

## South Korea: The Shifting Sands of Security Policy

### I. OVERVIEW

A year after North Korea shelled an island in the South, killing four people, relations on the peninsula remain tense. South Korea has stepped up its warnings of tough retaliation in the case of further attacks and has frozen most political and economic ties. While Pyongyang has made some efforts to restart talks, it has refused to apologise for the attack and has kept up a torrent of abuse against President Lee Myung-bak, who in turn has maintained his tough line. But the political atmosphere in the South is changing as it enters an election season, with the mood shifting towards a more conciliatory position, including renewed interest in a peace zone in the Yellow Sea.

The shelling of Yŏnp'yŏng Island on 23 November 2010 came just eight months after the sinking of a South Korean naval vessel. An international investigation concluded that a torpedo launched by a North Korean submarine sunk the *Ch'ōnan*, a corvette-class patrol ship, killing 46 sailors in South Korean waters. The North Korean government denies responsibility and claims the shelling of Yŏnp'yŏng Island, which killed two civilians and two marines, was an act of self-defence. Although Pyongyang has asked for unconditional dialogue since January 2011, the disputed maritime area in the Yellow Sea remains a flashpoint that could trigger a new conflict.

South Korean officials have repeatedly stated that any further attacks would be met with a firm response. The rules of engagement have been changed so that rather than limiting retaliation to the same type of weapon used in the attack, the South will use whatever force it deems necessary, including air strikes. Instead of following the earlier patterns of provocations and ensuing attempts at compromise, Lee warned the North there would be no reconciliation until they apologised.

Lee has stuck to that position but the political sands are shifting under his feet as he approaches his last year in office. Polling and recent election results show that the South is seeing a drift leftward, part of a normal cycle of change in a democratic country but also a sign, to some extent, of dissatisfaction with Lee's policies and their failure to deliver any tangible results in relations with the North. That may lead to a significant rethinking of securi-

ty policy and engagement with the country's neighbour, including greater efforts to develop solutions to the issue of the Northern Limit Line (NLL), the disputed Yellow Sea military demarcation line between the Koreas.

Elections for the National Assembly will be held in April 2012 followed by the presidential poll in December. Public opinion seems to be swinging away from the ruling Grand National Party (GNP) but opposition victories and a radical shift in policy towards the North are far from certain. Other issues such as education costs, government regulation, social welfare, employment and economic performance are much more important to the average voter than foreign policy, national security issues or North Korea. Furthermore, the electoral environment is volatile. Many Koreans are seeking change and a new face but no politician has capitalised yet on this underlying sense of unease with the status quo.

North-South relations have played a role in past polls: both sides have attempted to use insecurity to influence results. The deep rage that the North feels against Lee and his party raises the risk of a pre-election provocation. Although voters tend to favour more hawkish policies at times of insecurity, the right in the South is facing the paradox that voters may blame Lee's tough line for the increased tensions. Threat perceptions in the South are complex: much of the noise that emanates from the North is discounted, but a hard line from the South can raise anxieties. However, a major provocation from the North – another attack, a missile launch or a nuclear test – would have an impact on the South and the region.

The South Korean president has strong executive powers over national security and North Korea policy. Whoever follows Lee, there are bound to be policy adjustments, but the new president may be constrained by opposition control of the National Assembly. However, electoral victories by the Democratic Party (DP) or a leftist coalition could lead to significant changes in policy towards Pyongyang. In that case, one issue likely to be affected is the NLL. The rival claims over this area are unlikely to be solved in any easy or quick manner so in order to reduce tensions in the area it may be time to look for new options. Some prominent DP politicians, advisers, scholars and others on the left are seeking to revive former President

Roh Moo-hyun's vision of establishing a peace zone in the waters surrounding the NLL.

If a major North Korean provocation precedes next year's elections, the issue of the northern neighbour and how to manage it could rise to the top of the electoral agenda. The North Korean leadership could calculate that rising tensions will push the South Korean electorate towards candidates who favour a more conciliatory policy. Pyongyang primarily would like to see a restoration of the engagement policy that included generous economic assistance. However, a renewed appeasement policy towards the North likely would include security issues that would impact the U.S.-South Korea alliance and other countries in the region.

## II. SOUTH KOREAN THREAT PERCEPTIONS AND PUBLIC OPINION

In the Republic of Korea (ROK), the relationship between threat perceptions of the Democratic People's Republic of Korea (DPRK) and policymaking is complex. These fluctuate and there is a strong polarisation between conservatives and liberals on North Korea policy. However, low threat perception generally engenders support for a liberal policy of engagement and high threat perception generally builds support for a conservative policy of increased deterrence and containment.

Since the July 1953 Korean War Armistice, violent clashes have been intermittent and there is a long history of DPRK provocations.<sup>1</sup> The South has always had a general apprehension of possible DPRK conventional military attacks. But as the conventional military balance has shifted against the North, the DPRK increasingly has emphasised the development of asymmetric capabilities such as nuclear weapons, ballistic missiles, special operations forces and cyber warfare, for example. Now ROK defence planners are more concerned about deterring and responding to these attacks or provocations, some of which could be difficult to trace or respond to.

The relative decline of the DPRK and the collapse of the Soviet Union and socialist bloc made the "sunshine policy" of President Kim Dae-jung (1998-2003) feasible; the North was incapable of conquering the increasingly dominant South. Many South Koreans came to discount the northern threat and believe past authoritarian governments manipulated the issue to maintain their power. The South's democratisation in the late 1980s gave rise in the 1990s to

the "386 generation" – those in their 30s, college-educated in the 1980s, and born in the 1960s. This generation and their younger counterparts did not experience the Korean War and generally are less likely to view the DPRK as a serious threat.

South Korean threat perceptions shifted drastically in the wake of the June 2000 inter-Korean summit in Pyongyang. For example, a South Korean daily reported that the "reconciliatory atmosphere ... is so overwhelming that it appears this wave of change can never be reversed, unless the North engages in serious political or military provocation".<sup>2</sup> For a short time, there was a "Kim Jong-il" craze with fan clubs springing up on the internet and Kim dolls being sold on the streets. In a poll taken that month, 66 per cent of South Koreans believed that there would never be another war on the peninsula.<sup>3</sup> In a September 2000 survey, only 18.9 per cent of South Koreans felt "concerned" about insecurity on the Korean peninsula.<sup>4</sup> At the time, even the conservative Grand National Party (GNP) and the United Liberal Democrats (ULD) altered their positions to reflect the public mood.<sup>5</sup>

After the 2000 inter-Korean summit, South Korean fears of the North's conventional military and weapons of mass destruction (WMD) decreased significantly. ROK nationalists in the early 2000s sought to emphasise the affinity between the two Koreas, while Seoul's increasing advantage in conventional military capabilities increased public confidence that although the DPRK could lash out in limited ways, it could not hope to use large-scale military force successfully against the South.

In spite of North Korea's two nuclear tests (October 2006 and May 2009), South Korean threat perceptions did not reach overwhelming levels. In a 2006 Gallup Poll, 43 per cent of South Koreans felt seriously threatened even though the majority (69 per cent) believed that Pyongyang had nuclear weapons ready for use.<sup>6</sup> When asked the more general question as to whether they were concerned about

<sup>1</sup> For analysis on inter-Korean military clashes in the Yellow Sea area, see Crisis Group Asia Report N°198, *North Korea: The Risks of War in the Yellow Sea*, 23 December 2010.

<sup>2</sup> Chon Shi-yong, "South Koreans' attitude toward North changing rapidly after the historical inter-Korean summit", *The Korea Herald*, 29 June 2000.

<sup>3</sup> Ibid.

<sup>4</sup> East Asia Institute, "The Impact of North Korea's Artillery Strike on Public Opinion in South Korea", EAI Issue Briefing on Public Opinion no. 91, 2 December 2010.

<sup>5</sup> The GNP is the current ruling party holding the office of the president and 169 seats in the 299-seat National Assembly. The ULD was a small conservative party with regional support in North and South Ch'ungch'ong provinces, but it merged with the GNP in 2006.

<sup>6</sup> Cheoleon Lee, "Gallup world poll: South Korea's political dilemma", Gallup Poll News Service, 22 September 2006.

insecurity, polls revealed that 63.8 per cent and 59.2 per cent felt so in 2006 and 2009 respectively.

After President Lee Myung-bak was inaugurated in February 2008, the ROK government began to emphasise strict reciprocity in its relations with the DPRK along with close security cooperation with the U.S. However, the ROK's toughened defence posture did not deter the North. Pyongyang conducted a long-range missile test and nuclear test in 2009, then sunk the *Ch'önan*, and fired artillery at Yönp'yöng Island the following year. The artillery attack had a greater influence on ROK public opinion; 81.5 per cent of South Koreans in a November 2010 poll were concerned about insecurity, and a majority disapproved of the government's response, albeit for different reasons. A plurality of those on the left and moderates believed the government's "lack of a crisis management system" was its greatest shortcoming, but a plurality of conservatives were critical because they believed the government's military response was too weak.<sup>7</sup>

While many South Koreans had doubts regarding the investigation of the *Ch'önan* sinking, the artillery attack against Yönp'yöng Island influenced some views of it. According to a January 2011 public opinion poll, 17.7 per cent of respondents said the artillery attack convinced them North Korea was also responsible for the sinking of the *Ch'önan*. The same poll found that 83.6 per cent already believed so and 91.4 per cent said the provocations increased their awareness and concern over national security affairs.<sup>8</sup>

However, surveys by Seoul National University's Institute for Peace and Unification Studies (IPUS) indicate the ROK public remains divided over the government's investigation of the *Ch'önan* sinking. When asked in 2011 whether they trust the explanation and reason for the *Ch'önan* sinking, only 7.1 per cent responded they completely trust the findings, 26.5 per cent generally do, and 31.3 per cent responded "half and half".<sup>9</sup> On the other hand, 26.1 per cent

generally do not trust the government's explanation and 9.1 per cent do not believe the results at all.<sup>10</sup>

Although public opinion is not necessarily the only driver of policy, the ROK is a democracy and the Lee Myung-bak government has said it will formulate and adjust its North Korea policy according to public consensus. South Korean society is divided over how to deal with the North.<sup>11</sup> In January, only two months after the artillery attack, a poll found that 50.8 per cent of South Koreans believed the Lee government should maintain its policy towards the North, but 43.5 per cent believed the government should shift to a policy of dialogue and compromise.<sup>12</sup> According to the same poll by the daily *Segye Ilbo*, 71.3 per cent of South Koreans were not that concerned about North Korean provocations because they felt the likelihood of escalation to general war was low.<sup>13</sup>

The daily *Hankyoreh* found similar public opinion figures in January, though with perhaps a greater emphasis on engaging in talks; 74.8 per cent of those polled believed efforts should be made for an inter-Korea summit to reduce tensions on the peninsula. A majority – 54.4 per cent – believed the Lee government should seek solutions through dialogue, while 42.6 per cent believed it should continue to pressure the North.<sup>14</sup> However, another poll has indicated a strong majority (69.4 per cent) believes Pyongyang should apologise for last year's attacks before Seoul provides humanitarian food aid.<sup>15</sup>

<sup>7</sup> East Asia Institute, "The Impact of North Korea's Artillery Strike on Public Opinion in South Korea", op. cit.

<sup>8</sup> 박영철, "연평도 포격 도발 영향... 천안함 침몰도 北 소행 83.6%" [Pak Yöng-ch'öl, "Influence of the Yönp'yöng Island artillery attack provocation ... 83.6 per cent say North sunk the *Ch'önan*"], *The Munhwa Ilbo*, 31 December 2010. Following the artillery attack, the number of volunteers for the South Korean marine corps increased dramatically. Lee Tae-hoon, "Applicants for Marine Corps grow after N. Korea attack", *The Korea Times*, 13 December 2010.

<sup>9</sup> The survey question is ambiguous since it does not ask what the respondents do not believe in the extensive and complex investigative report. They could be suspicious of parts of the report but still believe North Korea sunk the *Ch'önan*.

<sup>10</sup> 강원택, "차기 대선과 대북정책" [Kang Wöon-t'aek, "The Next Presidential Election and North Korea Policy"], conference paper, Institute for Peace and Unification Studies, 2011; 통일외교연구소 발표 [2011 Unification awareness survey announcement], 21 September 2011.

<sup>11</sup> 신정훈, "창간22주년 특집 여론조사/남북관계 안보" 北 도발해도 크게 걱정 안한다 71.3%" [Sin Jöng-hun, "Special 22 year anniversary edition – public opinion poll/North-South relations. National security – even if the North provokes 71.3 per cent not seriously worried"], *The Segye Ilbo*, 1 February 2011.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> 이재훈, "한겨레 여론조사 '한반도 긴장완화 위해 남북 정상회담 추진' 75%" [Yi Je-hun, "Hankyoreh public opinion poll/75 per cent say 'promote a North-South summit to relax tensions on the Korean peninsula'"], *The Hankyoreh*, 6 January 2011.

<sup>15</sup> This poll was commissioned by the Ministry of Unification and conducted by polling firm Research & Research on 26-27 March 2011. 조수영, "국민 70% '천안함 사고없이 北 식량지원 반대'" [Cho Su-yöng, "70 per cent of citizens opposed to food aid without an apology for the *Ch'önan*"], *The Segye Ilbo*, 1 April 2011.

**Table One. Preferences for the next government's priority in North Korea policy by party affiliation (unit: per cent)**

Party affiliation	Alleviate inter-Korean tension; seek exchanges and cooperation	Promote DPRK opening, reform and human rights	Prepare and promote active policies for unification	International co-operation to stop DPRK nuclear program	Conclude a peace treaty	Total in per cent (n)
GNP	39.9	18.6	12.7	17.5	11.3	100 (291)
DP	54.3	14.7	9.8	13.6	7.6	100 (184)
Independent	47.3	16.4	9.4	13.3	13.6	100 (617)

Source: 강원택 [Kang Wön-t'aek], IPUS.

Although most South Koreans are exasperated with Pyongyang's behaviour, a majority also are dissatisfied with the Lee government's North Korea policy. A recent survey by Seoul National University's IPUS found that 40 per cent are satisfied with the government's policy towards the North but 60 per cent are not.<sup>16</sup> The nationwide poll found a strong correlation between party identification and views on North Korea policy: general approval by GNP voters and disapproval by DP voters. However, independent voters outnumber those who identify with the two major parties, and their views are closer to those of DP voters. And despite general support for Lee's policy, GNP voters believe the next government's priority in North Korea policy should be relieving tensions and increasing inter-Korean exchanges and cooperation.<sup>17</sup>

### III. POLITICAL CHANGE IN SOUTH KOREA

#### A. DECLINING SUPPORT FOR THE GNP

The decline in public support for the GNP was evident after the 27 April 2011 by-elections for three vacant National Assembly seats and the Kangwŏn Province gubernatorial office. The ruling party's defeat in races for the Pundang National Assembly seat and Kangwŏn Province governor shook the GNP leadership as these areas had been GNP strongholds. Although the races ostensibly focused on local issues, the general sentiment is that the results were an expression of voter dissatisfaction with the

Lee administration.<sup>18</sup> After the defeats, the party launched a "new GNP" junior leadership group on 11 May 2011 in an effort to implement change and innovation within the party. This group has become a new mainstream part of the GNP, and its members are distancing themselves from President Lee.<sup>19</sup> Now the pro-Lee faction has turned to the group of older party lawmakers for support.<sup>20</sup>

Surveys show a steady decline in support for the Lee administration during the first part of 2011: 49.8 per cent in January; 44.6 per cent in March; 35.1 per cent in April; and 34.9 per cent in May.<sup>21</sup> In July, public support increased to 43.1 per cent when P'yŏngch'ang was awarded the 2018 Winter Olympics, but then continually dropped to reach 36.3 per cent in October.<sup>22</sup> Some have criticised the GNP for disharmony among the party leadership and blame disunity for the April electoral defeats and decline in popularity.<sup>23</sup> The Youido Institute, the party's policy

<sup>16</sup> The same poll found an overall approval rating for Lee of 37.1 per cent (62.9 per cent disapproval). 강원택, "차기 대선과 대북정책" [Kang Wön-t'aek, "The Next Presidential Election and North Korea Policy"], conference paper, Institute for Peace and Unification Studies, 2011; 통일외식조사 발표 [2011 Unification awareness survey announcement], 21 September 2011.

<sup>17</sup> Ibid.

<sup>18</sup> "4·27 재보선 결과, 한나라당엔 쓰나미급 충격" ["Results of 27 April by-elections a tsunami-level shock to the GNP"], *The Chosun Ilbo*, 28 April 2011.

<sup>19</sup> 조혜정, "두분 토론 끝에 신사협정 맺다" [Cho Hye-jŏng, "Two people conclude a gentlemen's agreement at the end of the debate"], *The Hankyoreh* 21, 13 June 2011.

<sup>20</sup> 정효식, "'새로운 한나라' 갈아탄 구주류 박순자·주호영" [Chŏng Hyo-sik, "Park Sun-ja and Chu Ho-yŏng of the old guard switch to the 'new GNP'"], *The JoongAng Ilbo*, 12 May 2011.

<sup>21</sup> 정한울, "4.27 재보궐 선거 이후 정국변화 평가", EAI, 여론브리핑 제98호 [Chŏng Han-ul, "An Estimate of Changes in the Political Situation After the 27 April By-elections"], East Asia Institute, 30 May 2011, p. 2.

<sup>22</sup> 정한울, "10.26 서울시 보궐선거 결과의 의미와 파장", EAI, 여론브리핑 제105호 [Chŏng Han-ul, "The 26 October Seoul Mayor By-election: Meaning and Impact of the Result"], East Asia Institute, 31 October 2011, p. 13.

<sup>23</sup> 윤희훈, "서울시장 선거, 민주당의 불안요소" [Yun Hui-hun, "Seoul mayoral election, factors for Democratic Party insecurity"], *Asia Today*, 30 August 2011.

think-tank, has introduced a “new vision” as an initiative to reposition the GNP for the future, but the DP decries it as “populism to attract voters” after the April electoral defeats.<sup>24</sup>

The GNP was shocked again when its candidate for Seoul mayor was defeated by a political novice on 26 October 2011.<sup>25</sup> Park Wŏn-sun, a former prosecutor and activist, defeated Na Kyŏng-wŏn, a prominent GNP National Assemblywoman and former judge.<sup>26</sup> Park, an independent, earned the opposition backing but so far has refused to join any party. Young voters backed him by a wide margin, leading many analysts to conclude that the GNP has lost touch with the youth.

**Table Two. Seoul Mayoral Election Results by Age (per cent)**

	20-29	30-39	40-49	50-59	60-69
Park	69.3	75.8	66.8	43.1	30.4
Na	30.1	23.8	32.9	56.5	69.2

Source: 오남석, “지역보다 ‘세대 갈등’이 큰 변수로 ... 사회통합 최대 걸림돌 이번 선거가 남긴 과제” [O Nam-sŏk, “‘Generational discord’ rather than region is the biggest variable ... the remaining theme of this election is this obstacle to social unity”], *The Munhwa Ilbo*, 27 October 2011.

Na’s defeat was a major blow to the ruling party since Seoul accounts for one fifth of the national population, and this reaffirms the recent public opinion trend against the GNP. A prominent South Korean scholar says there is “a growing dissatisfaction with the Lee government and the GNP. There is a widespread sense of crisis among

GNP National Assembly members [other than those in the Taegu and Kyŏngsang Province area] regarding the forthcoming April 2012 general election”.<sup>27</sup>

GNP Chairman Hong Jun-p’yo criticised former Seoul Mayor and GNP member Oh Se-hun’s resignation because the 26 October mayoral by-election accelerated the sentiment that the government is approaching lame-duck status, which is a serious concern for the Lee administration.<sup>28</sup> The Blue House admits that the policy initiative has shifted to the National Assembly even though about fifteen months remain in Lee’s presidency.<sup>29</sup> Some GNP members, seeking to distance themselves from the president, have demanded that he apologise for the party’s sinking popularity.<sup>30</sup>

In another sign of declining Blue House influence, Hong visited the Kaesŏng Industrial Complex (KIC) in the North on 30 September 2011. Being the first GNP leader to visit DPRK, he said politicians are obliged to try to break the deadlock in inter-Korean relations and proclaimed he “would try to change the principle in the government’s North Korea policy from strict reciprocity to flexible reciprocity”.<sup>31</sup>

The Blue House’s problems are now exacerbated by an unfolding scandal surrounding Kim Du-u [Kim Du-woo], former senior presidential secretary for public information. He is facing bribery charges and is accused of having received South Korean ₩100 million (about \$85,000) from Park T’ae-gyu, a lobbyist for Pusan Savings Bank, which was under investigation and closed down for insufficient reserves. Park allegedly sought influence through Kim, a close adviser to the president, to avoid the bank’s closure.<sup>32</sup> This marks the first time a presidential secretary

<sup>24</sup> “여의도연구소 비전위원회 공청회” [“Youido Institute Vision Committee public hearing”], Youido Institute, 20 July 2011, www.ydi.or.kr/; 박홍두, “야당 ‘총선·대선 의식한 포퓰리즘 비전’” [Park Hong-du, “Opposition party ‘populist vision consensus of general elections-presidential election’”], *The Kyunghyang Shinmun*, 19 July 2011.

<sup>25</sup> The special election was scheduled after a referendum failed to repeal a free school lunch program. The former GNP member Oh Se-hun [Oh Se-hoon] resigned on 26 August 2011, two days after the referendum failed. It was invalidated because voter turn-out failed to reach the 33.3 per cent threshold required by electoral law (only 25.7 per cent of voters cast ballots). “[Editorial] Mayor Oh’s referendum conundrum”, *The Hankyoreh*, 22 August 2011; Choe Sang-hun, “Seoul mayor resigns after losing school lunch referendum”, *The New York Times*, 25 August 2011; Kim Rahn, “Seoul mayor resigns over bungled free meal vote”, *The Korea Times*, 26 August 2011; “김대현, 오세훈 死不死?” [Kim Tae-hyŏn, “Oh Se-hun, death or not?”], *The Chosun Weekly*, 29 August 2011.

<sup>26</sup> “서울시장선거구별 득표율” [“Seoul mayoral election polling ratios by district”], Yonhap News, 27 October 2011.

<sup>27</sup> Crisis Group email correspondence, Professor Moon Chung-in, chairman of the Presidential Committee on Northeast Asian Cooperation Initiative under the Roh Moo Hyun administration, 5 September 2011.

<sup>28</sup> 박영환, “빨라진 ‘정치의 계절’ ... 청와대 긴장” [Park Yŏng-hwan, “Rapidly approaching ‘political season’ ... Chŏnghwadae’s anxiety”], *The Kyunghyang Shinmun*, 9 September 2011; 조현철, 박영환, “홍준표 ‘오세훈 다시는 볼 일 없을 것’” [Cho Hyŏn-ch’ŏl and Park Yŏng-hwan, “Hong Jun-p’yo ‘no reason to see Oh Se-hun anymore’”], *The Kyunghyang Shinmun*, 26 August 2011.

<sup>29</sup> 안창현, “청와대 ‘정책 레임덕’ 여당 거센 요구수용” [An Ch’ang-hyŏn, “Blue House admits strong opposition demand of ‘policy lame duck’”], *The Hankyoreh*, 7 September 2011.

<sup>30</sup> “Lee says silence is his answer to demand for apology”, Yonhap News, 9 November 2011.

<sup>31</sup> Kim Kwang-tae and Kim Eun-jung, “GNP chief calls for flexibility in S. Korea’s policy on N.K. after trip to Kaesŏng”, Yonhap News, 30 September 2011.

<sup>32</sup> Bae Ji-sook, “Key lobbyist of Pusan Savings Bank scandal faces questioning”, *The Korea Herald*, 29 August 2011; 이정필,

has been arrested, and Minister of Justice Kwōn Jae-jin instructed prosecutors to investigate President Lee's close advisers and relatives.<sup>33</sup> They wrapped up their investigation on 2 November and indicted 76 people on corruption charges, including Park T'ae-gyu, Kim Du-u and Kim Jong-ch'ang, who until March 2011 had served three years as chairman of the Financial Supervisory Service.<sup>34</sup>

Another CEO, Lee Guk-ch'ōl, chairman of the SLS Group, has come forward and stated he has provided "gifts, cash and free entertainment" for President Lee's aides, who have, in return, filed a libel suit against the businessman.<sup>35</sup> Lee Guk-ch'ōl has been arrested and Shin Jae-min, former vice minister of culture, sports and tourism, is under investigation for allegedly receiving bribes of ₩130 million (about \$113,000) from the SLS Group while he was vice minister in 2008-2009 to influence the workout program for the SLS Ship Company.<sup>36</sup>

## B. SUSTAINABILITY OF LEE'S RESPONSE TO THE 2010 ATTACKS

After the international investigative team released its findings regarding the sinking of the *Ch'ōnan* in May 2010, the Lee government announced a number of measures against the DPRK. These included suspending nearly all

inter-Korean trade and the 2004 inter-Korean maritime agreement that permitted DPRK ships to transit through the Cheju Strait. Now North Korean ships must use considerably more fuel to pass around the South's Cheju Island when traveling from one North Korean coast to the other.

The Lee government declared it would honour all previous contracts for investment in the Kaesōng Industrial Complex (KIC), but would no longer permit the growing processing-on-commission trade taking place elsewhere. All future investments in KIC would be subject to review. Although the government has softened its position regarding a North Korean apology prior to returning to the Six-Party Talks, any significant policy changes such as re-opening the Kūmgang Mountain tourism project or implementing the October 2007 inter-Korean Joint Communiqué will be nearly impossible during the remainder of the Lee Myung-bak presidency. The government gradually has de-linked the Six-Party Talks on denuclearisation from inter-Korean relations and the 2010 attacks. Seoul will return to talks if the prospects for DPRK denuclearisation are positive, but the Lee government insists that Pyongyang must take responsibility for the 2010 attacks before the South will provide significant humanitarian and development aid.

The new unification minister, Yu Woo-ik [Ryu U-ik], has expressed the desire to introduce greater flexibility in dealing with the North, but any significant changes will require Blue House approval since he serves at the pleasure of the president.<sup>37</sup> Even though the GNP rank and file as well as the public seems to desire a shift in North Korea policy, the incumbent Blue House will remain paralysed because the 2010 attacks by the North occurred on Lee's watch. There are frequent rumours that the president wants an inter-Korean summit to burnish his legacy, but the substance would have to be attractive to Pyongyang and the Blue House has stated it will not "pay for a summit".

Lee has proposed a "grand bargain" with the DPRK to resolve the nuclear issue and has extended a conditional

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"김두우 前 수석 구속 ... 속도 붙는 저축은행 정관계 로비 수사" [Yi Jōng-p'il, "Former secretary Kim Du-u arrested ... investigation of lobbying by savings bank quickly sticking to government"], *Asia Today*, 28 September 2011; 왕지웅, "김두우 前 청와대 수석 구속수감" [Wang Ji-ung, "Kim Du-u, former Blue House secretary arrested and detained"], *Yonhap News Agency*, 28 September 2011; Lee Kyung-mi, "Core Lee allies accused of bribery", *The Hankyoreh*, 23 September 2011.

<sup>33</sup> 김승욱, "권 법무, 측근·친인척 비리 엄정수사 지시" [Kim Sūng-uk, "Justice Minister Kwōn orders strict investigation of associates and close relatives for irregularities"], *Yonhap News Agency*, 28 September 2011.

<sup>34</sup> "Former top financial regulator indicted over savings bank scandal", *The Korea Herald*, 2 November 2011; 이정필, "'부산저축은행비리 사상최대9조원대' 대검 수사 결과 발표" [Yi Jōng-p'il, "Prosecutors office announces the result of investigation: Pusan Savings Bank corruption can reach as much as ₩9 trillion (about \$8 billion)"], *Asia Today*, 2 November 2011; "Doubts over probe into savings bank scandal", *The Donga Ilbo*, 3 November 2011.

<sup>35</sup> "Prosecutors must stake fate on investigating corrupt presidential confidants", *The Kyunghyang Shinmun*, 26 September 2011; Kim So-hyun, "Lee Kuk-chul sued for libel by president's associates", *The Korea Herald*, 28 September 2011.

<sup>36</sup> "檢, 신재민 구속영장 재청구" ["Prosecutors reissue arrest warrant for Shin Jae-min"], *Yonhap News*, 24 November 2011; 강철원, "SLS민원 받고 기관에 자료 건네" [Kang Ch'ōl-wōn, "SLS receives civil complaint and reference materials passed to institution"], *The Hankook Ilbo*, 21 November 2011.

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<sup>37</sup> For example, Yu has suggested the government is considering the provision of humanitarian assistance through international agencies, and the ministry announced on 8 November that it will release about \$6.9 million in medical assistance through the World Health Organisation. The aid is part of \$13.12 million in ROK government assistance for a five-year WHO program that began in 2006. The ROK government froze the remainder of its assistance in 2009. "S. Korea resumes medical aid to N. Korea through U.N.", *Yonhap News*, 8 November 2011; Park Byung-soo, "Food (sic) aid to N.Korea resumes via UN", *The Hankyoreh*, 9 November 2011; "Unification minister mulls resumption of aid to North", *The Chosun Ilbo*, 7 November 2011.

invitation to Kim Jong-il to attend the Nuclear Security Summit to be held in Seoul 26-27 March 2012. However, it is inconceivable Kim would attend an event where he and his regime would be the target of extraordinary international opprobrium. Even if he were satisfied with the security arrangements, he would be very unlikely to attend an event in Seoul just two and a half weeks before Pyongyang hosts its extravaganza celebrating the 100-year anniversary of his father's birth. Finally, the DPRK almost certainly will not enter into any significant agreements with a lame-duck president; Pyongyang learned this lesson at the end of President Bill Clinton's and President Roh's terms.

### C. THE DEMOCRATIC PARTY'S CRITIQUE OF LEE GOVERNMENT'S POLICY

Conservatives often describe the engagement policies of former Presidents Kim Dae-jung and Roh Moo-hyun as appeasement that resulted in a nuclear North Korea. Supporters and former officials in the Kim and Roh governments argue that North Korea's nuclear tests and accelerated nuclear development were the result of George W. Bush's approach, which they feel exacerbated DPRK's sense of insecurity. While acknowledging the naval clashes of 1999 and 2002, liberals argue the 1999 clash was a clear victory for the South and although the 2002 clash resulted in ROK casualties, the scale and threat of escalation was nothing compared to the events in 2010.<sup>38</sup>

Critics of the Lee government argue that Seoul has lost the ability to influence or manage Pyongyang and that the danger of extensive military conflict has increased significantly. They assert that the prospect of sanctions and pressure being successful is bleak; the DPRK has demonstrated extraordinary resilience. Anything short of a complete economic blockade, which is an act of war, probably would not result in DPRK capitulation, and China would not support any sanctions that might destabilise the North.<sup>39</sup> Such an approach also faces criticism on humanitarian grounds in addition to raising the future costs of unification for citizens in the South.

Opposition members agree with the Lee government's view that the North Korean nuclear weapons program is the greatest threat to ROK security. However, they dis-

agree over policies to deal with it. Critics argue that policymakers should take Pyongyang's motivations into account, and if the DPRK leadership believes nuclear weapons are necessary to deter external threats, then sanctions and pressure from the ROK are counter-productive because they increase DPRK insecurity perceptions.

Furthermore, they argue that the DPRK leadership believes it needs nuclear weapons to deter the U.S.,<sup>40</sup> and that the best way for Seoul to assuage Pyongyang's threat perceptions is through a sound inter-Korean relationship. Most agree that the Six-Party Talks is the best mechanism for addressing North Korea's insecurity and that the Lee government has not done enough to ease inter-Korean tensions so the talks can resume. In sum, the opposition believes the current administration has failed to achieve its primary goal of North Korean denuclearisation and that its policy on this matter is fundamentally flawed.<sup>41</sup> The counter argument is that Pyongyang must be encouraged to open up, and once it does, it will feel nuclear weapons are no longer necessary.<sup>42</sup>

Critics of the Lee government argue the deterioration of inter-Korean relations does not serve the national interest because the risk of escalation and general conflict has risen as a result of government policy. While most South Koreans are frustrated that Pyongyang failed to reciprocate sufficiently after Seoul provided unconditional aid and assistance under previous governments, many do not believe it is worth antagonising the DPRK since the North holds hostage the South's development and prosperity. Conservatives argue there is no limit to an appeasement strategy and that it is better to "change the North by refusing to reward bad behaviour".

### D. THE DEMOCRATIC PARTY'S POSITION ON THE DPRK AND THE NLL

The Democratic Party position is that engagement and inter-Korean economic cooperation will bring several benefits:

- Gains from trade to South Korean firms;
- Humanitarian relief to needy North Koreans;
- Reduced tension and lower risk of costly conflict;

<sup>38</sup> For example, see 홍현익, "이명박 정부의 대북정책 평가와 개선방안" [Hong Hyōn-ik, "An Assessment and Proposal to Improve the Yi Myōng-bak Government's Policy Towards the North"], Institute for Democracy and Policies, policy paper 2011-06, 13 July 2011. Hong was an adviser to the National Security Council under former President Roh (2003-2004).

<sup>39</sup> Crisis Group Asia Report N°179, *Shades of Red: China's Debate over North Korea*, 2 November 2009.

<sup>40</sup> This perspective is in line with the DPRK's declared rationale for its nuclear weapons program.

<sup>41</sup> 박순성 및 김종욱, "남북관계 전환의 필요성 및 평화와 통일을 위한 한반도 구상" [Park Sun-sōng and Kim Chong-uk, "The Need to Change North-South Relations and a Korean Peninsula Plan for Peace and Unification"], The Institute for Democracy and Peace, 29 April 2011.

<sup>42</sup> Ibid.

- ❑ A reduction in the “risk premium” that negatively impacts foreign exchange markets and foreign investment in the South;
- ❑ Economic improvement and recovery in the North, which would lower the costs of eventual unification;
- ❑ Security externalities, namely in the form of a less belligerent DPRK; and
- ❑ Greater leverage in convincing Pyongyang to denuclearise.

In sum, the left in South Korea considers that the DPRK leadership responds better to positive incentives rather than punishment and sanctions. Many believe more progress on military issues and denuclearisation would have been possible if the Lee government had not abandoned the engagement policies of former Presidents Kim and Roh. While this proposition can never be tested or proven, the Democratic Party is prepared to reverse course and seek engagement and reconciliation with the North.

The first steps of re-engagement would likely include a declaration of commitment to implement the October 2007 inter-Korean Joint Communiqué and a resumption of humanitarian aid to the North. The details of any engagement effort and the DPRK response would determine how the process unfolds. While reconciliation – or its failure – would have broad implications for the peninsula, an improvement in inter-Korean relations would affect the international community’s concerns over humanitarian issues, non-proliferation and regional peace and stability. One such issue is the Northern Limit Line (NLL) and the possibility of establishing a peace zone in the Yellow Sea.

The DP’s general approach is to revive the vision of former Presidents Kim Dae-jung and Roh Mu-hyun. Although there were differences in the North Korea policies of the two former leaders, their general approach was to engage Pyongyang with the long-term goal of transforming the DPRK so that the two Koreas could converge economically, politically and socially prior to eventual unification. Their strategy was based on a gradual approach of confidence-building measures, starting with simple tasks before tackling harder issues, as envisioned by Lim Dong-wŏn, former unification minister and close adviser to Kim Dae-jung. Roh’s objective in seeking to establish the Yellow Sea peace zone was to resolve the disputed area surrounding the NLL and then expand the peace zone over the whole peninsula and region.

Some DP members, advisers and activists are now planning to reintroduce efforts to implement Roh’s peace zone idea if the party returns to government following next year’s elections. Since the next ROK president will not be inaugurated until February 2013, proponents of the peace zone believe this is too long to wait and preliminary planning and preparations should occur now. This includes re-

search and policy analysis, as well as track II discussions with the DPRK, China and the U.S.<sup>43</sup>

#### IV. THE POLITICAL ECONOMY OF THE PEACE ZONE

The City of Inch’ŏn is located within the greater Seoul metropolitan area; downtown Inch’ŏn is only about 35km from the centre of the capital. The city is host to a major port and the main international airport for Seoul, which is only about 50km from the NLL. The five north western islands (Paengnyŏng, Taech’ŏng, Soch’ŏng, Yŏnp’yŏng and U) near the line are part of Inch’ŏn City. When an emergency occurs on one of the islands, such as the artillery attack against Yŏnp’yŏng Island, the City of Inch’ŏn is impacted directly. For example, the November 2010 shelling resulted in a temporary closure of the airport and an emergency evacuation of civilians from the island.

Provocations or conflict around the NLL impact the perceptions of foreign investors and markets in the South. They have disproportionate effect on the City of Inch’ŏn, which has extensive development plans and is host of the 2014 Asian Games. In August 2003, special legislation was enacted to create six special economic zones around the country including the Inch’ŏn Free Economic Zone (IFEZ),<sup>44</sup> which was established as part of the ROK government’s regional economic development plan.<sup>45</sup> The IFEZ includes the port and international airport in addition to three special districts with a total area of 200 sq km, or about three times the size of Manhattan.<sup>46</sup> The

<sup>43</sup> For example, in June 2011, the Hankyoreh Foundation for Reunification and Culture and the City of Inch’ŏn hosted an international symposium on Yellow Sea peace and cooperation in North East Asia. A number of senior and former government officials and scholars attended the event, and the organisers expressed the desire to establish an informal track II dialogue with North and South Korea, China and the U.S. to prepare for renewed engagement and the eventual establishment of a peace zone in the Yellow Sea.

<sup>44</sup> 경제자유구역의 지정 및 운영에 관한 특별법 [Special Law on the Designation and Operation Free Economic Zones]. The other free economic zones were established in Kwangyang, Pusan and Chinhae, Kunsan and Sae’man’gŭm, Taegu and North Kyŏng-sang Province, and Hwanghae.

<sup>45</sup> 이화봉, “자유무역지역, 경제자유구역, 외국인투자지역 비교” [Yi Hwa-bong, “A comparison of free trade areas, free economic zones, and foreign investment zones”], Inch’ŏn Free Economic Zone Authority, 31 January 2011, p. 1, [www.ifez.go.kr/invest\\_trend\\_pds\\_view.do?key=1500879&sc\\_num=0&sc\\_name=&pageNo](http://www.ifez.go.kr/invest_trend_pds_view.do?key=1500879&sc_num=0&sc_name=&pageNo).

<sup>46</sup> The investment zone has three districts: Song-do (an island), Yŏnjong, and Ch’ŏngna. The three areas are to focus on the following industries and services: knowledge-based services; logistics, tourism and leisure activities; business and finance;



project is composed of three phases (2003-2009; 2010-2014; and 2015-2020) and the planned investment is ₩36.1 trillion (about \$30.5 billion). The ROK government will provide 4 per cent, and the City of Incheon will provide 8.1 per cent, so 87.9 per cent needs to be covered by private and foreign investment.<sup>47</sup> The foreign direct investment (FDI) targets are \$8.19 billion for the second phase (2010-2014) and \$4.46 billion in the third phase (2015-2020).<sup>48</sup> However, between 2003 and 2010, the IFEZ received only \$1.56 billion in FDI, or 23 per cent of the target.<sup>49</sup>

From a distance, Song-do, an island and part of Incheon City, has an impressive and modern skyline, including the tallest building in South Korea. But upon closer inspection, the high-rise office towers have a very low occupancy, and the district clearly is still a work in progress. The development project has just begun its second phase but expectations have been lowered in the context of the global economic downturn. Supporters and investors are worried that incessant inter-Korean tensions will undermine it, resulting in considerable losses. On the other hand, business interests view a peace zone as a mechanism to create greater business opportunities through trade and investment in North and South Korea, China and across the region.

## A. BUREAUCRATIC INTERESTS AND OPPOSITION

The ROK president has extensive powers over national security and North Korea policy; however, these powers are not unlimited. He nominates the prime minister, who is subject to National Assembly confirmation, and nominally appoints other cabinet ministers in collaboration with him. However, ministers serve at the pleasure of the president. The Blue House has the initiative in the formation and execution of policies towards the North, but implementation of significant engagement projects requires funding and new legislation from the National Assembly.

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tourism; hi-tech; and flowers. “인천 경제자유구역 청사진” [“Blueprint of the Incheon free economic zone”], Yonhap News, 4 August 2003.

<sup>47</sup> Incheon Free Economic Zone website, [www.ifez.go.kr/jsp/eng/business/business1.jsp](http://www.ifez.go.kr/jsp/eng/business/business1.jsp), accessed 19 September 2011; “글로벌 비즈니스환경 조성을 위한 경제자유구역 활성화 전략” [“A strategy to activate a free economic zone to create a global business environment”], Ministry of Strategy and Finance, 1 September 2010, pp. 2, 20, [www.mosf.go.kr](http://www.mosf.go.kr).

<sup>48</sup> 이도형, “경제구역 2단계 사업, 부동산시장 지각변동” [Yi Do-hyŏng, “Work on the second phase of the economic zone, and changing perceptions of the real estate market”], *The Kyung-hyang Shinmun*, 8 January 2010.

<sup>49</sup> 유희석, “외국인 투자 없는 경제자유구역 ... 외국인 직접투자 전체의 3.6% 불과” [Yu Hŭi-sŏk, “Free economic zones without foreign investment ... total foreign direct investment no more than 3.6 per cent”], *The Aju Business*, 22 May 2011.

While business interests recognise the economic value of a peace zone and policy incentives to stimulate greater trade and investment, some might fail to realise the security value of the five north western islands and the waters surrounding the NLL. The Ministry of National Defence (MND) and national security hawks in and out of government firmly believe there can be no compromise on the NLL until there is a fundamental change in the DPRK or a peace treaty to replace the armistice. For example, National Assemblyman Park Jin (GNP), a former ROK Navy officer, views the peace zone initiative as idealistic. He says that although the Roh government sought to reduce the likelihood of conflict in the area, the effort created an opportunity for the North to attack the South, and a peace treaty replacing the armistice will be required to establish any peace zone.<sup>50</sup>

The MND’s position on the NLL has been consistent for decades and is articulated in a January 2007 MND publication. It states that the NLL is a de facto maritime boundary (海上境界線) between the two Koreas pending the negotiation of a new boundary as stipulated in the 1992 inter-Korean “Basic Agreement”.<sup>51</sup> However, the official legal position of the Ministry of Foreign Affairs and Trade (MOFAT) is that there is “no maritime boundary” between the two Koreas, and that the NLL is the “de facto military demarcation line in the West [Yellow] Sea which shall be invalidated after the signing of a peace treaty or when otherwise agreed upon between North and South Korea”. The MOFAT does not claim the NLL delimitates the territorial waters or an exclusive economic zone (EEZ) of the ROK.<sup>52</sup> Both ministries refute the DPRK claim it has never recognised the NLL.<sup>53</sup>

The arguments that the waters south of the NLL are ROK territorial waters are weak, and MOFAT legal specialists recognise this despite assertions to the contrary by others in the ROK government. Since there is no real international legal justification to support the NLL as a maritime boundary, any such ROK claims must be based on the legal concepts of acquiescence and consolidation. However, it is difficult for the ROK to make territorial de-

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<sup>50</sup> Crisis Group interview, Park Jin, Seoul, 17 March 2011.

<sup>51</sup> MND, “북방한계선(NLL)에 관한 우리의 입장” [“Our position on the NLL”], 1 July 2007; Crisis Group Report, *North Korea: The Risks of War in the Yellow Sea*, op. cit., p. 4; “Agreement on Reconciliation, Non-Aggression, and Exchanges and Cooperation between North and South North Korea”, effective 19 February 1992.

<sup>52</sup> MOFAT attorneys say the NLL is only a military demarcation line that is applicable under armistice conditions. Crisis Group interviews, ROK government officials; MOFAT memo provided to Crisis Group.

<sup>53</sup> Ibid; MND, “북방한계선(NLL)에 관한 우리의 입장” [“Our position on the NLL”], 1 July 2007.

mands surrounding a line it did not draw.<sup>54</sup> Since there was no public promulgation of the NLL with related claims regarding territorial delimitation, there was nothing for the DPRK to “acquiesce to”. Nevertheless, there is a widespread perception in the ROK that the NLL is a maritime boundary and that the waters south of the line are its territorial waters.

## B. THE PATH FORWARD FOR A MARITIME PEACE ZONE

Territorial disputes are difficult to resolve because of their zero-sum nature; changing a boundary requires one side to surrender territory to another. One solution is for a powerful actor to enforce its claims, but to do so it must be prepared to use force when challenged. This method has been in effect in the waters surrounding the NLL, but it raises the risk of deadly conflict. Simply moving the line is insufficient because politically it is unacceptable and it would not address the underlying suspicions and insecurity on the Korean peninsula. To gain public and political support in the South, any resolution of this problem will require a comprehensive agreement with issue linkage to ensure that South Koreans do not perceive it to be a simple territorial concession to the North.

The first step in establishing a peace zone in the Yellow Sea would be renewed commitments to the armistice, the 1992 “Basic Agreement” and the October 2007 inter-Korean Joint Communiqué. After reaffirming these commitments, the two sides could renounce live-fire exercises in the waters between the NLL and DPRK’s declared “Military Demarcation Line-Extended”.<sup>55</sup> Establishing a “no-fire zone” in this area is not inconsistent with previous inter-Korean agreements and it would not extend legal recognition to the MDL-Extended as a maritime demarcation line. Furthermore, this does not mean the ROK would renounce its right to use force under international law to defend the five islands.

The artillery pieces and shells on the ROK islands must be fired periodically to ensure safety and reliability, and military personnel must train to maintain their skills and qualifications. Gunners can use simulators to supplement their training, artillery pieces and shells could be fired off-site, and the artillery pieces could be rotated back to the

islands after test-firing and maintenance.<sup>56</sup> This would be inconvenient and more expensive, but would be well worth it if a no-fire zone could be established in the area.

The coastal and maritime areas near the NLL are valuable in terms of security, economic resources, the ecosystem and political symbolism. The extraction of resources in the sea, for example, as well as on and under the seabed is complicated by bargaining over the costs of extraction and the distribution of the benefits. Only by expanding the bargaining space and linking these issue areas to construct a positive-sum agreement can the NLL issue be resolved to the satisfaction of all parties.

To ensure sustainable development of the region, some have suggested the establishment of a maritime peace park and ecological preserve.<sup>57</sup> The area is widely known for its blue crab, but the coastal marshes are an important habitat for a number of water fowl and other species, some of which are endangered.<sup>58</sup> Adequate protection of these wildlife resources requires data and conservation measures. An initial confidence-building step might include information sharing and joint research of the local ecosystem.

There have been a variety of proposals for joint fishing areas or operations in these waters. South Korea’s defence minister travelled to Pyongyang in November 2007 to negotiate the establishment of joint fishing zones, but the talks broke down.<sup>59</sup> South Korean scholars and Democratic Party supporters have proposed the two sides revisit this idea by creating an inter-Korean committee on the issue. They have also proposed the establishment of a joint enterprise to manage fishing operations, to include issues of investments, revenues, management of fishery stocks, etc.

If a peace zone is established, it would be demilitarised – essentially extending the demilitarised zone on land into the sea, which the armistice failed to do. But if war ships

<sup>54</sup> The NLL was drawn in August 1953 by U.S. General Mark Clark, commander of the United National Command; Crisis Group Report, *North Korea: The Risks of War in the Yellow Sea*, op. cit., p. 2.

<sup>55</sup> In 1999, the [North] Korean People’s Army declared a Military Demarcation Line (MDL) extended in the Yellow Sea south of the NLL. Ibid.

<sup>56</sup> Crisis Group interview, artillery officer, October 2011.

<sup>57</sup> Crisis Group interviews, Seoul, September 2011; 강대석, “서해연안 접경지역의 생태계와 자원의 협력관리 수단으로서의 해양평화공원” [Kang Dae-sök, “Marine peace park initiative as a tool for the collaborative management of ecological and economic resources in the western trans-boundary coastal area”], presentation at the international symposium “West Sea Peace and Cooperation in Northeast Asia”, Inch’ön, 7-8 June 2011.

<sup>58</sup> 장용석, “서해 북방한계선 지역 평화정착 노력과 향후 정책추진 방향10.4” [Chang Yong-sök, “The direction of policy promotion after working to establish a peace settlement in the area of the NLL in the West Sea”], conference paper, 남북정상선언 3주년 학술회의 [Academic conference on the third anniversary of the 4 October North-South summit declaration], Seoul, 4 October 2011.

<sup>59</sup> Crisis Group Report, *North Korea: The Risks of War in the Yellow Sea*, op. cit., pp. 14-15.

are excluded, the waters will still have to be patrolled for safety and security reasons. The two Koreas could establish an inter-Korean maritime park police or coast guard for this function. It could provide search and rescue operations as well as patrol for illegal fishing activities. This effort could expand to customs-related inspections in the ports of Haeju in the North and Inch'ŏn in the South to ensure that cargoes are not illicit or military and that the peace zone is only utilised by civilian shipping.

Institutionalisation of these functions would allow the opening of the North's Haeju port to international shipping and development. In 1973, the DPRK established Haeju as a special international trade port but the plan was never fulfilled.<sup>60</sup> Roh Moo-hyun's vision was to link it with the inter-Korean Kaesŏng Industrial Complex in the North in an effort to open the DPRK economy and bring eventual political reform. The Democratic Party hopes to resuscitate this idea and expand it to link the economies of the North and the South with China and the region.

Electoral victories in 2012 for the Democratic Party or a liberal coalition will be critical to revive Roh's peace zone idea. There is a large number of swing voters, and although the current trend of public opinion is going against the GNP, much uncertainty remains. North Korea policy is not a prominent issue for the average voter unless a sudden and serious inter-Korean crisis emerges around the time of the elections. If a liberal candidate can gain broad public support and capture the presidential election, the implementation of the Yellow Sea peace zone initiative might be only a matter of time.

## V. CONCLUSION

Inter-Korean relations remain tense one year after the North shelled the South's Yŏnp'yŏng Island. The ROK conducted a large-scale joint military exercise in the area on the one-year anniversary and President Lee reiterated Seoul's demand that Pyongyang apologise.<sup>61</sup> The next day the (North) Korea People's Army threatened to turn Ch'ŏngwadae, the ROK presidential residence, into a "sea

of fire".<sup>62</sup> Both sides continue military build-ups in the area, and the Lee government has promised a swift and firm response to any future North Korean provocations.

The North is in the process of succession with a planned power transfer to Kim Jŏng-ŭn as the South is entering a year of electoral politics. The DPRK leadership could try to influence ROK elections with further provocations, which also could be seen as a way to bolster the military credentials of Kim Jŏng-ŭn. The North's relative decline in conventional forces means Pyongyang is more likely to demonstrate its asymmetric assets, for example with a nuclear test or ballistic missile flight-test. However, nothing can be ruled out, and the most serious threat of a military clash and escalation remains in the waters surrounding the NLL in the Yellow Sea.

Meanwhile, the South Korean electorate is shifting to the left, and the conservative GNP almost certainly will lose seats when all 299 National Assembly seats are contested in April 2012. South Korean society remains divided on how to deal with the North, and policy towards the DPRK is not a high-priority issue for the average ROK voter. The winner of the presidential election in December 2012 will have the greatest influence on national security policy and North Korea policy. However, the electorate is volatile and the outcome is far from certain.

If a leftist or progressive president is elected, he or she could reverse the Lee government's North Korea policy and seek reconciliation with Pyongyang. Such a policy change would likely include an attempt to resuscitate former President Roh's vision of a peace zone in the Yellow Sea as stipulated in the October 2007 Joint Communiqué. Of course, this would require reciprocity from the North, but success – or failure – would have broad consequences for regional security and the U.S.-ROK alliance.

**Seoul/Brussels, 1 December 2011**

<sup>60</sup> 임을출, "서해 NLL 해역 남북공동 이용 및 평화수역화 방향과 과제", 남북정상선언 3주년 학술회의10.4 [Im Ŭl-ch'ul, "Theme and process of turning the West Sea's NLL into a maritime peace zone and utilising it as a North-South common maritime area"], Academic conference on the third anniversary of the 4 October North-South summit declaration, Seoul, 4 October 2011.

<sup>61</sup> Chang Jae-soon, "Lee presses N. Korea to apologise for last year's island attack", Yonhap News, 23 November 2011.

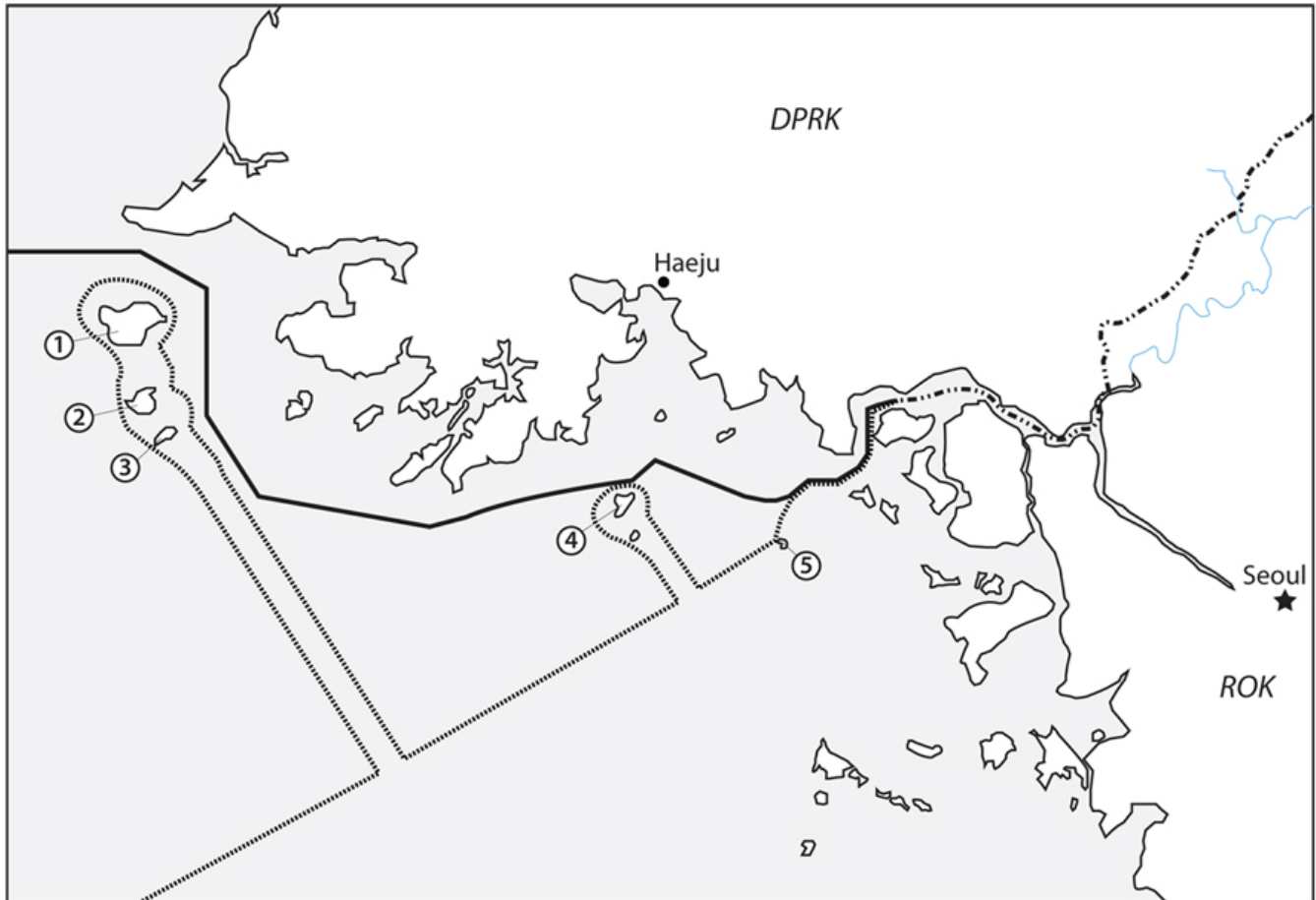
<sup>62</sup> "KPA Supreme Command warns S. Korean military not to act rashly", Korean Central News Agency, 24 November 2011; "N. Korea issues 'sea of fire' warning against S. Korea", Yonhap News, 24 November 2011; Song Sang-ho, "North Korea threatens to turn Cheong Wa Dae into sea of fire", *The Korea Herald*, 24 November 2011.





## APPENDIX B

### MAP OF THE FIVE ISLANDS AND THE NORTHERN LINE



- Military Demarcation Line
- UNC-made "Northern Limit Line"
- ..... DPRK-declared "Military Demarcation Line Extended"

#### Islands

1. Paengnyŏng Island
2. Taech'ŏng Island
3. Soch'ŏng Island
4. Yŏnp'yŏng Island
5. U Island



## APPENDIX C

### ABOUT THE INTERNATIONAL CRISIS GROUP

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The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 130 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, [www.crisisgroup.org](http://www.crisisgroup.org). Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is chaired by former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since July 2009 has been Louise Arbour, former UN High Commissioner for Human Rights and Chief Prosecutor for the International Criminal Tribunals for the former Yugoslavia and for Rwanda.

Crisis Group's international headquarters are in Brussels, with major advocacy offices in Washington DC (where it is based as a legal entity) and New York, a smaller one in London and liaison presences in Moscow and Beijing. The organisation currently operates nine regional offices (in Bishkek, Bogotá, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina and Tbilisi) and has local field representation in fourteen additional locations (Baku, Bangkok, Beirut, Bujumbura, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Port-au-Prince, Pretoria, Sarajevo and Seoul). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Somalia, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Bangladesh, Burma/Myanmar, Indonesia, Kashmir, Kazakhstan, Kyrgyz-

stan, Nepal, North Korea, Pakistan, Philippines, Sri Lanka, Taiwan Strait, Tajikistan, Thailand, Timor-Leste, Turkmenistan and Uzbekistan; in Europe, Armenia, Azerbaijan, Bosnia and Herzegovina, Cyprus, Georgia, Kosovo, Macedonia, Russia (North Caucasus), Serbia and Turkey; in the Middle East and North Africa, Algeria, Egypt, Gulf States, Iran, Iraq, Israel-Palestine, Lebanon, Morocco, Saudi Arabia, Syria and Yemen; and in Latin America and the Caribbean, Bolivia, Colombia, Ecuador, Guatemala, Haiti and Venezuela.

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# International Crisis Group

WORKING TO PREVENT  
CONFLICT WORLDWIDE

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## **Regional Offices and Field Representation**

Crisis Group also operates out of over 25 different locations in Africa, Asia, Europe, the Middle East and Latin America.

See [www.crisisgroup.org](http://www.crisisgroup.org) for details.

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