately manipulated by North Korea's propaganda in its attempt to influence South Korea's presidential and general elections. However, the fear of insecurity is different from an actual security crisis. Security is not guaranteed by giving up the "principle" behind President Lee's North Korea policy nor by re-engaging North Korea, but by strong

deterrence based upon the U.S.-ROK alliance. The Lee Myung Bak government did not seem to fail to manage security concerns as reflected in South Korea's state credit ratings which have continuously risen during the five years of his administration. Nevertheless, people would prefer to see the easing of tensions between the two Koreas through various exchanges and cooperation: humanitarian aid, governmental, and non-governmental dialogue.

Differences to Overcome

In order to have a consistent North Korea policy, the conservative and the progressive parties should overcome some fundamental differences.

Should North Korea be Trusted?

The differences in perceptions between the two parties seem to align with the sharp differences between the Lee Myung Bak government's North Korea policy and the Sunshine Policy. The Sunshine Policy was based upon the assumption that the expansion of exchange and cooperation between two Koreas will lead to change within North Korea and eventually achieve unification. Supporters of the Sunshine Policy perceived Kim Jong Il as being willing to reform if a favorable environment was provided.

On the other hand, the Lee Myung Bak government did not hide its negative perceptions of the issues regarding North Korean human rights violations, the power succession process from father to son (Kim Jong Un), and an idolized regime based on a cult of personality. In fact, President Lee himself often expressed negative perceptions towards the North Korean leadership, particularly after sinking of the Cheon'an warship in March 2010.

The Lee Myung Bak government perceived the North Korean regime as remaining isolated in order to maintain regime stability, rather than trying to improve the lives of the North Korean people or truly developing inter-Korean relations. Thus, there are certain limitations in creating a favorable external environment towards North Korea's reform and opening up. It is the North Korean regime that should make a decision on whether it will reform or not. The Lee Myung Bak government suspected that humanitarian aid and inter-Korean economic cooperation may be diverted to the military and used for nuclear weapons development rather than reaching those in most need. Because of such distrust of the North Korean regime, the expansion of inter-Korean economic cooperation became seen as directly assisting the North Korean regime.

Stability or Instability?

The Sunshine Policy also assumed that the collapse of the North Korean regime was not only unlikely, but also undesirable. Such belief discouraged any kind of pressure which may cause instability of the North Korean political system while justifying the unconditional exchange and economic cooperation between the two Koreas.

The Lee Myung Bak government also agreed that the collapse of the North Korean regime is not desirable, but stated that it is likely, or that at least the possibility should not be ruled out. Thus, the Lee administration emphasized the necessity of preparing for that possibility. Lack of preparation for a potential collapse of the North Korean regime could also have a negative impact on South Korea's

state credit ratings. Therefore, the possibility of the downgrading of South Korea's sovereign credit rating should also be taken into consideration when preparing for a potential collapse of the North's regime.

Preparation for Unification or Peaceful Management of Division

The Sunshine Policy considered discussing the principles or prospects of reunification burdensome, because of the stark differences in ideology and political system between the two Koreas. The change of "hostile and confrontational relations into reconciliatory and cooperative relations" was more important than the issue of reunification itself. The Sunshine Policy was optimistic about a gradual reunification by encouraging changes within North Korea. The Sunshine Policy focused on how South Korea could peacefully coexist with the North, while pushing the issue of unification far into the future. In fact, the prolonged separation led to indifference toward reunification by the South Korean public. Also, the neighboring countries did not appreciate South Korea's desire for the reunification of the Korean peninsula.

On the other hand, the Lee administration emphasized the necessity to be ready to embark on preparations for reunification right away because it believed that reunification may not necessarily come in a gradual and phased manner. In fact, it is not certain when and how it will happen. The Lee administration publicized the preparations for eventual Korean reunification and heightened interest in the reunification issue through events such as the "Unification Jar." Moreover, President

Lee emphasized the necessity of interdisciplinary preparations such as reunification diplomacy, financial reunification, reunification of education, and various legal and institutional arrangements. Some of these were already partially under consideration. However, "preparing for Korean Unification" was criticized as unpractical because of the stagnation of inter-Korean relations.

What to do for a Consistent North Korea Policy?

Balance Between Unification Policy and North Korea Policy

It is necessary for South Korea to balance between unification policy and North Korea policy. The Sunshine Policy was often characterized as a "North Korea policy without unification," while the Lee Myung Bak government's policy ended up as a "unification policy without North Korea policy."

After the end of the Cold War, South Koreans agreed on two points with regard to the unification formula: (1) The goal of unification formula should be a liberal democracy and market economy. (2) The unification of the two Koreas should be achieved in a gradual and step-by-step manner through mutual exchange and cooperation. No South Korean government since the end of the Cold War underestimated the importance of managing the division of the peninsula. Unification policy starts with managing the division, which is to make a breakthrough in strained inter-Korean relations towards eventual reconciliation and cooperation between the two Koreas. However, this should not be the final goal of North Korea policy. Instead, it should lead to the creation of a suitable environment for unification. Speaking out about unification may have a negative impact on managing the division, but it is not right to hide unification, either.

The debate on North Korea policy often stops at making peace and

coexistence by establishing an Economic Community or entering into a confederation of the two Koreas. These arguments recognize the need for the coexistence of different political systems and ideologies of each side if they join into a confederation. However, it does not actually explain how the two different political systems will finally become one. It simply states that this will inevitably occur.

Balance Between Economic Power and Mutual Trust

The wide gap in economic power between North and South Korea has been one of the most important reasons why the two Koreas need to be unified. North Korea's poverty and famine justifies South Korea's effort to unify the two Koreas. The functional approach since the end of the Cold War was based on the overwhelming economic power of the South over the North. The significant economic gap between the South and the North was not only a major tool of South Korea's engagement policy, but also of the hard-line policy. However, South Korea's overdependence on its relative economic superiority over the North often makes its North Korea policy ineffective.

Both the progressive and the conservative parties have depended on South Korea's economic power as a major policy tool to try to change North Korea. The progressives believed that "carrots" such as humanitarian aid to the North and the economic cooperation between the two Koreas could help change North Korea's attitude, while the conservatives believed that "sticks" such as economic pressure could change North Korea's behavior. However, the economic power alone is not an effective tool for North Korea policy.

South Korea's relative economic power should be combined with mutual trust between the two Koreas in order to bring about fruitful results. The fundamental problem in inter-Korean relations can be mainly attributed to the lack of mutual trust. The ambitious projects and political agreements reached without the high degree of mutual trust between the North and South under the Sunshine Policy ultimately failed to gain popular support and international cooperation. Economic cooperation between the two Koreas can lead to progress in inter-Korean relations, however, only when it is combined with a significant level of mutual trust.

Even large-scale inter-Korean economic cooperation initiatives and humanitarian aid cannot necessarily guarantee popular consensus or international support regardless of trust levels. This is because political agreements between the two Koreas were made and abandoned at North Korea's convenience. Inter-Korean relations should make a gradual and steady step-by-step process as mutual trust increases.

How to Implement a Consistent North Korea Policy

A Balanced and Comprehensive Approach

South Korea's North Korea policy should be implemented in a balanced and comprehensive manner covering various fields including: North Korean authority and people; political, economic, and social arenas; inter-Korean relations and international cooperation.

Previous South Korean governments have dealt with the North Korean regime, while ignoring North Korean people as the focus of North Korea policy. This was mainly due to the absence of civil society in the North Korean system. Nevertheless, South Korea could have made serious efforts to expand non-governmental and people-to-people exchange in trying to improve North Korea's human rights, cultivate human relations, and promote the sense of amity between the two Koreas.

Inter-Korean exchange and cooperation should be simultaneously carried out in the political, military, societal, and economic fields. Too much emphasis on security could hinder economic cooperation, while too much emphasis on unification could undermine security.

No North Korea policy can succeed without achieving national consensus and international cooperation. The functionalist approach

of South Korea's "Unification Formula of National Commonwealth" was to overcome differences between the two Koreas and move forward in building a "national community."

Strategic Flexibility

It is desirable for South Korea to ensure flexibility by implementing its North Korea policy in three different areas: humanitarian aid, principle, and strategy. First of all, humanitarian aid should be provided to the North regardless of the political situation, including nutritional aid for infants and mothers, medical supplies, and daily necessities. Nutritional aid including biscuits and vitamins is considered to be different from food aid.

Secondly, the area of "principle" includes North Korean human rights violations, denuclearization of North Korea, as well as Pyongyang's apology for the sinking of the Cheon'an and shelling of Yonpyong Island. It also includes refusing to provide cash in return for governmental and non-governmental talks with North Korea. Pending issues in the area of "principle" should not necessarily stop all dialogue and cooperation between the two Koreas. Rather, they should be something South Korea consistently pursues with the North.

Thirdly, the area of strategy is something South Korea should flexibly handle in linkage with the political situation. South Korea needs to decide what to provide North Korea in the short-run and in the long-run depending on North Korea's attitude. This could include large scale projects agreed upon during the Inter-Korea Summit Talks on October 4, 2007.

Strengthening the Infrastructure of North Korea Policy

It is difficult to achieve substantial outcomes easily when it comes to North Korea policy. However, it is important to analyze North Korea's intentions and situations in order to develop effective tactics and strategies towards North Korea. For this, a highly qualified team of North Korea experts, intelligence personnel, and professional negotiators should be trained for the upcoming challenges and opportunities. Furthermore, material resources should also be invested for that purpose. A policy network between academia, media, NGO's, and the South Korean government should be established so that there could be close cooperation under a single "control tower" of North Korea policy.

Concluding Remarks

Inter-Korean relations have not moved forward as much as expected in the two decades after the end of the Cold War. There at times seemed to be progress between the two Koreas, only to set back soon later. The sense of frustration with the lack of progress in inter-Korean relations led a new South Korean government to change the course of the previous policy and implement a dramatic shift in North Korea policy, despite the consequences and side effects. The South Korean people are sharply divided over the government's North Korea policies, and a complete reversal from the previous policy could again turn its supporters to strongly opposing the new policy.

The final goal of South Korea's North Korea policy is to unify the entire peninsula. The vision for Korean unification is like a light tower which shows the direction of North Korea policy. Managing the division of the Korean peninsula can be consistent only if there is a clear goal. Both the progressive and the conservative parties share the common goal of eventual Korean unification. The political leadership in South Korea can attract the people's energy and international cooperation under the goal of Korean unification.

China and Korean Unification

Free Trade Agreements and Economic Aspects of Unification

Hyun Chong Kim

Regional Landscape

A difficult issue the new administration in Korea will inherit in December 2012 is formulating policies to bring about a peaceful unification of the Korean peninsula. Although this issue was not debated extensively during the election, it is perhaps one of the most important challenges facing Korea today. The Korean peninsula was a unified country for 1222 years since the unification of three kingdoms in 688 and remained unified and independent until the Japanese annexation in 1910. With the change in administrations in the U.S., China, Japan, and Russia, the new incoming administration in Korea has to produce a set of short and long term policies to prepare for unification. To sustain the momentum going forward, Korea needs to

lay the groundwork for unification and avoid becoming marginalized in the region as was the case during the Sino-Japanese and Russo-Japanese wars which were fought to gain control over the peninsula.

With the rise of China as a dominant power in East Asia and President Obama's declaration of pivot to Asia, the unification issue becomes mired in conflicting geopolitical interests of regional players. One of the 14 borders China shares is the 1,400km border with North Korea. Despite the cycle of missile and nuclear tests, China has been consistently supportive of North Korea, meeting with Kim Jong Il three times between May 2010 and May 2011, and refusing to accept the Korean government's finding that the naval vessel Cheon'an was sunk by a North Korean torpedo which killed 46 sailors. For China, defending Bohai Bay and the three northeastern provinces constitutes an important defense strategy given the proximity of the bay to the capital. Historically, since the transfer of the capital from Nanjing to Beijing in 1421 during the Ming Dynasty, China has been sensitive to the events of the three northeastern provinces as well as northern part of the Korean peninsula. China intervened militarily during the Japanese invasion in 1592-1597, Imo incident in 1882, and Korean War in 1950, illustrating the strategic value China has traditionally attached to the peninsula. After the bombing of Yonpyong Island, Dai Bingguo sought restraint from Korea. China also urged Korea not to engage in any actions that might provoke North Korea after Kim Jong Il's death.

Maintaining North Korea as a buffer zone becomes all the more important in light of recent U.S. actions to, despite the denials, surround and contain China. The U.S. decision to station marines and jet fighters in Australia, Defense Secretary Panetta's visit to the Cam

Ranh Bay which overlooks the South China Sea and was used as a base during the Vietnam War, closer cooperation announced by Secretary Clinton on her visit to Laos, Mongolia, and Myanmar, and the possibility of the use of the U-Tapao air base in Thailand which served as a base to bomb Vietnam will be considered by the Chinese leadership as measures taken to check China's rise in the region. President Obama's first trip after the reelection was to visit China's Southern flank, namely Myanmar, Cambodia, and Thailand. The United States is urging Korea to work more closely with Japan but a close cooperation with Japan is strained by, among others, territorial claims and the inability to settle the forced sexual slavery issue. Japan's declining economy and lack of political leadership in the past decade are frustrating the people, and politicians are appealing to nationalism to gather popularity. Japan revised its laws so as to be able to construe the provisions as legally permitting the production of nuclear weapons and the new administration is considering a legislation to permit its defense forces to intervene in a third country. Somewhat reminiscent of the Sino-Japanese War, Japan and China are claiming rights over Senkaku, or Diaoyu, in the East China Sea. The United States has asserted that the defense treaty with Japan covers the disputed islands and the recent joint naval exercise, Operation Keen Sword, did nothing to alleviate the tension.[1]

Against this backdrop, it is incumbent upon Korean policy makers to steer the country towards a path of unification while juggling various conflicting interests of neighboring powers. During the Russo-Japanese War, Chosun declared its neutrality but was not able to detach itself

[1] To avoid further escalation, China seems to have accepted that Japan nationalized the three islands while Japan appears to have accepted the fact that Chinese vessels will enter its waters.

from the conflict because it did not possess the capability, as a nation, of maintaining its neutrality. Taking a cue from Chosun's inability to defend its interests some 120 years ago, Korea needs to significantly strengthen its economic and military capacity while politically uniting the people behind a common cause as it did during the financial crisis in 1997 when Koreans donated their gold to pay off the IMF debt, and the National Debt Repayment Movement in 1907 when Koreans donated their personal belongings to pay off the debt to Japan.

Economic Aspect

Sustaining a healthy economic growth plays an important role in Korea's path towards unification. Unlike the U.S. or Japan whose GDP depends approximately 22% to 24% on trade, Korea does not possess a large domestic market and relies heavily on foreign trade to sustain economic dynamism. Korea's volume of trade exceeded its gross domestic production in 2012. Faced with a rapidly aging population and the lowest birth rate amongst the OECD members and declining number of jobs for youth, it becomes imperative to expand trade via free trade agreements. Further measures need to be taken to broaden the parameters of the market for Korean goods and services to cover Northern China and the Eastern part of Siberia.

Korea's trade policy during President Roh's presidency was to provide expanded market opportunities for Korea's entrepreneurs and quality goods at inexpensive price for consumers. The means to accomplish this objective was to conclude bilateral free trade agreements with more than 45 countries, including with the European Union and United States, which are the second and third largest trading partners, respectively, of Korea. By going from zero bilateral agreements to concluding free trade agreements with more than 45 countries, Korea was able to withstand a global economic downturn and attract foreign investments that wanted to take advantage of the duty free trade allowed by various free trade agreements.

Given Korea's trade policy of augmenting market opportunities and consumer choices, negotiating a bilateral agreement with China, the largest trading partner, was logical. Korea ran a trade surplus of more than $100 million per day and tens of thousands of Korean companies invested more than $30 billion in the last ten years.

A bilateral trade agreement between Korea and China must be comprehensive and encompass issues that go beyond eliminating tariffs. First, a provision calling for stronger protection for investors and investor-state dispute mechanisms are necessary. When Korean investors were told to withdraw their hotels near Mt. Baekdu, they were not adequately compensated. Second, Korea must obtain concessions in the services area that go beyond the liberalization China promised when it acceded to the WTO. Services will play an increasingly important role in the bilateral trade. Third, both countries must agree to establish stricter environmental measures. An early warning system in the event of disasters such as oil spill or mutual consultation process related to the safety of nuclear power plants must be established. Both countries would do well to agree on improving the protection of intellectual property rights and producing common sanitary and technical standards to facilitate further trade. Both China and Korea should agree to allow North Korean laborers to work at Korean companies that invest in China. Relatively inexpensive wages will provide Korean companies that invest in China with a competitive edge. Given that North Korea spent more than half of its annual budget on the centennial celebration and the rocket launch, it is likely to consider the use of North Korean labor in a favorable light. There are already some 30,000 workers in China, Russia, Africa, and India who remit approximately $100 million.

In addition to an increase in bilateral trade, both China and Korea could build infrastructure to connect railroads. China has built a rail near Shineuijoo, a North Korean city situated just south of the Chinese border, with a view to connecting it to South Korean railroads. Russia too has interest in linking its Trans-Siberian Railway to South Korean rails. Connecting the railroads will benefit the port city of Busan as Korean and Japanese cargos destined for China, Russia, and the EU could be transported at a less expensive rate via railroad. President Putin has expressed Russia's desire to attract Korean investments in Siberia as well as building a pipeline to export gas to South Korea. It is estimated that Korea could import as much as 18% of its gas needs from Siberia. The price of gas imported from Russia would be 15% less expensive than those purchased from the Mideast. All of these projects would entail cooperation with North Korea which must place higher priority on improving its economy.

A natural extension of Korea-China free trade agreement might be an agreement between South and North Korea, provided that conditions are conducive to such an agreement. While the recent rocket launch into the orbit makes economic cooperation difficult, an effective way to bring about change in the North might be increase in trade. It should be recalled that Bismarck unified Germany by negotiating customs unions with various states. North Korea must focus more on improving its economy and providing food for its people rather than launching rockets and conducting nuclear tests. The North Korean economy is dysfunctional and its factories are unable to produce sufficient amount of goods for its people, including fertilizer that is needed for state farms. Without capital and technology, North Korea's light industry is simply non-existent, and basic needs cannot be produced. Inability to produce metal and steel despite the effort suggests that other industries,

including construction, are not operating efficiently. Chronic shortage of food leads to starvation and malnourishment of children. North Korea has one million hectares of arable land. Applying one ton of fertilizer on one hectare of land produces six tons of food, but North Korea was able to use fertilizer on only approximately 47% of its farmable land. North Korea has to import about one-third of its food needs from China, which has recently demanded payments in hard currency. This has led North Korea to eliminate ceiling on its export of coal to raise capital to import food from China. Increase in volume of trade between North and South could alleviate food shortage and benefit the North Korean population.

Highways leading up to the Chinese and Russian borders can be contemplated, allowing South Korean travelers to go abroad by motor vehicles. These projects can be financed by obtaining concessions rights to North Korea's magnesium, iron ore, uranium, and other resources which have estimated value in excess of $7 trillion (as a matter of reference, Germany spent approximately $2.5 trillion in the past 20 years on unification cost). In addition to mineral resources, availability of North Korean labor will provide competitive advantage for low tech industries which face difficulties stemming from rising labor costs in China. A duplication of the Kaesung Industrial Complex in South Korea can be envisaged. If a bridge is laid to connect the northernmost part of the Kangwha Island, Gyodongdo to the Yeonbaek Plain in the Hwanghae Province, North Korea, an industrial complex can be built, and northern laborers can commute back and forth from the northern part. Implications of such projects can be significant in terms of bringing about change.

Having concluded bilateral free trade agreements with its major

trading partners, the addition of China would turn Korea into an attractive investment hub. Goods manufactured in Korea would enjoy duty free access to major markets such as the U.S., EU, ASEAN, and China. By converting Korea into a dynamic hub and attracting foreign investments, Korea will be able to sustain economic growth and prepare for unification.

China-North Korea Relations in a New Era

Assessing Continuities and Changes

*Jae Ho CHUNG**

With the passing of Kim Jong Il at the end of 2011, a new era has dawned for North Korea. The durability of Kim Jong Un's new regime is anyone's best guess but, as it was true for his father's rule, much of it still appears to depend on Pyongyang's astute management of relations with Beijing. Predicting the future of a bilateral relationship — particularly such a fickle one as Sino-North Korean relations — is a risky business indeed. Yet, reflecting on key historical patterns and delineating the limits of change seems a worthwhile endeavor at this juncture given the crucial importance that both North Korea and

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China occupy in the strategic landscape of East Asia.

As for the bilateral dynamics at hand, this study suggests that China and North Korea had been short of being trusted allies bound in blood and belief. Even before the launch of post-Mao reforms in 1979 and the normalization of Beijing-Seoul relations in August 1992, China and North Korea were at best uncertain allies and uncomfortable neighbors who offered only limited cooperation for each other under the ideological and geopolitical imperatives of difficult times. The key implication of this argument is that, with mutual strategic needs being the only ingredient of the ties, Sino-North Korean relations of the 21st century may stand on a more shaky foundation than is widely taken for granted.

This article consists of four sections. The first surveys China's fundamental interest as it relates to the Korean Peninsula, a geostrategic factor that has long permeated through the history of Northeast Asia. The second section offers a detailed discussion regarding the process in which China's relations with North Korea have oscillated over the last six decades or so. The third section examines three mini-cases through which inferences can be made with regard to China's consistent strategic position and policy toward North Korea, despite crucial changes in regional and bilateral dynamics. The fourth offers some observations concerning the future of Sino-North Korean relations.

China's Interest in the Korean Peninsula

No elaboration is necessary on the geopolitical and strategic interests that China had in the Korean Peninsula throughout her long history. The core logic runs as follows: "The protection of Manchuria (Northeast China) is central to the security of the Middle Kingdom, and Manchuria's safety depends on the Korean Peninsula."[1] Despite the passage of time, China's geopolitical and strategic interest in the Korean Peninsula appears to remain more or less the same. To a certain extent, since the mid-19th century, it can be argued that China's growing "siege mentality" has actually amplified her geostrategic interests in the Korean Peninsula.

In modern times, the Korean War (1950-1953) unequivocally demonstrated the geo-strategic importance that China attaches to the Korean Peninsula. Given the dire economic difficulties and political challenges that the newly-established People's Republic faced at the time of deciding to send troops to Korea, the opportunity cost for saving Pyongyang at the expense of giving up on liberating Taiwan for the time being must have been hefty to communist leaders in Beijing. With the civil war continuing in some parts of Sichuan, Guizhou, and Tibet, and unbearable levels of inflation, everything seemed to work against Beijing's participation in the Korean War. Mao Zedong, a

[1] See Jae Ho Chung, *Between Ally and Partner: Korea-China Relations and the United States* (New York: Columbia University Press, 2007), p. 14.

seasoned historian himself, must have been keenly aware of the fatal effect that dispatching armies to save Chosun had had on the Ming Dynasty more than three centuries earlier.[2] Yet, against the all odds, China chose to fight against the U.S. and the United Nations.

For quite a long time, particularly during the post-Mao era, China has maintained three principles regarding her policy toward the Korean Peninsula.[3] The first refers to that of peace (*heping*) and stability (*wending*). That is, maintaining peace and stability is paramount to buying time and securing the favorable external environments for the (peaceful) rise of China.[4] Whenever China refers to this particular principle, she has really meant to avoid military confrontation on or near her borders. At the same time, Beijing has also often resorted to this principle when it wished to evade an intricate dilemma such as the situations involving the Cheon'an sinking and the Yonpyong shelling in 2010.

The second denotes the principle of non-interference and self-determination. Preoccupied, often overly, with the tenet of sovereignty,

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[2] Zhihua Shen, "China Sends Troops to Korea: Beijing's Policy-Making Process," in Xiaobing and Hongshan Li (eds.), *China and the United States: A New Cold War History* (Lanham: University Press of America, 1999), pp. 13~47.

[3] This section draws from Wu Baiyi, "China on the Korean Peninsula: Interests and Role," *The Korean Journal of Security Affairs*, Vol. 11, No. 1 (June 2006), pp. 62~68; Ren Xiao, "Korean Security Dilemmas: Chinese Policies," in Hazel Smith (ed.), *Reconstructing Korean Security: A Policy Primer* (New York: United Nations University Press, 2007), pp. 149~152; and Jae Ho Chung, "Chinese Interests and Policies," in *Task Force Report: North Korea Policy and ROK-US Alliance* (Seoul: Seoul Forum for International Affairs, June 2010), pp. 40~46.

[4] It should be noted, however, that the concept of peace is relatively easy to define and identify whereas what China means by stability is a bit vague and rather difficult to delineate in terms of external relations.

Beijing has long advocated the importance of self-determination and non-interference in her foreign policy. That is to say, China respects and encourages the concerned parties (i.e., two Koreas) to decide their fate on their own without interferences from the outside. This is understandable given the fact that China herself has been a divided nation, always hypersensitive to outside interferences.

The third principle refers to that of denuclearization of the Korean Peninsula. Two points are notable in this regard. One: Beijing refers to the denuclearization of the Korean Peninsula as a whole, not just of North Korea. Two: in retrospect, China's commitment to this appears to be the weakest among the three principles. And, in fact, in the process of implementing this particular principle, Beijing has often found it rather difficult to reconcile it with that of maintaining peace and stability. (a.k.a. the first principle) Whenever China found herself torn between the first and third principles, however, Beijing almost always tended to choose the first.[5]

The passage of time and changing circumstances necessitated China to adjust her position on the three principles accordingly. First, China has become keenly aware that room for inter-Korean consensus and self-determination is being increasingly reduced.[6] The more outrageous North Korea's provocative and rogue behavior has become, the less room China has found for what can be done by the two Koreas

[5] This is sarcastically dubbed as "China changing the color of her face but never turning her back away from North Korea" (*bianlian bu fanlian*). Zhan Xiaohong, *Donglin mianmianguan – toushi hanguo* (Looking into the Eastern Neighbor – Korea) (Jinan: Shandong daxue chubanshe, 2010), p. 261.

[6] Different views are available on this within China: some note Seoul's "over-dependence" on the U.S. as the key reason while others attribute the problem to Pyongyang's outrageous behavior that has offended the international community.

independently in managing Peninsula affairs. Beijing's unexpected decisions to participate in the Four-Party Talks in 1997, as well as to host the Six-Party Talks since 2003 were crucial reflections of such evolving thinking on the part of China. While Pyongyang did not prefer Beijing's weighted participation over the years, the change has now become more of a constant in the equation of Peninsula dynamics.[7] Rhetorically, China still stresses the importance of non-interference and self-determination but her own increased participation in the Peninsula affairs has in fact diluted her commitment to the principle.

Second, increasingly though only implicitly, North Korea is being regarded as a critical liability to maintaining peace and stability in Northeast Asia and on the Korean Peninsula. This is a remarkable shift although it has never been made explicit by China for the reasons noted earlier.[8] However, China's official policy toward North Korea appears to have changed little, if any, and that is how China's policies toward many other countries have been. In a similar vein, China's official military relations with North Korea have recently been strengthened while many Chinese analysts have taken pains to play down the military implications of the Sino-North Korean security pact. Perhaps, dualistic ambiguity is the point that China wishes to drive home so as to maximize her own discretion in interpreting and managing Korean Peninsula affairs.

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[7] Jae Ho Chung and Myeong-hae Choi, "Uncertain Allies or Uncomfortable Neighbors? Making Sense of China-North Korea Relations, 1949-2009," *Pacific Review*, Vol. 26, No. 3 (2013).

[8] See, for instance, Zhang Liangui, "He weixie yu zhongguo anquan zhanlue" (Nuclear Threat and China's Security Strategy), *Gaige neican*, No. 1 (2010), p. 42. In this respect, Chinese analysts' recent voicing of the need for discussing the "North Korean contingencies" with the U.S. and South Korea at track-II level meetings is a step forward compared to their past positions.

Third, while China still sustains her "firm" opposition to North Korea's (and South Korea's for that matter) nuclearization in official rhetoric, the real bottom line of Beijing's tolerance is uncertain and has yet to be charted concretely. While plenty of debates, discussions, and divergent viewpoints have become available on this issue within China during the last decade or so, one thing is for certain: China is not likely to risk peace and stability just to prevent Pyongyang from going nuclear. The first principle still seems to precede the third.

Fourth, so long as China wishes to preserve peace and stability on the Korean Peninsula, her position on the issue of reunification is bound to be cacophonous with that of South Korea's. As a matter of fact, China's official rhetoric and position has long been that Beijing is supportive only of the format in which both Seoul and Pyongyang agree to unify in a peaceful manner based on consensus. Logically, comparatively, or historically, the chance for such a mode of reunification is minimal at best, if at all. Hence, from South Korea's perspective, China's interest rests more on maintaining the status quo rather than supporting the reunification.[9]

[9] Jae Ho Chung et al., "Hanbando tongil e daehan jungguk eui jijineun ganeunghal gotinga" (Is It Possible for China to Support Reunification?), in Jae Ho Chung (ed.), *Jungguk eul gominhada* (Agony on China) (Seoul: Samsung Economic Research Institute, 2011).

A Trajectory of China-North Korean Relations: Records of the Six Decades

Having delineated the core Chinese strategic interests in the Korean Peninsula, let us now move on to depict the process in which China-North Korea relations have taken up different roles and dynamics over the past six decades since 1949. Only by comprehending this complex process, we may be able to understand the intricate dynamics embedded in this peculiar bilateral relationship between Beijing and Pyongyang.

There appear to be at least five proto-types of relationship that are applicable to Sino-North Korean relations of the last six decades. One of these refers to alliance (*tongmeng*). This concept clearly denotes a strong and highly reliable relationship between the two nations, not only officially but also emotionally. A sub-type of this concept is often referred to as the "alliance sealed in blood" (*xiemeng*). In earlier periods of Sino-North Korean relations, it even presupposed high levels of ideological solidarity, as well as firm commitments to military assistance and protection. While the same word "alliance" is used in both types, the former refers to a formal-treaty based relationship in which automatic military assistance is subject to some discretionary judgment by China whereas the latter depicts China as a much closer and willing protector of North Korea.[10]

[10] See Jae Ho Chung, "China's Evolving Views of the Korea-American Alliance,"

Another concept denotes the so-called "traditionally amicable relationship" (*chuantong youhao guanxi*), which China has officially reserved for a few nations like North Korea, Laos, and Albania. In fact, in recent years, this term has been China's official designation for the Beijing-Pyongyang relationship. *China's Diplomatic White Book* (*Zhongguo waijiao*), published annually by the Bureau of Policy Planning of China's Foreign Ministry, has deployed the term "traditionally amicable relationship" to characterize Sino-North Korean relations in the last decade or so, except for 2006 when the bilateral relationship was suddenly described as a "friendly neighbor relationship" (*mulin youhao guanxi*) after Pyongyang's nuclear test.[11]

Two other types are also available to describe China-North Korea relations. One refers to a "normal state-to-state relationship" (*zhengchang guojia guanxi*). This concept implies that the relationship is neither an alliance nor a special one but a reciprocity-based friendly relationship. In the case of Asian nations, the term is generally used interchangeably with a "friendly neighbor relationship." On a few occasions, like in 2006, China described her relationship with North Korea as such.

The other type has no special name for it but, in certain cases, China considered North Korea as going against China's national interests. Beijing-Pyongyang relations were highly antagonistic during the late 1960s (at the height of the Cultural Revolution) and, during 1994-1999, China's relations with North Korea lacked substance such as summit meetings and high-level exchanges.

Journal of Contemporary China, Vol. 22 (2013).

[11] Refer to *Zhongguo waijiao 2007*, p. 100; *Zhongguo waijiao 2008*, p. 83.

Table 1. Typology of China-North Korea Relations, 1949-2012

Period	1950s~1960s	1970s~1980s	1990s	2000s	2012
Dominant Type	A/E	B	C/E	C/D	?

Notes: A=alliance sealed in blood; B=alliance as a legal basis; C=traditionally amicable ties as a special relationship; D=normal state-to-state relationship; and E=others.

As shown in Table 1, these five proto-types may be matched with the following periods. During the 1950s and 1960s (except for 1967-1969), at the height of the Cold War, Sino-North Korean relations resembled that of an alliance sealed in blood, in which Beijing viewed Pyongyang as a comrade-in-arms. In the 1970s and 1980s when China became increasingly reform-minded and adopted multi-directional opening, the military obligation aspect of the alliance was gradually diluted in Sino-North Korean relations although the alliance was sustained in legal terms. During the 1990s, after China's reforms were further deepened and Beijing normalized relations with Seoul, China highlighted the "traditional" nature of the friendship with North Korea thereby downplaying the alliance relationship between the two.[12] During the 2000s, the view of the bilateral relationship as a "traditionally amicable relationship" continued although, occasionally when North Korea pulled out some provocative acts, China did not hesitate to refer to it as a "normal state-to-state relationship." After China unequivocally taking Pyongyang's side in 2010, Sino-North Korean relations remain to be charted again.

[12] During 1994-1999, the relationship could be labeled as "others" as North Korea and China rarely exchanged visits of high-level leaders.

China's Consistency through Debates, Confusion, and Incidents

Despite the ebbs and flows of China-North Korea relations, it should be noted, there has been a large dose of consistency embedded in Beijing's policy toward the Korean Peninsula affairs and toward Pyongyang in particular. At the least, the following three areas stand out in this respect. First, China's position has traditionally been more comprehensive and lenient regarding what might fall within the purview of "sovereign." From the Chinese perspective, for instance, developing nuclear weapons capabilities and long-range missiles falls well within the area of sovereignty. Second, for many years, China has consistently stood on the side of accepting North Korea's argument that her nuclear and long-range missile programs were designed to cope with America's hostility and threat. Furthermore, third, in terms of "giving face" to the other side involved in negotiations, China has valued the importance of allowing "honorable exit" more than other nations.

These three factors allow us to have a more nuanced understanding of the events in which China's policies toward North Korea were rather difficult for the outside world to comprehend or accept. Here, three mini-cases are considered and they are: (1) China's response to North Korea's second nuclear test in 2009; and (2) China's stances on the sinking of the South Korean corvette Cheon'an and the shelling of the Yonpyong Island in 2010.

The Case of China's Response to North Korea's Nuclear Test in 2009

It appears that, overall, China's response to the second nuclear test by North Korea in May 2009 was not so much different from that to the first test in October 2006. As a matter of fact, Beijing followed the "usual" mode of voicing some concern and displeasure for several days and then staying relatively silent and motionless thereafter. Initial critical responses voiced by Beijing included: (1) a comment on May 27 by Xi Jinping (Vice-President) to the effect that "North Korea's nuclear test went against China's national interests"; (2) the sudden "postponement" of a scheduled visit to Pyongyang by Chen Zhili (Vice-Chairwoman of the National People's Congress) on June 1; and (3) an official statement released on June 2 by the Ministry of Foreign Affairs that "China understands the rationale behind South Korea's joining the Proliferation Security Initiative (PSI)."

In May 2009, China employed the relatively mild phrase "resolutely opposing" (*jianjue fandui*) North Korea's nuclear tests, compared to the more critical expression used in 2006 — "brazen" (*hanran*). Even after the second test, China was of the position that she was still hopeful for the Six-Party Talks framework while unwilling to endorse the five-on-one formula against North Korea that Seoul proposed. At the same time, it neither vetoed nor abstained from adopting a new resolution at the United Nations Security Council (UNSC) and expressed willingness to join some sanctions if decided by UNSC. In short, more similarities than differences are discernible from the comparison of China's responses to North Korea's nuclear tests in 2006 and 2009.[13]

[13] Following the much publicized seizure of vanadium by the Dandong Customs

Many in the Chinese academic and policy circles consider North Korea's nuclear tests as adversely affecting China's national interests. And such assessments are based on the following reasoning. First, it was feared that Pyongyang's nuclearization might introduce a new source of strategic instability to Northeast Asia and the Korean Peninsula, which would not be so favorable to the peaceful rise of China. Second, it was also thought that North Korea's nuclearization might set off military confrontation between the U.S. and South Korea on one hand and North Korea on the other, thereby putting China in an intricate dilemma situation. Third, North Korea's nuclear weapons program (and missile tests) might give Japan a convenient pretext for its own military build-up. Fourth, North Korea's nuclear weapons capabilities might produce domino effects across the region in terms of providing new paradigms and opportunities for nuclear proliferation. Fifth, North Korea's nuclear tests might cause mid- to long-term environmental (radioactive) hazards to China's Northeast.[14]

Despite such negative perceptions of North Korea's nuclear weapons program, China's policy stance has remained largely unchanged over the years. Beijing has typically called for calmness and restraint on the part of all concerned parties and stressed the centrality of stability and the need for peaceful means for resolution. Why is China's

Administration, some speculations were made earlier regarding the possibility of China's tightening of export control vis-à-vis North Korea. Yet, no concrete evidence is available on that.

[14] While there are some security-related concerns about North Korea's nuclear weapons threat to China, this seems to be a minority voice. A typical response by Chinese experts is as follows: "China has had nuclear neighbors since the 1950s, namely, the Soviet Union, India, Pakistan, and so on. The marginal perceived threat caused by yet another nuclear power (i.e., North Korea) on her border is fairly minimal."

response always so restrained despite the enormous harm Pyongyang's nuclearization may cause to her core national interests? What prevents China from taking more explicit, direct, and effective actions against North Korea? Roughly the following five reasons jointly account for China's sober and restrained responses to North Korea's renegade provocations.

First, most often neglected is the fact that the Chinese and North Korean modes of developing nuclear weapons and long-range missiles are quite similar. That is to say, China must have found it very difficult and often troublesome to criticize North Korea for embarking on the same path of developing nuclear weapons and long-range missiles she had taken herself from the 1950s through 1970s. As a nation preoccupied with the principles of sovereignty, consistency, and non-intervention in diplomacy, China has little pretext to justify a policy of severe sanctions against North Korea.

Second, China has been keenly aware that North Korea is not readily susceptible to pressures and sanctions from the outside world. China's such awareness comes not only from her long and close relationship with North Korea but also from her own experiences with and hyper-sensitivity to outside pressures. That is why Beijing has consistently shied away from applying pressures against Pyongyang. If she should ever have to, then, China would rather choose to exert influence over North Korea in a non-explicit, indirect, and less publicized way (*didiao shizhixing jiechu*) so as to allow some honorable exit for Pyongyang.[15]

[15] There is also the issue of timing as to when China should choose to apply direct pressures against North Korea. Considering the negative implications of such acts for Sino-North Korean relations, Beijing would certainly wait until the most effective timing for pressure tactics.

Third, China's reservation toward employing explicit and direct measures of sanctions against North Korea also resides in significant part in her conceptualization of future U.S.-China relations. That is to say, Beijing is acutely aware of the strategic suspicion that Washington has of China's rise. In the case of the U.S. adopting a proactive containment or balancing strategy against China, Beijing would certainly need some allies in the region. Therefore, under such uncertain strategic circumstances, antagonizing North Korea would be the last thing China wishes to do. Viewed in this vein, North Korea's geostrategic value as China's buffer remains fairly intact, if not raised.

Fourth, the level of China's perceived threat regarding North Korea's nuclear and missile developments is apparently not very high, which has the effect of deterring Beijing from taking concrete and effective sanctions. As long as peace and stability (broadly and often vaguely defined) is secured for the region, the level of China's tolerance and patience for Pyongyang's adventurist acts also remains high.

Fifth, to a considerable extent, China's concern with North Korea's sense of insecurity in the face of the U.S. is genuine and indeed goes beyond mere rhetoric. And such empathy originates from China's own past experiences of feeling besieged and insecure in the face of the U.S. and the Soviet Union at the height of the Cold War. China's consistent position that the "North Korean problem" does possess a bilateral (U.S.-DPRK) dimension has kept Beijing from adopting explicitly harsh measures against Pyongyang.[16]

[16] In some corners of Beijing, analysts argue that "China should not be held responsible for America's policy failures regarding North Korea…. If the U.S. has no red line, there is absolutely no need for China to have one."

China and the Case of the Cheon'an Sinking and the Yonpyong Shelling

We can also examine China's official responses to the two events in 2010: the sinking of the South Korean corvette Cheon'an by a North Korean attack in March and the North Korean shelling of Yonpyong Island in November. Despite the Chinese government's (and Premier Wen Jiabao's) official pledges to "get down to the bottom of the matter" (*shifei quzhe*), little was done. To much disappointment of Seoul, Beijing did not endorse the joint investigative report on the Cheon'an sinking which found Pyongyang to be the perpetrator. Nor did China support a resolution against North Korea at the United Nations Security Council. Instead of focusing on the sinking incident itself and holding Pyongyang responsible for the provocation, somehow, China immediately managed to divert the North Korean question to an issue of South Korea-U.S. joint military drills in the Yellow Sea, which Beijing characterized as a threat to her security interests and strongly protested against.[17]

More serious and disappointing from Seoul's viewpoint was that China's official stance on the Yonpyong shelling was little different from that on the Cheon'an sinking. Given the fact that the shelling on the Yonpyong Island marked North Korea's first-ever attack on the South's land territory since 1953 and led to two civilian casualties, Beijing's position was difficult for Seoul to comprehend, particularly considering China's consistent emphasis on peace and stability

[17] "China to Be 'Impartial' on South Korean Warship Sinking: Premier" (http://news.xinhuanet.com/english2010/china/2010-06/02/c_13328200.htm); *China Daily*, June 30, 2010; and *Time Magazine*, August 13, 2010.

throughout all those years. Unlike the Cheon'an sinking where some doubts were raised, the perpetrator in the shelling was unequivocally North Korea and China's official position was still the one that called for calmness and restraint on all the parties concerned. Worse yet, China attributed the provocation to South Korea's implementation of "unnecessary military drills in the disputed area." China's logic is faulty at best since it implies that South Korea may also attack the North at anytime at will so long as Seoul feels threatened by Pyongyang's military exercises in adjacent areas. China's position on the Yonpyong shelling generated much outcry against China not only among the general public but also among the opinion leaders of South Korea, adding further fuel for consolidated ties with the U.S.[18]

From South Korea's perspective, as well as from the viewpoints of many others, China has been willing to protect and defend North Korea regardless of whatever Pyongyang does. For the reasons noted earlier, Beijing is only willing to punish Pyongyang either verbally or by some gestures. As far as real sanctions and pressures are concerned, China has been extremely cautious not to offend North Korea. It is widely known among China specialists that, given China's past history (i.e., a hundred years of "national humiliation") and resultant hypersensitivity to outside intervention, China has long been allergic to pressure by other countries. China has often dexterously utilized such an image to her own advantage by adopting the "sovereignty clause" as a convenient pretext whenever it is necessary to shield her from critical international public opinions and outside pressures. When

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[18] *Chosun Ilbo*, December 10, 2010; *JoongAng Sunday*, December 13, 2010; and Kim Jiyoon and Woo Jung-yup, *Yonpyongdo pogyok satae gwanlyon gingeup yoron jos bogoseo* (Report on the Survey Regarding the Yonpyong Shelling Incident) (Seoul: The Asan Institute for Policy Studies, November, 2010), p. 18.

it comes to the North Korean conundrum, therefore, it is difficult to see why China has to change her policy posture toward Pyongyang. Given that none of the factors described earlier regarding why China has been restraining herself in meting out direct sanctions against North Korea is likely to change in a near future, core components of China's North Korea policy will also remain largely intact.

A crucial ramification of the above observation is that the role of China as a "fixer" in the North Korean conundrum is highly limited at best and has probably been hugely overestimated in the past. As far as the fundamental strategic suspicion between Washington and Beijing remains, Pyongyang can always wield the "power of the weak" in this newly emerging triangle, some intermittent tactical Sino-American cooperation notwithstanding.[19] Viewed in this light, whether the Six-Party Talks framework is indeed a durable and effective platform for resolving the North Korean problem once and for all awaits serious pondering by all the parties involved. The complex equation regarding the future of Sino-American relations further underscores China's imperative of not antagonizing North Korea. This geostrategic consideration has been the very source of Beijing's dilemma in consistently opting for "soft" measures against Pyongyang despite that North Korea's nuclear weapons programs and other military provocations have negatively affected China's long-term security interests.[20]

Added to the complex equation is North Korea's strategic suspicion of

[19] It should be noted that, more than any other nation, North Korea is well-trained and sufficiently experienced in dealing with two great powers competing with each other.

[20] *Global Times*, May 13, 2010.

China. North Korea has persistently guarded against China's efforts to gain influence over her domestic politics and Peninsula affairs. The 1956 Factional Incident reaffirmed North Korea's suspicion and residues of it still linger on, making it very difficult for Pyongyang and Beijing to recover full trust of each other.[21] During his state visit to North Korea in October 2005, Hu Jintao presented an eighteen-character tenet on developing Sino-North Korean relations: "consolidating traditional friendly ties" (*gonggu chuantong youyi*), "strengthening mutual trust" (*jiaqiang xianghu xinren*), and "expanding cooperation on the basis of reciprocity" (*kuoda huli hezuo*). During his another visit in 2010, Hu again stressed the need for "strategic communication" (*zhanlue goutong*) with North Korea, which was in itself a testimony to the serious lack of it.[22]

[21] Even in 2011, Hong Seok-hyong, secretary in charge of economic affairs, was purged allegedly for the act of "colluding with China." See *Chosun Ilbo*, October 6, 2011.

[22] *Renmin ribao*, October 31, 2005; and Korean Central News Agency, October 28, 2005. Also see Chung and Choi, "Uncertain Allies or Uncomfortable Neighbors?"

What Next?

It can be said that there were a total of six key factors that had shaped Sino-North Korean relations during the 1940s and 1950s. They included: (1) cohort solidarity among Communist leaders based on shared experiences of the anti-Japanese War and the Korean War; (2) personal friendship and connections among the leaderships of the two nations; (3) ideological similarities; (4) traditional cultural affinity; (5) mutual economic needs; and (6) shared geostrategic interests.[23] Of these six factors, as they stand now, the first three now retain some symbolic value at best due to the passage of old revolutionary generations in both countries. Even cultural affinity now appears to have less common ground particularly since the 1980s when China entered into successive phases of systemic reforms and omni-directional opening.

That leaves the last two factors: economic and geostrategic interests. As far as economic interests are concerned, during the 1980s, Sino-North Korean relations already changed from one of mutual benefits to one of a unidirectional relationship in which Pyongyang reaped more benefits from Beijing than the other way around. Of course, in recent years, China appears to have secured a wide range of natural resources supply from North Korea, in addition to investment outlets.

[23] See Jae Ho Chung, *Jungguk eui busang gwa hanbando eui mirae* (The Rise of China and the Future of the Korean Peninsula) (Seoul: Seoul National University Press, 2011), Ch. 3.

One key question remains to be asked: what if the West should normalize relations with North Korea at some point? Given that Pyongyang has been seeking hard to avoid too much dependence on Beijing, if other alternatives were provided, North Korea's choice might actually become rather different.[24]

The most fundamental factor, of course, is the convergence of geostrategic interests between China and North Korea. More often than not, China's role as the protector of North Korea is highlighted. Certainly, there still is room for such a role as Beijing has not officially abrogated its treaty obligation to assist and rescue Pyongyang. North Korea, too, needs China as her protector as it is conceivable that the West will continue to push Pyongyang into corners for a wide range of reasons. What gets overlooked much too often and is very important to remember, however, is the fact that North Korea's place in China's strategic matrix has been much enhanced due to the ongoing strategic competition between China and the U.S. In other words, North Korea's geostrategic value as lips protecting the Chinese teeth has been steadily raised.

It would be misleading to categorize Sino-North Korean dynamics as one of those conventional big power-small nation relationships where asymmetry generally works against the latter. North Korea has long been an atypical "small nation" as she knows exactly how to take advantage of her geostrategic importance, as well as how to walk the tightrope between two competing great powers. As a matter of fact, records demonstrate that Pyongyang has not hesitated to get on great

[24] Of course, whether there will be strong alternatives is another question given the economic troubles that the U.S. and Europe are currently going through.

powers' nerve and carry out adventurist plots without actually getting punished. In this vein, a remark by Hwang Chang-Yop, formerly North Korea's party secretary in charge of international affairs and later defector to South Korea, shed important light: "People tend to view North Korea's relations with China as a simple big country-small nation relationship. Yet, North Korea is not a mere small nation and Beijing understands too well the spirit and audacity that North Koreans have in managing international affairs."[25]

Beijing's repeated failures to induce Pyongyang to comply with the three-, four-, and, to a considerable extent, six-party frameworks are highly illustrative of this interesting yet underexplored balance of power between these two uncomfortable neighbors. While China intermittently let her steam off by calling North Korea "brazen," handing over key bank information to the U.S., or shutting off oil supply for a few days, Pyongyang knows too well that Beijing's real options are quite limited unless the latter is determined to apply direct and effective sanctions, thereby turning Sino-North Korean relations into completely different dynamics.[26]

Being keenly aware of North Korea's astute tactics, China is not likely to change her policies toward North Korea. It would actually be the last thing that China would do to put North Korea in a troubled situation thereby pushing Pyongyang toward the U.S. In this author's view, at least two of the three conditions have to be met simultaneously before China's policy toward North Korea can be fundamentally changed so as to put real and workable pressure on Pyongyang. First,

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[25] Author's interview in Seoul, January 2006.

[26] Chung and Choi, "Uncertain Allies or Uncomfortable Neighbors?"

China's prospect for future relations with the U.S. must become a stable and positive one in which Beijing and Washington could maintain a friendly relationship consistently. For reasons noted earlier, such possibilities appear to be rather low.

Second, America's alliances with Japan and South Korea need to be readjusted sufficiently to mitigate China's strategic concerns over them. Given the deficit of trust between the U.S and China, as well as due to the two alliances' vital importance to America's offshore balancing strategy, such readjustments are rather unlikely. Hence, China is not inclined to change her North Korean policy drastically.

Third, China might perhaps think about changing her North Korean policy if certain multilateral frameworks were effectively institutionalized for the maintenance of peace and security on the Korean Peninsula. Yet, considering the snail's pace at which such discussions have been proceeding within the region, let alone their implementation, such a possibility is also deemed rather low at best.

In conclusion, the upcoming drama of Sino-American rivalry is highly likely to close down the window of opportunity for China to break that evil cycle of criticizing and yet defending North Korea repeatedly. In fact, both China and North Korea might opt for hedging toward each other. As for China, that means simultaneous implementation of the provision of minimum economic assistance so as to prevent Pyongyang's collapse on one hand and of crisis management to her advantage on the other. As for North Korea, that refers to maintaining good relations with China only to the extent which China's continued assistance is secured but key overtures toward the U.S. would not be obstructed.

In a near- to mid-run, China's policy toward North Korea — peace, stability, and the denuclearization of the Korean Peninsula — will remain unchanged. Yet, down the road, North Korea will increasingly become more of a strategic liability and uncomfortable neighbor than a trusted ally. Whether and when such assessments will factor into Beijing's overall interest calculations and lead to drastic policy reversal is not known. What is more uncertain is how China will cope with them once some real changes should take place in North Korea.

Korean Unification from an International Perspective

Korean Unification
Benefits, Uncertainties, and Costs

*Fei-Ling Wang**

First created by external great powers at the ending of the Second World War then solidified again by the intervention of external great power during the early years of the Cold War, the Korean peninsula has been politically divided for nearly seven decades. Today, more than two decades after the Cold War, the DMZ (demilitarized zone) cutting cross the Korean peninsula remains heavily fortified with two big militaries tensely facing each other, hampering the rise of the Korean nation and creating a potentially explosive source of instability and conflicts for the many nations involved in the region. It has been highly natural and absolutely understandable for the Koreans to strive to achieve a national unification as a major step forward for nation-building, socio-economic development, and self-empowerment on the international stage.[1] The North Koreans are also consistently and

* The views expressed here are solely the author's and do not represent the position or views of the U.S. Air Force Academy, the U.S. Air Force, or the U.S. Department of Defense.

[1] ROK Ministry of Unification, *2010 Unification White Paper* (Seoul: Ministry of Unification, 2010).

officially committed to the course of national unification. Together, both Seoul and Pyongyang have proposed numerous plans and ideas about unification and how to accomplish it. Despite the talks and debates about the potential cost associated with the unification, there are probably not many Koreans who are opposed to the exciting goal of national unification.[2]

To the nations in the land near the region, Korean unification clearly carries great promise for peace and stability as well as the chance for reconfiguration of geopolitics. Indeed, throughout the world today, there seems to be not a single country that voices an objection to Korean unification. Yet, despite of all those supports and pushes, Korean unification still remains a grand objective to be accomplished with no realistic date of accomplishment in sight.

In this paper, I will outline the leading benefits and the main costs of Korean unification, from the perspective of external major powers. Then I will try to use that analysis to briefly explain the existence of hesitance for the external great powers mainly China (the PRC, People's Republic of China) and the United States. As I have analyzed before elsewhere,[3] the future of Korean unification is still largely out of control of the Korean people and the reluctant external great powers still hold the key to achieving the Korean unification.

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[2] This is quite different from the other case of political division created by the Cold War in East Asia, the Taiwan issue. Repeated opinion polls have shown that the majority of at least one side (the Taiwanese) are either uninterested or against a unification with the Chinese Mainland. Opinion polls by the National Cheng-chi University, Taipei, 2004-2012.

[3] Fei-Ling Wang, "Looking East: China's Policy Toward the Korean Peninsula," Chapter 3 in Sung Chull Kim and David C. Kang (eds.), *Engagement with North Korea: A Viable Alternative* (Albany, NY: SUNY Press, 2009), pp. 47~72.

Korean Unification: Long Overdue and Hugely Momentous

There is little doubt that Korean unification holds a key to regional peace, prosperity, and also great opportunities for regional reconfiguration and integration. Korean unification will usher in a new era by finally concluding the Cold War, which ended in other parts of the world 20 years ago.

The division of the Korean peninsula remains a geopolitical legacy of the Cold War and a leading impediment to regional peace and stability in East Asia. To nations in Northeast Asia — China, Japan, two Koreas, Mongolia, and Far East Russia — as well the United States that have long and deep involvement in the regional affairs, Korean unification is of great importance and thus is rightfully at the center of the attention of policy makers.

Korean unification would genuinely enable a full integration and the formation of a regional community in East Asia. International relations of the region would be transformed in some fundamental ways. Korean unification would enable a profound political reconfiguration of Northeast Asia to possibly move the region seriously in the direction of an East Asian Community that may properly manage the region's economy — the great East Asian Chain of Production or the true world factory — and ensure long-term peace and stability for the quarter of

humankind living in the region. Formal institutions about such a regional integration are already emerging fast in the forms of trilateral cooperation among China, Japan, and Korea and FTA (free trade area) talks. Such a development would really take off once the regional security situations improve profoundly with Korean unification.

National and International Benefits

More specifically, a successful and, hopefully, peaceful Korean unification would remove a major source of tension and conflict in East Asia and beyond, take care of a potential problem of global proliferation of weapons of mass destruction, maximize the economic potential of the Korean nation with doubled territory, and address fundamentally the humanitarian crises in North Korea. Korean unification would heal a long national pain of the Koreans and remove a major obstacle to Korean development and empowerment. As the Vice Minister of Unification stated, a new Korea of nearly 80 million people, more than twice as large land, and much more mineral and other natural resources would make Korea a serious contender for higher international status and an even bigger contributor to the world economy.[4] A study by Goldman Sachs in 2009 already described the significant economic and financial payoff a united Korea would generate.[5]

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[4] Chun-Sig Kim, Vice Minister of Unification, Keynote speech to KINU-KPSA International Forum "Korean Unification from an International Perspective," Seoul, Korea, July 20, 2012.

[5] Goohoon Kwon, "A United Korea? Reassessing North Korea Risks," Goodman Sachs, 2009.

A major benefit of Korean unification is that the region would finally see the conclusion of the Korean War that led to the only armed confrontation between the United States and the People's Republic of China. That would be beneficial to reframing the Sino-American relationship that is increasingly crucial to peace and stability in the region and beyond. In some profound ways, Korean unification would enable the Chinese and the Americans to rethink and adjust their strategic views and positions vis-à-vis each other. In the absence of the irritating regime of the DPRK (Democratic People's Republic of Korea), both Beijing and Washington would have to re-map and re-present their regional strategic interests which could be less confrontational in Northeast Asia. If the united Korea remains a U.S. ally but the U.S. maintains a smaller military presence on the peninsular in a few concentrated areas like Pyeongtaek in the South, the impact of Korean unification on the relationship between Beijing and Washington could very well be neutral, if not overwhelming positive.

Korean unification would also validate and transform the two exemplary alliances in East Asia: the U.S.-Japan Alliance and the U.S.-ROK Alliance. A much larger, stronger, and more confident united Korea could be much more effective in working out its often emotionally-charged historical issues with neighboring countries primarily Japan, hence to serve better as a counter-weight and stabilizer between the rising Chinese power and Japan. A united Korea probably would be more willing to entertain the idea of establishing a closer cooperation with Japan and even a trilateral alliance with the United States and Japan to solidify the international order in the region.

Great Uncertainties

Korean unification, with many obvious benefits to the Koreans and to other nations, carries with it deep and great uncertainties that seem to profoundly shape the preferences and policy options of the external powers, which thus affect its likelihood.

First, from the point of view of external powers, chiefly China and the United States, who are mostly interested in peace and stability in the region, there is a lingering concern over how Korean unification might take place: can Korean unification be peaceful? Given that in history, very few long-divided countries have managed to unite peacefully without major shakes and shocks, it is not that surprising for many to worry about being dragged into a very uncertain conflict during Korean unification.

There is also the sensitive yet clearly uncertain issue of the prospect of the U.S.-ROK alliance: Will a united Korea continue to be an ally of the United States? Or will Korean unification cost the alliance? Furthermore, would a united Korea change side to be an ally of China's?

Related to that, how much compromise will have to be made between Seoul and Pyongyang/Beijing in order for Korean unification to take place? What would persuade the Chinese to let the chips fall and not

to intervene in the event of the DPRK disappearing into history? Would those compromises be worth it?

Finally, it remains to be seen fully if Korean unification would lead to a pacification or explosion of Korean nationalism. At least China and Japan have plenty of reasons to be keenly interested in this uncertainty. It remains unclear why Beijing and Tokyo would genuinely support the emergence of a nationalistic strong competitor in the region resulting from Korean unification.

Costs to the External Powers

Therefore, there seem to be significant, albeit very uncertain, costs associated with Korean unification. Much has been discussed and debated about the financial cost Korean unification will likely incur.[6] Here, I will mainly focus on the possible and potential costs Korean unification might impose on the Chinese and, in return, what Beijing might need to acquire and secure before it genuinely supports so to enable Korean unification.

Korean unification, highly likely to be on South Korean terms, would clearly make Beijing lose its only formal ally and long-time ideological comrade that has been a key source of comfort and company to the ruling Chinese Communist Party. As I have discussed earlier elsewhere,[7] Beijing has had a reassessment and re-appreciation of the strategic and political value of the DPRK that makes "losing North Korea" a very expensive proposition to the Chinese leaders.

More importantly perhaps, Korean unification on South Korean terms would immediately put a vibrant and influential Asian democracy, a free media and entertainment power house right by Chinese border

[6] The open discussions and debates in South Korea over the years about the financial cost and the issue of "affordability" are indeed too numerous to list.

[7] Fei-Ling Wang, "Status Quo Being Reassessed: China's Persistent but Shifting Views on Korean Unification," *International Journal of Korean Unification Studies*, Vol. 20, No. 2, 2011.

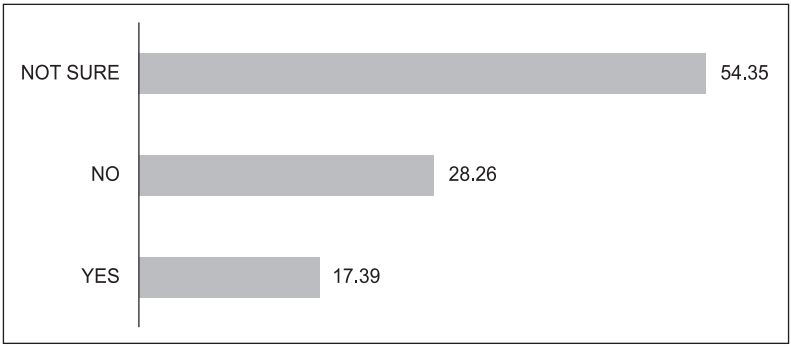
for the first time. There have been only two other democratic nations bordering China directly: India and Mongolia. Mongolia is a very young democracy and only has very limited cultural power over China. India's political influence on Chinese has been severely limited by geography (the massive and impenetrable Tibetan Plateau), cultural barriers, and long-lasting disputes and hostilities. A united Korea would be extremely powerful in projecting democratic values, in the already highly popular and familiar cultural form of *Hallyu* (Korean fever), onto the densely populated Chinese heartland right next door. To the Chinese rulers who are ultra sensitive to political changes and fearful of foreign political influence, such a cost of Korean unification would be simply immeasurable and highly intolerable.

Korean unification, while increasing the likelihood of peace and stability in Northeast Asia, would nonetheless remove a major shared strategic interest between Beijing and Washington. This could force China to search for new basis of strategic cooperation with the Unites States, and Beijing loses its biggest strategic asset in its geopolitical interactions with the United States.

Finally, Korean unification, if taken place before a satisfactory settlement of the Taiwan issue, would powerfully energize Chinese nationalism and force Beijing's hands. The PRC is now carefully cultivated and strongly needs nationalism or patriotism as its new ideology. A likely popular push for "catching up" with Koreans in reunifying the motherland would at least make Beijing to likely see the double-edge sword of playing with the nationalist fire for political purposes.

Therefore, it may not be a big surprise to see survey results showing

(As of 2011), Do You Support the Unification of the Two Koreas?



Note: From Sunny Lee, "Chinese Perspectives on North Korea and Korean Unification," *KEI Academic Papers Series*, Washington, DC, January 24, 2012: 5.

that "Over 80% of Chinese oppose the Korean reunification or are ambivalent about it" and only about 17% support it (see diagram below). Furthermore, "About 50% of Chinese scholars believe a unified Korea is likely to pose a threat to China."[8]

[8] Sunny Lee, "Chinese Perspectives on North Korea and Korean Unification," *KEI Academic Papers Series*, January 24, 2012, pp. 4~5.

The Reluctance on the Both Sides of the Pacific

Given the brief analysis above, therefore, it is rather clear that China is likely to remain reluctant to support Korean unification. Three variables seem to be the key to the continuation of the Chinese long-standing policy of preferring a status quo over possible Korean unification.[9] First, Chinese internal politics: the PRC needs to politically transform itself fundamentally in the direction of liberalization and democratization so it would no longer fear for democratic Korea on its border. Second, the Sino-American relations: the Beijing-Washington relationship needs to somehow dramatically improve from strategic competitor to genuine partners so there would be no concern about a united Korea staying as an American ally. Third, Chinese power and confidence: China needs to rise up to securely archives a dominating power position in West Pacific thus would not mind "granting" unification to the Koreans under a new Sino-centric international order of the region.

None of these three grand changes are easy or cost-free. Therefore, Beijing is expected to provide only lip-service to Korean unification while striving to maintain the status quo of Korean division. A recent article by Chinese and Korean scholars concluded this way:

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[9] Fei-Ling Wang, "Chinese Policy towards the Korean Peninsula: Stability First, Possible Trade-offs Later," *Pacific Focus*, Spring (April), 2005.

> China hopes to see Korean unification that would be in favor of China, at least it will not bring negative influence. It also desires for the unified Korea that is neutral or friendly towards China, and for the withdrawal of the U.S. armed forces from the Korean peninsula. Otherwise China wants to maintain the status quo and the present situation…. South Korea needs to eliminate the anxiety of the Chinese population, and guarantee that a unified Korea may be able to contribute to China's benefit, or will not harm Chinese interests at least.[10]

The United States, on the other hand, is likely to be reluctant about Korean unification as well with interestingly the same three constraints: The United States would like to see the democratization of Chinese internal politics; Washington is deeply uncertain about the U.S.-China relations; and the United States is clearly concerned about the rise of Chinese power in Western Pacific.

In summary, like during the past decades, external powers, mainly China and the United States, still seem to hold the key to Korean unification. They share the same desire for the status quo over Korean unification, although the Chinese seem to be even more reluctant because of the perceived costs, to its national and political interests.

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[10] Debin Zhan and Hun Kyung Lee, "Chinese People's Understanding of the Korean Unification Issue," *Asian Social Science*, Vol. 8, No. 3 (March 2012), p. 72.

Korea as One

Pathways to Korean Unification and Regional Transformations

G. John Ikenberry

Introduction

What would East Asia look like in the aftermath of the unification of the two Koreas? And what are the possible triggers and pathways to a united Korea? A united Korea would certainly be one of the most dramatic and long-awaited developments in world politics. The two Koreas have been locked in a Cold War standoff for over half a century. North Korea has been frozen in totalitarian backwardness while South Korea has vaulted into the 21st century. The unification of the Koreas would be greeted by most of the world as an unalloyed blessing, both for the Korean people and the wider region. Benefits would flow immediately, measured in terms of peace and security,

economic wellbeing, and social justice and human rights. North Koreans would experience dramatic new economic opportunities and rising living standards. South Koreans would be burdened with major aid and adjustment costs. But over the longer term, a united Korean economy would be bigger and more formidable. Almost immediately, the insecurity of living on the edge on the most militarized and dangerous border in the world would disappear. In the meantime, political leaders in a united Korea and across the region would have new opportunities to rethink and reorganize great power relations and an East Asian order.

But the happy story of a unified Korea obscures the dangers and uncertainties of the passageway to unification. For Korean unification to occur, the North Korean regime will need to collapse or in some other way cease to exist. History shows that states do not leave the world stage frequently or willingly.[1] China is North Korea's patron and it has a long-standing stake in a stable and friendly North Korea on its Northeast border. The United States is South Korea's closest ally and it sees North Korea as a growing threat and China as a growing rival. The Cold War standoff between the two Koreas has lasted so long in part because each of the states in the region — China, the United States, North Korea, and South Korea — can easily imagine a "change" in the status quo that leaves it worse off rather than better off. The road to unification is rocky and dangerous. This is because one of the states (North Korea) would need to collapse or commit suicide for it to happen. It is also because the other states — China, the United States, and South Korea — might want unification under some

[1] See Tanisha M. Fazal, *State Death: The Politics and Geography of Conquest, Occupation, and Annexation* (Princeton: Princeton University Press, 2007).

conditions but not others. China does not want a unified Korea tied to the United States, and the United States does not want to lose one of its closest allies in East Asia precisely when China, its only global rival, is growing more powerful. Most observers would probably agree that, at least in the long term, the unification of Korea is an historical inevitability. There would be less agreement about how peaceful and stable this outcome will be.

Indeed, as I argue in this paper, the way that the two Koreas unify will matter greatly for how a united Korea fits into Northeast Asia and how the region evolves in a post-DPRK future. There are various pathways to Korean unification, each with different implications for how China, the United States, and other states in the region reorganize their relations in the wake of unification.

This paper explores the various ways that North Korea might unify with South Korea and the various outcomes that could follow. My central argument is that China has huge leverage over if and how North Korea might collapse and integrate into the South. Indeed, China has the capacity to prolong North Korea's plight as a poor and estranged country. It can prop up North Korea for years and decades even under the most difficult internal circumstances within North Korea. For this reason, there are incentives for South Korea and the United States to engage China beforehand on how a regime crisis in the North — and the collapse of the Kim dynasty — might lead to an outcome that it can accept. China does not want the "worst" outcome to occur, which presumably would be a nuclear-armed unified Korea that is hostile to China. Of course, South Korea and the United States want to preserve the possibility that a unified Korea would remain allied with the United States. So the critical strategic question that

must be at the heart of pre-crisis discussions between China, the United States, and South Korea is: is there a way a stable and unified Korea could be both friendly to China and strategically tied to the United States?

There are many ways that North Korea could evolve. It could reform itself and move slowly toward some sort of union or federation with South Korea. It could collapse or alter its regime through a coup. This paper argues that while the actual pathway of North Korean change is not known, the likelihood of a peaceful transition to a unified Korea will be most likely if all the parties in the region can look into the future and see a settlement of the war between the two Koreas that satisfied their grand strategic and security needs. Any agreement that China, the United States, and South Korea can achieve beforehand will matter in the unification outcome that eventually emerges.

The paper looks first at various "outcomes" that might follow from crisis and regime change in North Korea. After this I look at the wider "settlements" that China, the United States, and a unified Korea might or might not agree upon.

North Korea Survives, Reforms, and Integrates

One possibility is that North Korea survives and remains an independent and separate country. There are two ways it might do this. One is that it will remain isolated, poor, and estranged from South Korea. This is really a continuation of the status quo. Inside North Korea, its leaders remain in control of the state apparatus and the military. The economy remains stagnant and disconnected from the regional economy.

If this were to happen, China will be instrumental for North Korea's survival. It is North Korea's patron, supplying it with energy and essential goods. North Korea would be a sort of autonomous zone in the greater Chinese system.[2] China's willingness to subsidize North Korea to the point of its continuing survival would be based on several considerations. It might have some economic reasons for doing so. North Korea has some natural resources and it would be connected to China as part of a regional energy network. North Korea could be a minor market for trade and investment. More importantly, China would see continuing North Korean survival as a preeminent geopolitical imperative. After all, if North Korea collapses and is absorbed into

[2] There are, of course, limits to the willingness of North Korea to become more dependent on China. Indeed, there has long been antipathy on the part of North Korea to become totally beholden to China, despite its profound internal problems. This might lead North Korean leaders to explore ways to diversify the sources of assistance to other countries, such as Russia, Brazil, India, and the EU.

South Korea, a united Korea would suddenly be on China's border. A united Korea would likely remain tied to the United States for security. This situation would clearly be a setback for China. So, knowing this, China will seek to keep North Korea afloat, even if it is costly in terms of aid and assistance.

To be sure, China might seek to pursue a tougher strategic bargain with North Korea. It might make the promise to ensure North Korean survival — through economic assistance, and if necessary, intervention to protect the regime from internal threats — in exchange for certain promises from North Korea. North Korea might be asked to refrain from going in further with its nuclear program, for example. Or it might seek assurances that the North Korean regime will not engage in provocations with the South. China can do this because of its leverage. This leverage is not absolute, of course. North Korea knows that China does not want a unified Korea allied with the United States on its border. So North Korea would have some room to "misbehave" and not pay the ultimate cost — removal of subsidies and survival insurance. But China, nonetheless, would want to extract some promises from North Korea, doing so in a way that will make North Korea as little of a burden as possible.

A second way that North Korea could survive is through reform and opening to the wider regional order. This, after all, is the vision behind various South Korean and American appeals to the regime in North Korea. The idea is that North Korea makes a basic calculation that it is most likely to survive as a regime if it reforms. This is the basic logic of the famous so-called Perry Commission report on policy toward North Korea.[3] The United States and the countries in the region would offer North Korea a path to survival, security, and prosperity.

North Korea would give up its nuclear weapons and programs, and in return the United States and the other countries would offer security assurances and economic assistance. North Korea would become less of a security threat to its neighbors, and its neighbors would respond by treating North Korea as a more "normal" country — trading, engaging, and integrating it into the wider system.

There is some evidence that this outcome would be welcome in Beijing as well as in Seoul and Washington. In recent visits to China, North Korean leaders have been shown the great economic advancements that China has achieved through its own economic reforms, dating back to 1970 and the post-Mao leadership of Deng Xiaoping. North Korea — and China as well — would be making an existential bet if they moved in this direction. The bet would be that North Korea could open up "just enough" to achieve economic gains without triggered deeper and more fundamental reforms that would ultimately overturn the Kim family regime. They would bet that the economic benefits from outside aid and trade, along with security assurances from South Korea and the United States, could be pocketed without putting in motion a greater regime transformation.

They will no doubt be cautious about such a move. After all, this is what the Soviet Union's President Gorbachev sought to do in the late-1980s with his program of perestroika and glasnost. Gorbachev sought to save socialism in the Soviet Union by reforming it. To do this, he needed to open up the economy, decentralize the command system,

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[3] William J. Perry, "Review of United States Policy Toward North Korea: Findings and Recommendations" (Washington, D.C.: The United States Department of State, 12 October 1999).

and give more voice to managers and regional governments. The result, however, was an unintended domestic social upheaval. Reform could not be contained, and the Soviet Union ultimately fell. North Korea — and the Chinese leaders as well — are all too aware of this outcome.[4] So if North Korea were to move toward reform, it would do so with both eyes open. It might experiment with small steps. The North Korean leaders might make an initial step to move away from "military first" state policies. It would try to reform the agricultural and commercial sectors with the hope that these steps would yield greater growth and a more satisfied citizenry. Doing so, again, would be seen as a survival strategy. But to move in this direction, North Korean leaders would need to come to a view they have not yet come to, namely, that the "risk" of incremental reform and opening would be worth taking for the sake of regime survival.[5]

South Korea and the United States have offered this "bargain" to North Korea. The bargain is that these outside states would give North Korea the chance to survive. The United States and South Korea would offer security assurances and economic engagement in exchange for nuclear disarmament. The idea is to offer North Korea a chance to get what it wants most — regime survival. But to get it, North Korea will need to remove itself as a threat to these countries. The Bush administration seemed to take this "bargain" off the table with its emphasis on the "axis of evil" and regime change. But the Obama

[4] See William J. Dobson, *The Dictator's Learning Curve: Inside the Global Battle for Democracy* (New York: Doubleday, 2012).

[5] It still appears that Kim Jong Un and the ruling elite see reform and opening as a threat to their survival. North Korea introduced limited economic reform in 2002, including privatization of surplus agricultural products, but these reforms were later abandoned.

administration has more recently embraced the basic logic of the Perry Commission report.

In offering this bargain to North Korea, South Korea and the United States are making a different bet about the future. The bet on this side is that if North Korea would reform, open up, and disarm, it would put itself on a pathway to more fundamental regime change. Slowly, the forces of trade, investment, and integration would push and pull North Korea toward more radical political changes. North Korea would bet that reform and opening is the path to survival, but Seoul and Washington will bet that North Korea will be on a slippery slope toward a less autocratic and totalitarian regime. Once the regime itself evolves, a cascade of greater reform and integration becomes possible and perhaps inevitable.

If North Korea reforms from within and opens up to regional trade and investment, there are several possibilities for an overall settlement between North and South Korea. One is simply that North Korea remains independent and stable. It trades, exchanges, and grows alongside South Korea. The two Koreas remain two Koreas. There will be some convergence over time. But for a generation or two, North Korea will remain weaker, smaller, and less developed. But it would find some way to reconcile openness with an independent government in Pyongyang. The Kim dynasty would no doubt evolve. It might become more of a figurehead regime. I might look more like China with a Communist Party that runs the government, or it might have some other form of rule. But whatever its regime, it would be legitimated by the growth and advancement that would follow from reform and opening.

The other possibility is that, after a long cycle of regime and opening, North Korea would slowly integrate with South Korea. This is the long and peaceful road to one Korea. North Korea would remake its domestic system, exchanging nuclear disarmament and military demobilization for security assurances and engagement from the outside. Over the long term, North Korea could come to see advantages in a more ambitious integration with South Korea. There would be talk of federation or union. There are a wide array of different types of political integrative steps and settlements. But the movement would be toward some sort of unified Korean peninsula. Federalism could be one final endpoint. Or federalism might lead to a more complete union where two states truly become one.

Pathways of Collapse

The pathway to unification could come from a very different type of change. This would be a radical and complete collapse of the North Korean regime. There are three general ways in which this might happen — natural disaster, coup, or reform transformation.

The first trigger for regime collapse would be a natural disaster or catastrophic breakdown in infrastructure. One can imagine a massive earthquake or some other natural calamity that would put overwhelming pressure on the regime, triggering social upheaval and political chaos. This sort of natural disaster might lead to massive agricultural failure that serves to intensify the social upheaval and political chaos. The other type of catastrophic breakdown might come within the economic infrastructure of the country. The electrical power grid might fail, throwing the country into darkness. These sorts of crises are often additive. Natural disasters can trigger agricultural failures and infrastructural breakdown that reinforce and build on each other.[6] The regime would simply not be able to function. China would not be able to bailout the North Koreans fast enough to prevent an unraveling of social and political order.

This sort of disaster and catastrophic upheaval is seen by scholars as a

[6] See Tad Homer-Dixon, *The Upside of Down: Catastrophe, Creativity, and the Renewal of Civilization* (Washington: Island Press, 2006).

critical variable in explaining social revolutions. In the classic cases of the French, Russian, and Chinese revolution, the old regime was debilitated by war and geopolitical crisis, weakening the government and opening the way for revolution.[7] It is not clear how the breakdown of the state's ability to enforce order and provide social services would play itself out. There could be internal or external actors who rise up or intervene, respectively, to reestablish order, opening the way to political transformation.

A second trigger of regime collapse would simply come from a political or military coup. The Kim family would be deposed by a rogue general and his faction or by another political faction that is lurking in the shadows. This might be a one, two, three, or more step process. For example, a military coup might lead to the reestablishment of order in North Korea, but without the Kim family at the top. It would be a simple military dictatorship. Or it could start with this as the first step and go on to see a struggle between different factions, which could either lead to a succession of rulers and pretenders to the dynasty, or it could lead to civil war and a collapse of order itself.

There are simply many possibilities and pathways. If the Kim family is deposed, it is not clear how stable a successor military dictatorship would be. It would depend, in part on China's decision about whether to support or oppose such a post-Kim family regime. It would also depend on the status of social and political divisions that might or might not latently exist within North Korea. It is inherent in an authoritarian dictatorship that people — even elites at the top — do

[7] Theda Skocpol, *States and Social Revolutions: A Comparative Analysis of France, Russia, and China* (New York: Cambridge University Press, 1979).

not give utterance to their true views. They have a public and a private view of the government. It is only when the threats to the people are relaxed or removed that citizens and elites begin to express their latent views. This is the explanation for why countries, such as East Germany and the other former Soviet states, could so quickly transform themselves. Private views became public views. People mobilized and came out into the street when the fear of state retaliation was removed. It is very difficult to know what the array of views is within North Korea that might come to the surface after a coup or regime crisis. It is difficult to know what sort of latent factions or political groups might spring up. But if (and how) they do will be important in determining the pathway to change in the aftermath of a political or military coup.

A third trigger of regime collapse would follow from a failed reform movement. This could be sudden or it could be a drawn out process. The idea is that the Kim regime would take steps to introduce economic reforms, opening the country very carefully to outside trade and investment. Out of this process, the state would lose control of information and the ability to enforce order. Opposition groups — covertly at first — would emerge with political reform or regime change agendas. North Koreans would learn about South Korea. Information is political gold. The people would not be so easily indoctrinated. Social and political aspirations would grow. At some point, a "tipping point" would emerge. News, communication, and travel — the elements of social change would begin to take hold. Cracks in the regime would lead to wider cracks. Protests and social movements would begin to appear. Political groups and insurgent parties might spring up. Out of this widening gyre of social and political upheaval, the seeds for regime collapse would be planted.

Stepping back, each of these three triggers of regime collapse could work on its own or they could appear together. Natural disasters and infrastructure collapse could put pressure on the state's ability to control the military, and the dysfunctions of government brought on by natural disaster or infrastructure breakdown could embolden a political or military group to stage a coup. These two triggers might be added by initial efforts at reform. If people and elites see the possibilities for change, coups and disasters can become catalytic events that might launch more far-reaching efforts at political transformation.

International Politics of Post-Kim North Korea

The way that regime collapse unfolds inside of North Korea will be partly shaped by the policies and actions of the states surrounding North Korea. Once again, there are several possibilities, each depending on the profundity and completeness of regime collapse in the North and the actions of China, the United States, and South Korea.

One possibility, as noted earlier, is that regime collapse in North Korea would lead to a successor dictatorship in Pyongyang. If this happens quickly and the military ruler establishes some credibility within North Korea, the regime might be consolidated and put on a new footing. In doing this, there are several pathways forward for the new military dictatorship — all involving negotiations and bargains with China. It could simply reestablish the old bargains with China and remain an isolated regime that is tied to China. It remains a client of China and China continues to subsidize the regime. Alternatively, the post-Kim dynasty dictatorship finds itself more vulnerable to domestic pressures and expectations — and so it moves toward reform and makes a wider set of stabilizing and reform bargains with South Korea, the United States, and China. A post-Kim dynasty North Korea will not have the legitimating aura of the Kim family. It will need to establish a new basis for stable domestic rule, and this leads to the necessity of generating economic and social benefits for the people. Again, this is a pressure that should move the regime toward reform

and opening. As with the Kim family, this military dictatorship will want to survive. But it will have more political space and pressures to move the regime in a new direction of accommodation and integration with the region.

A second possibility is that the regime collapses, brought on by one of the three triggers mentioned earlier, but in this instance China intervenes to occupy and reestablish rule in Pyongyang. If the North Korean regime finds itself in the midst of a political or military coup, China will need to make a decision. Does it intervene and, if it does, on which party's behalf? If a coup takes place in North Korea, and the Kim family sends up an "SOS," does China intervene to keep the Kim family in place or does it throw its support behind a new political or military dictator? It will need to make decisions quickly about whether the successor fraction might be more stable and agreeable than the old regime. It needs to make decisions about which political formation in North Korea has the best chance for long-term survival. Regardless of which faction it supports, it needs to also decide whether to actually intervene with military forces to occupy and stabilize the country. If it does this, it will be deeply involved for years in the reorganization and reestablishment of political rule.

A third possibility is a collapse of the North Korean regime that plays out primarily between the North and the South. If the state collapses in the North, it is possible that South Korea might make a decision to open its doors and admit refugees. In these circumstances, China steps back from intervening and the United States provides economic and food assistance. The United States also gives assurances to the disorganized political leaders in the North that there will not be any military mobilization or escalation of threats. In effect, in these

circumstances, the central dynamic of the crisis unfolds between the two Koreas. The South offers to come to the assistance. Refugees move to the South. North Korea faces the same sort of fate as East Germany, when the government lost the ability to function, the Soviet Union would not come to the rescue, and the people of East Germany "voted with their feet" and streamed into West Germany through Hungary. The result was a slow-motion collapse that created the conditions for intra-German negotiations over stabilization and later integration and unification.[8] But also like the East German case, the outside powers — in this case China and the United States — would need to stand back and allow an inter-Korean dynamic to go forward.[9]

A fourth possibility is a more complete North Korea collapse. This is where there is not a coup or a transition from one strong-arm dictator to another. This is an instance when order itself is essentially gone. The army is not in command and the society is in chaos. There is a complete breakdown of authority. The military is in disarray and the political apparatus of the state has broken down. This might be a situation that is brought on by natural disaster or a collapse of the infrastructure. In any case, no one is in control. Under these circumstances, all the states in the region are alarmed. Who is going to secure the nuclear facilities? What about chemical and biological weapons? There will be an escalating crisis that surrounds these hard core national security issues. People in the cities may be moving out

[8] See Robert Kelly, "The German-Korean Unification Parallel," *The Korean Journal of Defense Analysis*, Vol. 23, No. 4 (December 2011), pp. 457~472.

[9] South Korea's reunification policy is not to prefer reunification through absorption but to achieve it through gradual, incremental steps, starting with North Korea's peaceful denuclearization and followed by comprehensive inter-Korean exchanges and cooperation.

to the countryside. There may be refugee flows to China and South Korea will also find itself faced with pressure to allow refugees in. Food shortages and energy shortages reinforce social panic and chaos.

Under these circumstances, all the parties rush into North Korea. The United States and South Korean forces move up into the North to secure nuclear sites and other military facilities. But China also intervenes, and this leads to dangerous moments of uncertainty and miscalculations. Each of the two parties — China with some rump support among disorganized North Korean factions, and the United States and South Korea — seeks to gain the advantage by arriving first and establishing their position. This sort of crisis-ridden movement of forces is fraught with the possibility of violence. In many ways, this is the worst of all the possibilities because the major powers are all scrambling to occupy the same territory. There are no rules and there are no constraints.

Conclusion

This paper has looked at the various pathways of regime collapse and transition in North Korea. It has identified several different triggers of regime collapse and several different ways the states in the region might react. None of these pathways traces the flow of events all the way to the end. But there are several final sorts of settlements that are imaginable. One is implicit in a crisis that unfolds primarily between the two Koreas, where China and the United States exercise restraint. A settlement is possible in which South Korea comes to the assistance of the North in the context of a regime collapse. The North does not reconstitute its political authority as an independent state but negotiates a transition to a more integrated Korea. Assurances, rights, and assistance are the bargaining terms for this settlement.

But most of the other triggering points for regime collapse are less pleasant. The central dilemma is that the two outside powers — China and the United States — want to see fundamentally different outcomes. China wants to retain its client and buffer state, and so it will not take steps to allow an easy transition. It will have the ability until a very late date to essentially subsidize North Korean state failure. North Korea does not have an incentive to reform or make dramatic steps for a "grand bargain" with South Korea and the United States because it knows that it will be bailed out by China. China takes the existential threat of state failure in North Korea off the table.

This makes getting to a regime transition and unified Korea very difficult. The great fear in Beijing must be a unified Korea that is strong, independent, and tied to the United States.

The United States also might ultimately want unification and a united Korea as an ally. But it also recognizes the dangers that this outcomes generates. It generates the danger of Chinese resistance and aggression. It generates the danger that a united Korea might ultimately give up its security partnership with the United States and cast its lot with China — or seek some sort of neutral position in the region.

These larger regional geopolitical realities make Korean unification very difficult. They also create incentives for all parties to talk quietly and negotiate some understandings about how a collapse of the regime in North Korea might be handled by them. Talking is important for two purposes. One is to look to see if there are any understandings and reassurances that might allow China to let a process of state failure and regime collapse in North Korea unfold, leading to unification. What would it take for China to be reassured that the resulting outcome would not pose an overwhelming danger to it? And are there reassurances that South Korea and the United States might be able to give? What are the "red lines" for both sides? Is there any middle ground? This middle ground would presumably not include reassurances that a unified Korea would give up its alliance partnership with the United States. But it could involve reassurances about nuclear weapons. There might be some understandings about regional arms control and new security architecture for crisis stabilization. The other reason for talks between the two sides is to search for some understandings about intervention in North Korea in the wake of a regime collapse. Can China and the United States and South Korea arrive at some quiet

understandings about where they would go (and not go) to secure nuclear and other military facilities? Can the two sides find some framework for signaling restraint and working out disagreements?

As this survey of triggers and pathways makes clear, the time for quiet dialogue is before — not after — a North Korean regime collapse. Such discussions might allow any future state failure in North Korea to lead peacefully to unification without turning Northeast Asia into a new geopolitical battlefield.

Reunification of the Korean Peninsula
Will China Help?

Zhu Feng

Given China's persistent support to North Korea, it is broadly speculated that China might unwillingly see the prospects of inter-Korean reunification. It seems to be a very arguable theme. Despite of the "ambiguity," aroused from its policy controversy towards two Koreans, China does not assume that it would hold the key to Korean reunification and likewise, the reunification could be at Chinese discretion. The Korean reunification process is intrinsically dependent on South Korea's resolution, willpower, and strategic choice. The likelihood of a geopolitical "new Cold War" in Northeast Asia or a China-U.S. dominated G2 structure are both very low. This fact means South Korea will favorably seek and strive for national reunification as long as reunification is concerned.

However, Beijing has peculiar concerns to unification process. Since China and South Korea normalized relations in August 1992, China's perspective on Korean reunification has been continuously consistent, namely, China supports a peaceful and self-determined reunification. This policy includes three basic conditions: First, China would like to

see a unified Korea, but this must be achieved through peaceful means, rather than under conditions of warfare and conflict. Second, reunification needs to comply with the people's political desire and free will of both Koreas. China opposes reunification based on one-sided volition and preference. Third, China opposes all forceful intervention and coerced enforcement in the reunification process, and particularly opposes any foreign influences forcefully changing the peninsula's present status quo in the name of reunification. But it is more principled statement of Chinese stance than any adequate response to nuanced changes in the Korean affairs for the time being.

The Objective of China's Korean Reunification Policy

Within the policy framework of a peaceful and self-determined reunification, China hopes that the process of reunification of the peninsula could realize the following political and security objectives:

The first, China opposes any military assault and operation by either North or South Korea in the name of reunification. The Korean War carved a deep scar in the hearts and minds of the Chinese people. China's appeal to avoid the use of force is on the important precondition that Beijing wants to avoid another military intervention of armed conflicts on the peninsula. In reality, this stance and objective is also a crucial background for China's lack of reference to the Sino-North Korean Friendship Treaty of 1961 in public media since the end of the Cold War in 1991. Beijing worries that this treaty may become North Korea's tool for new military risk-taking policies.

The second, China understands South Korea's national sentiment and inclination towards realizing reunification, but noticeably worries about the continued military alliance between South Korea and the United States after reunification. The resolution of North Korea nuclear issue, North Korea's transformation, as well as the future South Korea led reunification process, all require building and establishing a system of regional security cooperation that is conducive to the formulation of a new regional security framework built on the foundation of a "concert of power" that includes South Korea, Japan, China, the U.S.,

and Russia. Furthermore, what is South Korea's "new role" in regional security after reunification? China particularly would like to have this question answered.

The third, China strives to maintain friendly and cooperative relations with the future united peninsula, and wishes to avoid a South Korea that fosters hostility towards China after reunification. No one could deny the reality that diplomatic relations with South Korea means China has already abandoned the long-standing Cold War mentality that North Korea has legitimate governing rights over the peninsula. As well, a South Korea led reunification process is inevitable in the future. The development of China-South Korea relations since 1992 has proven that China, on the issue of Korean reunification, has already taken the stance that is on the "right side of history."

The forth, China does not have an explicit stance on the future reunification process, but Beijing believes that the specific reunification method, plan, and step-by-step operation must respect and uphold the peninsula's neighboring countries' requests for and interests in regional peace, stability, and prosperous development.

Whether the future reunification is done gradually or unilaterally, whether it creates a nationally integrated confederation or a law-binding federation, whether it is achieved through absorption or an UN supervised intervention-style reunification, China does not have any presupposed stance. Thus the future reunification method, plan, and step-by-step operation ought to be determined by the people of North and South Korea. From Chinese perspectives, however, the reunification method, plan, and step-by-step operations need to abide by the principles of openness, democracy, and the rule of law, which the framework of "self-determination" much provides for.

Factors to Affect Chinese Thinking of the Reunification

The post reunification situation should be conducive to improving security and cooperation of the East Asian region, rather than deepening existing geopolitical conflicts and divides. The geopolitical competition in East Asia between China and the U.S. may very well be the indestructible obstacle of reunification. On this issue, Beijing indeed faces divided and opposing domestic opinions.

The essence of China's disputes regarding the peninsula issue has factually never been more pluralistic. In China's policy, consequentially, there exists profound "cognitive discrepancies" regarding the prospects of peninsula reunification and other issues. This dispute at present has surpassed the previous antagonism that existed between the "traditional" and "strategy" faction, and could roughly be divided into four "camps" — respectively, nationalist Chinese, Realist Chinese, Internationalist Chinese, and Liberalist Chinese.

The Nationalist Chinese Campus tends to place the disputed understanding of Sino-South Korea's historical issues at the core to inundate the "be suspicious of South Korea" viewpoint. The Realist Chinese Campus is inclined to excessively stress the transformation of power politics and power competition in East Asia, and advocate that strategic mutual engagement between the U.S. and China determines China's policy towards the peninsula. On contrary, the Internationalist

Chinese Camp prefers to see a positive trade-off of inter-Korea reunification, and argues that an activist "action-reaction approach" could help reforming a productive outcome to China-ROK-U.S.-Japan relations. Along with the Liberalist Chinese Campus, the Internationalist Chinese Campus tends to believe that human rights, freedom, and other common principles should have priority over geopolitics, that winning "hearts and minds" is a key in preserving China's influence.

Largely China's policy turn towards a more constructive response to ROK's national reunification appeal depends on if there exists an overall adjustment and change in its policy towards the Korean peninsula. China's current policy towards the peninsula is apparently "conservative and lacking decisiveness," but the "baseline" is clear. China has no intention of letting the peninsula issue become the new fuse for Sino-U.S. tension or any geopolitical conflicts in Northeast Asia. A "new Cold War" in East Asia is not in China's interests. Furthermore, China has no intention of helping North Korea restore its economy and military. If North Korea's political structure does not change substantively, China's understanding of the DPRK's future will only become more and more pessimistic.

China hopes to influence North Korea's domestic policies, facilitate its reform and opening to follow Chinese style development. North Korea's expected changes to its behaviors and nuclear adventurism definitively conform to China's fundamental interests. Beijing disapproves of every aspect of North Korean policy, including the dynastic succession arrangements and North Korea's self-destructive economic fumbling. But Beijing's approach is a synthesis of historic logic, political dilemma, and policy contradictions. It might not well change very quickly and explicitly in the ROK's favor. But it does not mean at all that China

is an undermining factor to the reunification. Conversely, China's economic engagement to the North eventually opens the "window of opportunity" for ROK to reunify North Korea in the way less costly and more cohesive. Once North Korea embarks on the journey of opening, penetration of ROK's influences to the North will never be stoppable. That's truly a credible gateway for Korea to step onto the real process of national integration. It is the wrong metric to assess Chinese policy of North Korea completely in the negative tone.

America's strategy towards China and their basic options is another factor to influence Chinese responses. The Obama administration has no intention to carry out a thorough "containment policy" towards China, but Washington maintains a strong strategic check and balance of Beijing to avoid a rising China's strategic challenge, and an erosion of America's strategic natural resources in Asia-Pacific.

The complexity in Sino-U.S. relations and the low intensity geostrategic competition in Asia-Pacific will be hard to avoid in the future. The "rebalances" approach of Obama's China policy will create excuses and grounds for China's hardliners in the long-term. Obviously Chinese rampant nationalism is bad, but it would be the worse to fuel Chinese nationalism.

Finally, South Korea's China policy appears to be the most significant factor to help crafting Chinese policy of inter-Korea reunification. Having experienced the "oscillating period" of South Korea's China policy from 1992-2012, the South's China policy henceforth will gradually become more stable. This is a policy that is "pro-U.S. but also China-friendly" — it maintains the balance between China and the U.S. by leaning toward the U.S. on security and strategic issues,

but opens to China in its economic and social relations. This strategy abides by the will of the South Korea's ruling elites, but lacks substantive influence on China's policy of Korean peninsula. The difficult test Seoul will face in the future is how to consolidate its military alliance with the U.S. while gaining China's strategic trust. Addressing this test has more to do with policy recalibration on each side — Korea as well as China — rather than strategic "side-choosing." Seoul should conceivably learn how to increase its persuasion to China in ways other than complaining or simply looking for its "bargaining power."

The Future Reunification: Models and Options

After experiencing a period of diplomatic engagement from 1991-2007, it is clear that a return to the age of bilateral dialogue is attainable. North Korea is hopeful for renewed policies from the South regarding dialogue, contact, and receiving aid.

As long as North Korea does not continue its nuclear program, launch "Cheon'an" and "Yonpyong Island shelling" types of military provocation, then there is hope that the peninsula could resume dialogue by 2013. The remaining months of 2012 will be very painful. The possibility of a return to the 2009-2010 tension on the peninsula cannot be excluded, but it is not difficult to prevent.

The Kim Jong Un regime's power transition cannot continue steadily. North Korea has abandoned the "February 29 Agreement," launched a satellite, threatened the South and will possibly return to nuclear testing. This series of tough policies has served to satisfy the "domestic audience," maintained the preexisting Kim Jong Il order and its distribution of interests and power. This also indicates the direction of future DPRK policies. If the North Korea regime and policies does not change substantively, prevention of and response to crisis will be a significant challenge for China and South Korea in the future.

As long as tension on the peninsula cannot be alleviated and the

denuclearization process cannot be restarted, the possibility of a "hard landing" on the North Korea issue would increase. The reunification and its preparation will unequivocally provide an option for China, Korea, and the U.S. to greet "hard-landing endgame." But it appears that the probability is not that high as anticipated unless South Korea and the U.S. would make up mind taking North Korea down.

Inter-Korea reunification will likely face three models in future:

1. Reunification by absorption — North Korea suffers domestic collapse, or failure of military risks results in the South taking over the peninsula.
2. Phased, step-by-step reunification — the most representative model, an "integrated national reunification plan" posed by the Lee Myung Bak administration
3. Reunification under confederate framework — creating a confederation by maintaining two independent political entities, similar to the "Goryeo federation reunification plan" proposed by North Korea.

By far Beijing has not revealed any preferential idea to each of them. Its applicability will likely vary indeed based on the dynamics in the Korean peninsula. But anyway, China loves to help as the reunification process will inevitably re-shape Northeast Asian geostrategic landscape.

Conclusion

Seoul and Beijing should establish a mutual strategic understanding that China will be a factor in the future Korean reunification process. As long as China remained united and strong, any future outlook on the peninsula would not pose a substantive threat to China. The question is to what scope Beijing could establish confidence regarding this strategic judgement. China and South Korea's strategic partnership must continuously deepen, coordinating their respective North Korea policy, and building a shared ideal scenario of the peninsula. The two must become key components in this strategic partnership.

Due to East Asia's complex geostrategic terrain and the worry of the disastrous prospects in the aftermath of a collapsed DPRK, it is not in China's interests to simply "abandon North Korea." If North Korea can abandon its provocative policies and demonstrate sincerity on denuclearization, China, South Korea, and the U.S. together should be able to bring North Korea onto the path of reform and opening. Once North Korea embraces reform and opening, the reunification process will be inexorable.

Russia, Two Koreas, and Unification Prospects

Andrei Lankov

It would be wrong to ignore the role that Russia plays in North Korea's situation, but it would also be wrong to overestimate its current importance. Like it or not, over the last 20 years Russia has been in the backseat when it comes to North Korean issues — and there are good reasons for such behavior, both external and internal.

The South Korean and, more broadly speaking, the international perception of present-day Russia is based on the assumption that the Russian Federation is simply a downsized version of the Soviet Union (albeit with a different domestic political system). In some areas this is not so far from the truth, but foreign policy is not one of these areas.

To start with, the former Soviet Union was one of two global super powers whose interests were defined in global terms. Its actions were, at least to some extent, based upon a Universalist messianic ideology. In the final two decades of its existence this ideology became increasingly irrelevant. At the height of its power, in 1973 the Soviet Union produced 9.4% of the world GDP and 6.3% of the world

population.[1] The Russian federation is much smaller in terms of its economic and demographic potential. In 2008 its share of the world GDP (PPP) was 3.3% and its population equaled 2.1% of the world total.[2]

Nowadays, the Russian Federation of nowadays has neither the global ambitions nor global reach of the Soviet Union. No doubt, it still remains a great power, but it is a great power with significantly diminished standing. This new situation has made Russia redefine its area of interest — and it did not hurt that the geopolitical ambitions of the Soviet era were widely seen as excessive and vain even by the Soviet public of the period. In the new situation, Russia is principally concerned with a limited geographic area which includes, above all, the lands of the former Soviet Union, but also China and some areas of Europe (and the U.S., still often seen as the major rival, plays a major role in this strategic picture).

Apart from the objective difference in the resources available, there is another greater difference though between Russia and the Soviet Union which is often overlooked by outside observers. Dmitry Trenin, a lifelong and perceptive observer of Russian foreign policy, recently noted: "Nowadays Russia approach [to the foreign policy] is in many regard opposite to the traditional Soviet approach. It is believed that one should not waste money for the foreign policy purposes, not to help everybody, but make money instead."[3] This observation reflects a

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[1] Angus Madison, *The World Economy* (Paris: Development Centre of the Organisation for Economic Co-operation and Development, 2006), p. 241, 263.

[2] John Parker, *Russia's Revival: Ambitions, Limitations, and Opportunities for the United States* (Washington, D.C.: National Defense University Press, 2011), p. 5.

[3] Dmitry Trenin, "Modernizatsiia vneshnei politiki Rossii" (Modernization of Russia's

very powerful change in thinking on the part of both the Russian elite and the public at large. Russia still may be inclined to invest money in order to promote its geopolitical interests in the areas of the globe where the national interest is of primary importance — i.e. Central Asia, but it is remarkably reluctant when it comes to investing in diplomatic endeavors outside the area of its direct concern. Put another way, for Russia's foreign policy establishment, economic gain is the sole or, at least, the decisive factor when it comes to dealing with most countries of the world — and the Korean peninsula is not an exception.

As we are going to show below, Russia does have some geostrategic interests in North Korea. While those interests are roughly similar to those of China, there is a striking difference in the amount of resources that Moscow and Beijing are willing to spend when it comes to dealing with North Korea. As a quick look at Table 1 demonstrates, Chinese trade with North Korea does not merely exceed Russia's trade with the North by a great margin (a forty-fold difference in 2011). Since 2000 Sino-North Korean trade has been growing fast, increasing nearly fourfold. Meanwhile, trade between North Korea and Russia

Table 1. North Korea's Trade with Russia and China, US$ Billions

	1995	2000	2005	2011
Russia	0.09	0.05	0.23	0.13
China	0.55	0.49	1.58	5.63

Sources: 1990~2008년, 북한무역통계의 분석과 재구성 (서울: 한국개발연구원, 2010) (for 1995-2005); 2011년도 북한의 대외경제 실적분석과 2012년도 전망 (서울: 대외경제정책연구원, 2012) (for 2011).

foreign policy). Lecture delivered in March 2010 (http://polit.ru/article/2010/03/25/trenin/) accessed June 10, 2012.

has remained static (sometimes declining) since the collapse of the Soviet Union. One could say that this remarkable difference in the volume of trade reflects the political importance attached by the Russian and Chinese foreign policy establishments respectively.

The lack of interest in North Korea is the result of a near complete absence of potential economic gains that the Russian state or Russian companies can make in the North in the current situation. As said above, in most parts of the world post-Soviet Russia is remarkably reluctant to be diplomatically active without sufficient economic reward to justify such activity.

It is noteworthy, though, that many of those problems which make Russia's direct involvement in North Korea unlikely is primarily the results of the continuing division of the Korean peninsula. Therefore, if unification were to be effected, economic relations between two countries may well improve considerably.

At present, however, North Korea has little to offer Russian business interests. Of course, Russian companies would be willing to sell to North Korean as long as North Koreans are willing to pay. Unfortunately, North Korea has no currency to pay for the Russian exports if charged the standard international market price, and the Russian companies are not willing to extent their credit to North Korea or provide it with preferential treatment. After decades of gross economic mismanagement and resultant industrial decline, North Korea has only a very small number of comparative advantages that could be used in interacting with the outside world. Unfortunately, none of these advantages are particularly attractive from Russia's point of view.

First, North Korea can export its mineral resources, augmented by bio-resources (like squid and Chinese medical herbs). Indeed, in North Korea's trade with China the mineral resources play a major role, constituting in 2011 exactly half of all North Korean exports to China.[4] No doubt, the manufacturing companies of resource-hungry China are interested in North Korean minerals which can be moved across the border with relative ease. However, Russian companies are not impressed by what North Korea is willing to offer.

In the past years, the North Korean government has quietly approached some large Russian companies promising them preferential treatment in exchange for participating in the development of resource extraction in the North. The plans did not come to fruition however because the fact-finding missions sent by Russian companies were soon disappointed by what they found in the North. In most cases, North Korea's mineral resources are not that impressive in both quantity and quality, at least from the perspective of Russia which has Siberia's resources at its disposal. The situation was further complicated by the complete lack of infrastructure and unrealistic expectations of the North Korean hosts. The visiting teams were slightly surprised when they realized that their North Korean hosts expected them to invest into road construction, electricity infrastructure and other areas.

The second area North Korea has comparative advantage is the abundance of cheap but relatively well educated labour. South Korean companies are taking good advantage of it in the Kaesong industrial zone and some Chinese investors are doing so as well. However,

[4] 정형곤·김지연, "2011년도 북한의 대외경제 실적분석과 2012년도 전망," 『지역경제포커스』, 제6권 5호 (대외경제정책연구원, 2012), p. 5.

cheap labour is of no interest to Russia (with one caveat which will be discussed later). The Russian economic model does not require the use of badly paid industrial workers who sow shirts or make wigs and Russia's corporate needs for cheap labour continue to be fully satisfied by the domestic labour market.

However, there is some (limited) use for North Korean labour in Russia. Indeed, since the late 1960s, the input of North Korean labour in Russia itself has been arguably the most profitable economic interaction between Moscow and Pyongyang. For decades, the North Korean workers, whose numbers fluctuated between 10,000 and 30,000 have worked in Russia's Far East, largely in timber industry and construction. Nowadays, numbers are close to the historic minimum, but nonetheless there are about ten thousand North Korean workers who are employed by various companies in Russian Far East. Unlike the earlier days, when the North Koreans largely worked in timber industry, nowadays they are employed in construction, at unskilled and semi-skilled manufacturing jobs and as agricultural workers.

The cooperation has been mutually profitable, but potential for expansion of such operations in the future remains limited at best. The demand for labour in Russia's Far East is relatively moderate and likely to remain so for the foreseeable future — and North Korean authorities are reluctant to let their workers to be employed too far from the borders of North Korea.[5]

To put it simply, as long as the economy is concerned, North Korea

[5] For more details on this arrangement and North Korean workers in Russia, see: Лариса Забровская, «КНДР–Россия–РК: обмен трудовыми ресурсами,» *Демоскоп*, No. 333-334, мая 19, 2008.

has almost nothing to offer Russia and is unable to pay for Russian exports. Russian companies have little interest in North Korea and they are unlikely to change their attitude in the foreseeable future.

Currently, three projects of economic interaction between Russia and North Korea are widely discussed. Remarkably, all these projects treat North Korea not as the land to be used for productive purposes or be developed, but rather as an area to be traversed as quickly and cheaply as possible. This tendency is embodied in the proposed connection of South Korean and Russian railway networks (the TSR/TKR link) as well the project of a gas pipeline which will connect Russian natural gas fields with customers in South Korea. In this regard one should also mention a less well known idea of similar nature: the proposed linking the power grids of Russia and South Korea via a supply-line which will necessarily cross the North (the project was much discussed in 2006-2009, and even some initial surveying was done).

All these three projects have one important thing in common: they are based on perception of North Korea as, essentially, an obstacle, a geographic inconvenience whose existence is preventing Russian companies from accessing the lucrative markets of South Korea and, to an extent, Japan. Had this territory been, say, jungle or unpopulated dessert, it would hardly make much of a difference. This approach allows to ignore the grim economic and political reality of North Korea, but, as we will see below, the projects remain vulnerable to the unpredictable nature of the international politics in the area.

Potentially, all these transit projects might be quite profitable indeed. For example, in 2001 Russian Vice Minister of Railways Alexander

Tselko, while visiting Seoul at the height of media frenzy about coming railway construction, said: "So far, it costs $1,344 to send a 20-feet container from Busan to Hamburg, Germany, via the Trans-China Railway (TCR). However, it only costs $889 from Khasan to Hamburg, thus saving about $400."[6] Taking into account the association of the source, these estimates should be taken with a grain of salt, but there is little doubt that the connected railway network will become profitable.

However, as every keen observer of Russo-Korean relations has noted, the media hype about brilliant prospects of these grand projects — especially, the railway and gas pipeline — presents a remarkable contrast to the grim reality. These projects have been talked about for years — and not only by journalists and academics, but also by politicians and CEOs of large corporations. However, no actual progress has been achieved, in spite of all agreements being signed and presidential statements being issued.

This tendency can be well illustrated by the situation around the proposed Trans-Korean Railway (TKR) to be connected with the Trans-Siberian Railway. Talks about a railway link began in the late 1990s, in the early years of the Kim Dae Jung administration, and in 2001 the project got an official endorsement during the summit meeting of Russian President Vladimir Putin and North Korean ruler Kim Jong Il. Back then, the proposed railway was frequently presented in the media as a miracle-in-waiting which will somehow solve many economic and political problems facing Northeast Asia. Indeed, the economic benefits are obvious. There was, though, a surprisingly

[6] *Korea Times*, February 12, 2001. These figures have been repeated many times since then.

small amount of actual work done since the hype of the late 1990s.

The only exception is a short, some 54 kilometers, railway link between the North Korean port of Rajin and the Russian border, which is scheduled to start regular freight operation in October this year.[7] This railway is often presented as the first step towards the eventual construction of the TKR-TSR network. It might become such step in the long run, indeed, but on the current stage this link actually has little to do with the proposed grand TSR/TKR project. Its major goal is let Russian companies to use Rajin as a way to relieve the overloaded port facilities of Vladivostok.

Recent negotiations about the proposed gas pipeline also resulted in a great amount of media hype. But there seems to be good reason to be pessimistic about this project as well. The present author is skeptical as to whether any construction work will start anytime soon.

This lack of enthusiasm reflects grave but well founded concerns among Russian policy makers — both in the government and corporate sector — who understand (correctly) that they will become hostages to the uncertain political climate of Northeast Asia if they make significant investment in the pipeline or railway link projects.

Neither of the projects is cheap. The costs of the pipeline construction were estimated at $6 billion in 2011.[8] The railway link is going to be expensive as well. Some prospecting, recently undertaken by the

[7] North Korea, Russia to start cross-border freight train service in October. *Yonhap News Service*, April 2, 2012.

[8] North Korea to get $100 million annually for Russian gas transit. *RIA Novosti News Service*, November 17, 2011.

Russian engineers, leaves no doubt that the North Korean railway cannot handle any increase in traffic without a thorough technical modernization. According to the official estimates of the early 2000s, the reconstruction work will cost at least 2.5 billion dollars — and it is advisable to keep in mind that such preliminary estimates tend to be well below the actual final cost.[9]

This scale of investments raises an important question: who will compensate for the financial losses which will be incurred by yet another crisis in relations between Seoul and Pyongyang (or for that matter, between Pyongyang and Washington, or Washington and Beijing)? As the history of divided Korea testifies, political storms occur frequently here, and often can be very expensive for investors — one need look no further than to the sorry fate of the Kumgang tourist resort which has cost Hyundai Asan a small fortune. What if Pyongyang decides to use its control over pipeline construction as a way to exercise economic pressure on Seoul? Or what if Washington, infuriated by another series of nuclear tests and missile launches, chooses to sanction all companies who deal with North Korea? Such nightmare scenarios are too numerous to be listed here — and in any of the above mentioned contingencies, it is Russian investors who will take the worst hit (being, essentially, caught in the crossfire). Therefore, Russian investors remain reluctant to commit, especially as they have many other opportunities to invest similar amounts in much safer and more tranquil places.

Theoretically, Russian companies would be far more active had they been backed by some guarantees of Russian government. However,

[9] *Stroitelnaia gazeta*, January 19, 2007; *Naeil Shinmoon*, May 28, 2007.

the likelihood of the Russian state stepping in to act as guarantor is not high for the very good reason that the scale of investment required for such projects (and hence associated risks) is too high in itself for the Russian state to be able to justify to its taxpayers and bondholders. It has been already mentioned that the Russian government is very reluctant nowadays to spend money for purely strategic purposes.

Yet one should not concentrate excessively on economic interests alone, even though, as stated above, such interests usually play a decisive role in Moscow's decision making vis-à-vis Korea or, for that matter, a majority of the countries of the world.

Russia does have some political interests in Korea, even though it has almost no willingness to invest economically to further these interests. In a sense, Russia would prefer to maintain the status quo on the Korean peninsula. This is done on the assumption that any change would benefit, above all, the United States and/or China (both countries are seen by the Russian foreign policy establishment as potential or real rivals). Understandably enough, Russian diplomats and official scholars are not too forthcoming with such statements, but sometimes they can be frank. For example, in 2009 a prominent and perceptive Russian analyst wrote: "Our interests [in the Korean peninsula] will not be well served by the increase of influence of either the U.S. or China, as well as by the growth of the confrontation between them. The significant unfavourable changes in the balance of power can be avoided by status quo maintenance, including preservation of the DPRK's independence (irrespectively of its social structure)."[10]

[10] Георгий Толорая, Владимир Хрусталев. «Будущее Северной Кореи: стоит ли ждать конца?» *Индекс Безопасности*, No. 88, стр.100.

This preference for status quo does not mean, however, that Russia opposes Korean unification per se. First, Russia would probably even welcome unification as long as it would not lead to a significant increase of American or Chinese influence in the region. Second, Russia's stake in the issue is not high, so Moscow is likely to accept pretty much any change which will not bring dangerous instability to its neighbor. In other words, while the indefinite maintenance of the status quo (and therefore Korea's division) does to some extent serve Russian interests; Moscow has good reasons to accept a change if the outcome of these changes is clearly beneficial to Russian interests (above all, economic interests which are of primary significance when it comes to dealing with Korea in Moscow).

This creates some ground for optimism. Irrespectively of the great powers' position, it seems highly likely that one day Korea will become a unified country again. The present author does not want to get involved in a heated argument over how unification can best be achieved. Nonetheless it is important to make it clear that unification is unlikely to be an orderly and gradual process. It is far more likely to be hectic and violent, set in motion by the sudden collapse of the Kim family regime and/or other transformation inside North Korea. That said, however unification happens, it will have a great impact on Russian policy vis-à-vis Korea. While Russia might be reluctant to embrace or actively promote unification, when it will come. Moscow will get many opportunities which will be made possible by the division.

First, Korean unification will make possible the speedy and investor-friendly construction of a railway and/or pipeline as well as development

of manifold transportation links which will traverse the North Korean territory. These projects have a great money earning potential and, as said above, they are at present held back almost exclusively by the well-founded fear of potential instability. Once such fear is removed, one can expect construction work to commence in earnest and proceed with the remarkable speed.

The general scale of cooperation between Russia and the 'former North Korea' areas is likely to increase as well. For example, Korean workers are likely to be hired by Russian companies both in construction work in the northern part of unified Korea and in Russia itself. The unified Korean government will have less reservation about letting its people work overseas; therefore one can expect the level of overseas workers to increase. The Russian expertise in mining will be useful as well: the Russian geologists have studied North Korea for many decades, and the general conditions in North Korea might be similar to that of the Russian mineral deposits.

However, the most important changes will be brought by the transformation of the general business environment. Russia's current unwillingness to deal with the North is driven by two factors: first, North Korean has little to offer to Russia; second, potential of instability makes Russian businesses excessively careful. However, the unification of the country will completely change the situation. The first post-unification years might be difficult and hectic, but also full of business opportunities.

It is obvious that economic and trade relations between Russia and North Korea are stagnant nowadays. However, the root cause of this

stagnation is the division of the country and assorted political, social, and economic problems which are results of this division. Once this major obstacle will be removed, Russia will benefit greatly from developing mutually profitable relations with a unified Korea.

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The vision for Korean unification is like a light tower which shows the direction of North Korea policy.

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Having concluded bilateral free trade agreements with its major trading partners, the addition of China would turn Korea into an attractive investment hub.

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Sino-North Korean relations of the 21st century may stand on a more shaky foundation than is widely taken for granted.

Fei-Ling Wang (*Georgia Institute of Technology*)

External powers, mainly China and the U.S., still seem to hold the key to Korean unification.

G. John Ikenberry (*Princeton University*)

The unification of the Koreas would be greeted by most of the world as an unalloyed blessing.

Zhu Feng (*Peking University*)

The post reunification situation should be conducive to improving security and cooperation of the East Asian region.

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Russia will benefit greatly from developing mutually profitable relations with a unified Korea.

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