

SECURITY

by Scott Snyder

Implications for Northeast Asian Stability

The Cheonan Reckoning

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The verdict by an international team of investigators that it was a North Korean torpedo that sank South Korea's corvette, the Cheonan, on March 26 in waters near South Korea's Northern Limit Line (NLL) has become the catalyst for a worrisome near-term escalation of inter-Korean tensions, and has stimulated closer international scrutiny regarding North Korea's internal stability. It has also become a litmus test of Chinese policy that will require a judgment at the UN Security Council.

The initial announcement of the investigation result triggered a rhetorical spiral that rolled back almost every reconciliatory measure that had taken place during ten years of inter-Korean rapprochement, with the notable exception of the Kaesong Industrial Zone, a zone in North Korea that hosts South Korean manufacturing plants and employees.

A spokesman for North Korea's National Defense Commission (NDC) immediately and strongly denied any culpability, offering to send its own investigation team to review the evidence, and threatening "all out war" in response to unspecified retaliatory measures by South Korea.

Seoul's response

South Korean President Lee Myung-Bak announced on May 24 a wide range of countermeasures, including: the curtailment of inter-Korean trade and exchanges; resumption of anti-North Korea propaganda activities along the DMZ (demilitarized zone); a halt to the transit of North Korean ships through South Korean waters that had been allowed for almost a decade as part of the Sunshine Policy of previous South Korean administrations; pledges to pursue "proactive deterrence" in response to future North Korean provocations; and, an effort to obtain the censure of North Korea at the UN

Security Council. The North Korean counter-response branded Lee a "traitor" and criticized him for undermining the inter-Korean summit agreements made under former South Korean Presidents Kim Dae Jung and Roh Moo-hyun. The North also threatened to shoot at South Korean loudspeakers and kicked out eight South Korean officials resident at the Kaesong Industrial Zone.

Inter-Korean relations are now back to where they stood in the mid-1990s prior to the initiation of Kim Dae Jung's Sunshine Policy, with the ironic exception of the Kaesong Industrial Zone. The establishment of the Kaesong Industrial Zone had been a target of criticism among some South Koreans on the grounds that it provided the regime cash. Ironically, these critiques also explain Kaesong's survival to date: North Korea needs the estimated \$30-40 million per year that it earns from a 40,000 person workforce for which there are no equivalent replacement jobs in the North, while the South Korea would have to pay out millions of dollars in damages to South Korean companies in the event of closure. These factors raise the cost to both sides of further escalatory measures involving Kaesong, including the possibility that the North might close the zone and hold hundreds of South Korean managers there hostage. The next test will be if North Korea follows through on threats to close down the complex if South Korea resumes transmission of propaganda via loudspeakers along the DMZ.

The effects of the escalatory measures taken thus far are equivalent to the removal of the guardrails from a twisting mountain highway: the road itself is actually no more dangerous than before (i.e., both Koreas are equally committed to avoiding a full-scale military conflict, since North Korea knows that full-scale escalation would be suicidal while South Korea cannot afford the devas-

tation), but the probability and potential costs that might occur in the event of miscalculation or risk-taking are considerably higher.

Is the Pyongyang regime stable?

The incident has fed a steady stream of speculation regarding North Korea's internal stability and the potential internal challenges to managing a leadership succession from Kim Jong-Il to his third son, Kim Jung-Un. It is plausible to imagine a link between the sinking of the Cheonan and the succession, but such a connection will be impossible to prove given the limits of our knowledge of Pyongyang's court politics.

More importantly, the Cheonan incident provides an opportunity for deeper evaluation of North Korea's increasingly bleak mid-to-long-term prospects. The near-universal perception of Kim Jong Il as representing an unstable, unpredictable, financially-troubled leadership focused short-term survival measures further tilts the focus of discussion toward crisis management and away from diplomacy, despite the reluctance of Beijing in particular to take up instability issues as an agenda item for official discussion with the US, Japan and South Korea.

The gap between simple leadership succession difficulties and a full-scale collapse of the North Korean system may be bigger than many analysts have anticipated. The temporary uncertainties surrounding succession are difficult to differentiate from early signs of instability that might affect regime viability. More importantly, North Korea's neighbors are likely to have differing views regarding regime stability and the potential thresholds for intervention to stabilize the situation. For instance, if one views signs of instability in the context of a leadership succession as temporary and manageable, one might be more likely to emphasize a passive response, but signs of a prolonged and contested leadership succession might suggest to some the need for proactive efforts to restore stability or to actively pursue Korean reunification.

Try Western Union next time

The North's recent provocations against South Korea appear to have been intended to send the message that South Korea: that it cannot take Pyongyang for granted and that North Korea is dissatisfied with a Lee Myung-Bak policy that has provided insufficient payoffs for North Korea's leadership

while attempting to impose forms of conditionality and reciprocity that the North had thus far rejected. The West Sea has been a venue for increasingly serious, but limited, inter-Korean incidents for over a decade, the latest of which involved South Korean damage to a North Korean ship that had crossed to the South Korean side of the Northern Limit Line in November of 2009.

South Korea's decision to internationalize the investigation into what had traditionally been managed as an issue in inter-Korean relations places North Korea in an unfavorable position by exposing fully the regime as a pariah and an anachronism. A May 26 article in China's *Global Times* indirectly underscored this point by observing that, "South Korea has presented evidence so overwhelming that it has gained full support from the US and Japan and dominated worldwide public opinion," and that North Korea's "careful presentation of solid evidence against the accusation is the only option it has to persuade the world of its truthfulness."

Yet during his visit to Seoul and Jeju for a China-South Korea-Japan trilateral meeting among heads of state on May 28-, Premier Wen Jiabao stated that while China would not defend anyone responsible for the Cheonan sinking, "We must promote peace and stability in the Northeast Asian region through every effort. We should be considerate of each other on a grave issue, deal reasonably with a sensitive matter and strengthen political trust."

Lee Myung-Bak's sober, cautious, and cool handling of the incident has attempted to make the Cheonan incident the occasion for a reassessment by all parties that would result in North Korea's further isolation. His decision to internationalize the investigation effectively laid the foundations for an internationalized response rather than a solely inter-Korean response. The deliberation and professionalism of the investigation and the strength of the evidence presented has further bolstered South Korea's case. Lee's decision to delay any policy response until after receiving the results of the investigation has also bolstered Seoul's credibility.

These measures have had their biggest payoff in US assessments of South Korea's handling of the case. Close consultations with the United States throughout the investigation process further bolstered US perceptions that Lee would not take any action that would be detrimental to US security interests

while bolstering US support for Lee's handling of the issue. The timing of the announcement of the investigation result on the eve of Secretary of State Clinton's Asia trip had the effect of putting the Cheonan issue firmly on the agenda for the trip. It bolstered the strength of US support for South Korea's countermeasures while also enlisting Clinton to take the case directly to the Chinese leadership, and has laid the foundation for efforts to take secure a condemnation of North Korea's actions by the UN Security Council. The timing of the announcement of the Cheonan investigation result provided a positive strategic item on the agenda for US-Japan coordination beyond the focus on Futenma that has obsessed the relationship in recent months.

Beijing's response

American assessments of the maturity of the South Korean response do not extend to Beijing. The Chinese expressed support early on for South Korea's efforts to conduct a "scientific and objective investigation." However, Beijing perceived South Korean emotional backlash against Kim Jong Il's visit to China—and China's failure to inform Lee of Kim's impending visit during a meeting in Shanghai with Hu Jintao a week earlier—as unnecessarily volatile and insensitive to the delicacy of China's position between Seoul and Pyongyang. On the flip side, the South Korean public bristled at the implied judgments of moral equivalency and relative influence between the two Koreas implied in China's efforts to pursue equidistance between the two Koreas. The Chinese worry that South Korea is pressing for the advantage over North Korea at the expense of stability, while South Koreans see China as unduly wedded to the status quo, to the extent that China has become an enabler of North Korean provocations.

South Korea's aggressive efforts to drive a Chinese reassessment of its policies toward the Korean peninsula are a rather dramatic manifestation of South Korea's efforts to utilize the clout afforded by its rise and by North Korea's decline. The foundation for the challenge is the platform provided by close US-ROK alliance coordination, and comes in the form of both a challenge and an invitation by South Korea for a more concrete dialogue with China on the future of the Korean peninsula. Another factor that will influence the success of South Korea's efforts is the level of priority the United

States places on Korean issues as one of many issues on the overcrowded agenda of US-China relations.

South Korea needs both China's economic and political cooperation if it is to achieve its objective of imposing a tangible cost on North Korea for the sinking of the Cheonan. If North Korea is able to turn to China for relief from South Korean efforts to cut inter-Korean trade, the effort to punish the North will be undermined. Likewise, China's veto or resistance to efforts to punish North Korea through the UN Security Council will have the effect of providing protection to the North. Despite the obvious advantages of South Korea versus North Korea as a long-term partner on the peninsula, China has not yet been able to overcome its own blind spot in managing relations on the peninsula or to solve for itself the question of how to make the transition without risking existing influence or sunk investments in the status quo. Although China's scholarly debate and public opinion toward North Korea are increasingly critical of the regime and its leadership, the PRC top leadership is concerned by the limits of its influence on the North. It fears North Korea's emotional overreaction, and has persisted in efforts to restrain North Korea by using economic incentives rather than sanctions.

The nukes

Ironically, the Cheonan incident has relegated the subject of denuclearization to the backburner. Yet there is still a regional consensus on the necessity of denuclearization as a policy priority vis-à-vis North Korea. China's special envoy Wu Dawei made a rare visit to Seoul last week for consultations, along with other representatives of countries involved in the Six Party Talks. Although there is little prospect that this framework will be successfully revived, there will be a need for careful consideration of how and when to reengage in denuclearization negotiations, once the rough waters caused by the Cheonan incident and its aftermath have been successfully navigated. Unless there is concrete evidence of leadership instability in North Korea, it will be necessary to continue to pursue diplomacy with the North. To the extent that post-Cheonan coordination efforts can help shape the environment for such diplomatic reengagement by impressing on North Korea a clear understanding of the limits it faces on its current path, so much the better.