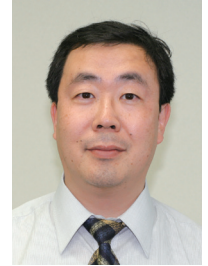


Korean Peninsula – Geopolitical Risks from Entrenchment of New Cold War



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Introduction

If we were to consider the two major events that have occurred on a global scale since 2020, I would propose the spread of the coronavirus (Covid-19) pandemic and the decline of liberalism in international relations. The coronavirus first appeared in the Chinese city of Wuhan, and in no time at all had spread around the world. This had a negative impact on globalization. In addition, with rising geopolitical risks such as the continuing US-China confrontation and the Ukraine crisis, there has been an increase in unilateralism and nationalism as well as protectionism, which had been seen in the "America First" policy of the Donald Trump administration (2017-2020) in the United States. Liberalism, emphasizing free trade and economic cooperation on a global basis, seems to have been on the decline. In particular, the US-China relationship, which since the 1990s had symbolized the benefits of the post-Cold War period of globalization and free trade, has now become one of competition and conflict. This perceived decline of liberalism and rise of nationalism is reminiscent of the international situation in the early 20th century. We do not need to mention what happened then, but at the same time the question of whether a return to liberalism would be a good thing is not an easy one.

Much of the focus in the world today is on a nation's own security. Countries are searching more actively for how to ensure their own economic and military security, but we can also see a subtrend of priority being given to "alliances" over "one's own country". The Indo-Pacific strategy being promoted by Japan and the US is one example, and things like China's strengthening of the Shanghai Cooperation Organisation (SCO) alliance in Eurasia is another. Geopolitically, this is giving rise to blocs of alliances, and confrontation among those blocs is intensifying. We may not be able to avoid the increasing possibility of this new "cold war" (post-post-Cold War) framework becoming entrenched.

In the US, the period since the Sept. 11, 2001, terrorist attacks is being called the "post-post-Cold War age", but the Korean Peninsula in East Asia has not even experienced a post-Cold War age with a certain result. From 2000 to 2018 there were multiple summit meetings between the leaders of North Korea and South Korea, and of the US and North Korea, and there were times at which a post-Cold War age appeared imminent, but security guarantee issues could not be resolved and conflict intensified, bringing the region directly into a new cold war age.

In this article, I will examine the geopolitical risks presented by a new cold war framework becoming entrenched on the Korean

Peninsula, along with the relationship between the North and South and the situation in North Korea as background.

Entrenchment of New Cold War Framework on the Korean Peninsula & Increasing Geopolitical Risks

North Korea has pursued two strategies in terms of policy responses to the arrival of an international post-Cold War age from the early 1990s. Examples of the first, in response to the paradigm shift, included joining the United Nations (simultaneously with South Korea) and the conclusion of a basic agreement with South Korea (the Agreement on Reconciliation, Non-Aggression, and Exchanges and Cooperation between South and North Korea), both in 1991, the commencement (from 1991) of negotiations to normalize diplomatic relations with South Korea, and participation in the United Nations Development Programme-led Tumen River Area Development Programme (TRADP; now the Greater Tumen Initiative (GTI)).

The second strategy has been to secure the regime by developing nuclear weapons. North Korea may have thought that it would be possible to pursue both strategies, but because of the latter, the former failed to produce results. This is because the two amounted to a trade-off. Except for the country's admission to the UN, the first ended in failure, while the development of nuclear weapons proceeded on its own. As the post-Cold War age emerged, the international community would not tolerate a nuclear-armed North Korea. China and Russia, which supported North Korea, in principle objected to its nuclear development. This put North Korea in a different position than the other nuclear-armed countries of India and Pakistan.

At the same time, the international community pursued two approaches to the problem of North Korea. The first was to denuclearize the Korean Peninsula through dialogue and negotiation, which produced things like the US-North Korea Geneva Agreed Framework in 1994 and the "Six-Party Talks" comprising Japan, the US, South Korea, China, Russia, and North Korea, from 2003 to 2009. The second was to pressure the North to abandon nuclear weapons through deterrence. Examples include Japan, the US, and South Korea each implementing their own sanctions against North Korea, and the UN Security Council passing nine resolutions from 2006 to 2017 introducing economic sanctions on North Korea in response to its nuclear tests and missile test launches. Nevertheless, both approaches failed to prevent North Korea from possessing nuclear weapons and ballistic missiles.

Declaring that the possession of nuclear weapons was a "legitimate

right to self-defense of a sovereign state”, North Korea asserted that its nuclear development was in response to the hostile policies of the US (according to the overseas propaganda outlet DPRK Today on Feb. 21, 2016). The country is currently focusing on a strategy of ensuring its security by attempting to establish itself as a nuclear-armed state while enduring economic hardships. At the 8th Congress of the Workers’ Party of Korea (WPK), held in January 2021, General Secretary Kim Jong Un spoke of developing “nuclear technology to a higher level and make nuclear weapons smaller and lighter for more tactical uses”, explicitly stating that the country was working on developing tactical nuclear weapons. This led to North Korea’s test launches on April 16, 2022, of two short-range ballistic missiles (which North Korea called a “new-type tactical guided weapon”, estimated by South Korea’s Ministry of National Defense to have had a range of roughly 110 kilometers, maximum altitude of roughly 25 km, and maximum speed of Mach 4). North Korea praised the launch as being “of great significance in drastically improving the firepower of the frontline long-range artillery units and enhancing the efficiency in the operation of tactical nukes of the DPRK and diversification of their firepower missions” (Korean Central News Agency, April 17, 2022). In an April 5, 2022, interview (reported by the Korean Central News Agency), Kim’s sister and deputy general secretary of the WPK Kim Yo Jung warned South Korea, “If South Korea, for any reason – whether or not it is blinded by misjudgment – opts for such military action as a ‘preemptive strike’, we will take the initiative in the early stages of war, incinerate the will of the other side to wage war, prevent a prolonged war, and mobilize our nuclear weaponry to preserve our own military power.”

This has forced the international environment surrounding North Korea to deal with the fact that North Korea does in fact possess nuclear weapons and ballistic missiles. The strong likelihood that North Korea, despite not being allowed to possess nuclear weapons by the international community, has already deployed them, means that a new cold war framework has become entrenched on the Korean Peninsula. This new paradigm raises the geopolitical risk of the Korean Peninsula.

Growing Risk from North Korea & North Korea’s Risk Perception

North Korea’s risk perception can be analyzed from two perspectives: the country’s siege mentality and vulnerability. First is the siege mentality, which has continued based on an obsession with American hostility, putting the two countries “technically in a state of war”. Since 2019, however, the international situation has changed, with the US being in confrontation with China and Russia, and China and Russia deepening their strategic cooperation, creating a more advantageous environment for North Korea than had previously been the case. By returning to the order of the Russia-China Eurasian continental bloc, North Korea has been able to use the new cold war paradigm to emerge from being isolated and alone. At the Fifth Plenary Meeting of the Seventh Central Committee of the WPK, convened in late December 2019, Kim described the country’s external outlook as a

strategy of “making a breakthrough head-on” because he had determined that North Korea would be able to receive assistance from China and Russia. Accordingly, North Korea’s external aggression can be seen as part of its international cooperation with China and Russia, rather than external aggression in response to the threat posed by its isolation.

The second perspective – vulnerability – refers to the risks from the country’s economic hardships and a political dictatorship, and after decreasing until 2019, the risk has been rising since 2020. Until 2019, the country pursued a policy of partial marketization and had maintained political stability, and with the number of defectors also declining the risk can be seen as having decreased to some extent. From 2020, however, North Korea’s vulnerability resurfaced on the economic front. Looking at the country’s trade, in addition to the full-fledged economic sanctions imposed by the Security Council in 2017, the country closed its borders from 2020 (in response to the spread of Covid-19), and trade dropped significantly, to a level of US\$200-\$300 million compared with a \$6 billion level prior to the economic sanctions. North Korea’s trade with China, which accounts for almost all of its trade, fell to \$300 million in 2021 from \$5.8 billion in 2016 ([Chart 1](#)).

According to China’s and Russia’s official statistics, the Security Council’s economic sanctions against North Korea are being observed. Even considering that China and Russia provide North Korea with industrial raw materials, energy, and resources through informal trade to prevent economic instability, since 2018 North Korea’s economic vulnerability has increased because of supply shortages. North Korea has also discontinued its partial marketization policies and returned to an emphasis on a government-directed planned economy. This has suppressed market activity and trade has also become centrally managed by the government. The disruption from social dissatisfaction has been met with censorship of thought on the people, meaning that although the social atmosphere is not in disarray, it appears to be depressed.

Looking at the above, North Korea’s siege mentality is diminishing somewhat based on “cooperation within the bloc” and turning to a breakthrough head-on, and this combined with its increasing economic vulnerability is leading to increased geopolitical risk. More than the risk of a sudden change in the situation as a result of economic turmoil, the situation can currently be seen as one of a high risk of a foreign conflict as a result of North Korea’s hard-line policy. The geopolitical risk posed by North Korea is summarized in [Chart 2](#).

Unique Features of the Korean Peninsula Increasing North Korea Risk

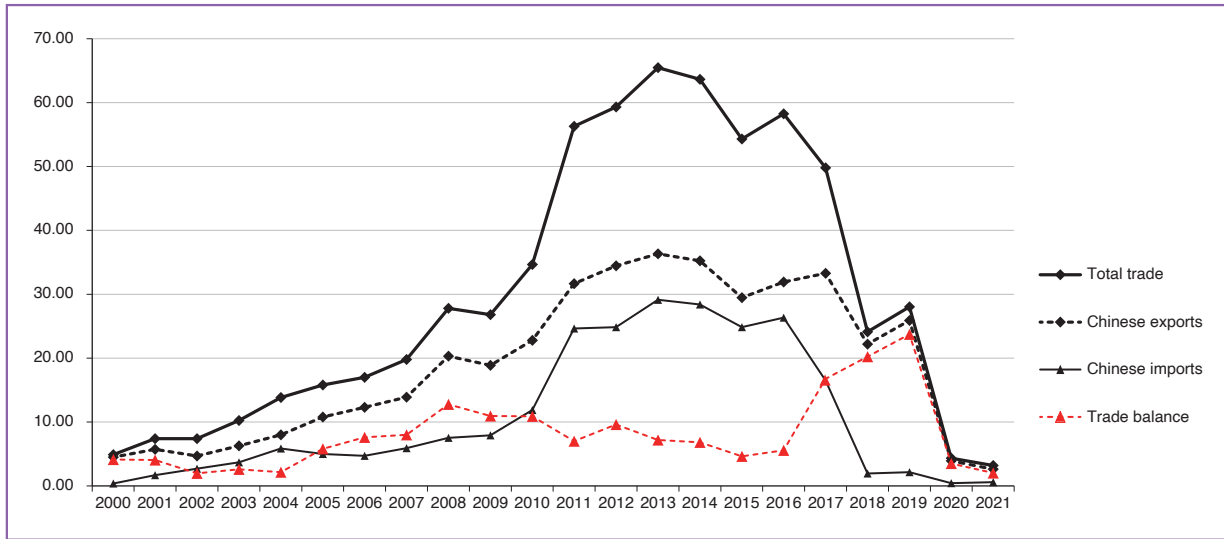
North-South relations

With the conservative administration of Yoon Suk Yeol having taken office in South Korea in May 2022, the likelihood that South Korea will prioritize the North’s denuclearization and strengthen the cooperative framework among Japan, the US, and South Korea has increased. This means South Korea will take a path of international cooperation as it pursues its policy for the Korean Peninsula going forward. For five

CHART 1

China-North Korea trade (China customs basis)

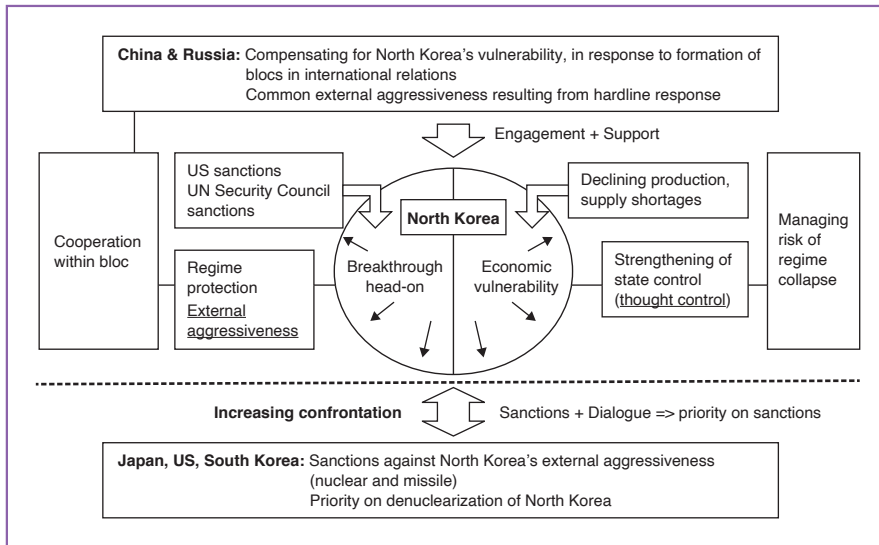
(Unit: US\$100 million)



Source: Global Trade Atlas (GTA)

CHART 2

Conceptual diagram of North Korean geopolitical risk



Source: Compiled by the author

years, the previous Moon Jae-In administration worked to improve the country's relations with the North primarily through a "Korean Peninsula peace process" led by South Korea. The Moon administration tried to restart the joint North-South projects in the Kaesong Industrial Region (in which 124 South Korean companies invested in the North Korean city of Kaesong) and the Mount Kumgang Tourist Region (a tourism project that allowed South Koreans to visit Mount Kumgang in North Korea), both of which had been abandoned by the previous conservative administration, but these efforts failed. In 2021, the Moon administration proposed an "end-of-war declaration followed by denuclearization" but was unsuccessful. The fact that preparations were not in place in South Korea and internationally for reconciliation with North Korea invited a conservative backlash, and

internationally it was difficult to achieve a consensus regarding the denuclearization process for the Korean Peninsula. North Korea cut off diplomatic negotiations to improve relations with South Korea and the US, and the North-South relationship became one of confrontation.

Based on the lessons learned from the outcome of the Moon administration's policy, the new Yoon administration can be expected to formulate policies that shift toward security guarantees in its relations with the North. This is outlined in [Chart 3](#), which shows the Yoon administration's five-year policy plan. It shows that with increased geopolitical risk on the Korean Peninsula and blocs forming in the global economy, the Yoon administration is clearly emphasizing "liberal democratic" values and economic security. It goes without

saying that this is a policy that seeks to prioritize North Korea's denuclearization and strengthen international cooperation.

North Korea's response could turn out to be an extension of its policy toward the previous conservative administration. North Korea might begin to intensify its offensive confrontation with South Korea. North Korea expressed its clearly hostile position toward the Yoon administration on July 27, 2022, and it is highly likely that confrontation between the North and South will intensify and that geopolitical risk on the Korean Peninsula will increase.

North Korean economy

North Korea has been in a state of highest alert since February 2020, closing its borders as a "maximum emergency epidemic control

CHART 3

Korean Peninsula-related portion of Yoon administration's 'National Policy Implementation Plan' for South Korea

Sector	Issue	Details
Normalization of North-South relations, peaceful Korean Peninsula	• Denuclearization of North Korea	• Stronger international cooperation • Creation of channel for 3-party security dialogue among US, South Korea, North Korea
	• Normalization North-South relations • Peaceful reunification based on people's consent	• Economic support and promotion of joint North-South economic development plan in line with progress in denuclearization • Mutual openness, communication, and exchange
	• Resolution of North-South humanitarian issues	• Unconditional humanitarian assistance • Resolution of POW, abductee, and separated family issues • Response to North Korea's human rights issues
Global prosperity with liberal-democratic values	• Diplomacy in East Asia based on liberal-democratic values and common interests	• Strengthening of comprehensive US-South Korea strategic alliance • Achievement of mutually respectful China-South Korea relationship • Creation of Japan-South Korea relationship for future cooperation in line with common interests and values • Construction of Russia-South Korea relationship based on international norms
	• Network for regional cooperation	• Stronger cooperation with ASEAN and expansion into Indo-Pacific region
	• Economic security diplomacy	• Creation of government response system for new security threats

Source: 'Yoon Administration's 110 Major National Issues,' Office of the 20th President (https://www.president.go.kr/ko/task_new.php), May 2022; viewed on June 26, 2022

system” to prevent an influx of the coronavirus. Covid-19 has been spreading, however; since the end of April 2022 the number of “people with fever” (presumed to have Covid-19) has been as high as 200,000 per day, and although this had fallen to 11 by July 27 the total has reached approximately 4.77 million (19% of the country's population of roughly 25 million, according to the July 28, 2022, *Rodong Sinmun*). To combat the 2022 Covid-19 pandemic, which Kim has called the “greatest upheaval since the founding of the country”, freight train operations between China and North Korea that had partially resumed in January were halted and Chinese-style regional lockdowns were implemented, severely curtailing people's economic activity. North Korea proclaimed victory in the anti-Covid war at the National Meeting of Reviewing Emergency Anti-Epidemic Work on Aug. 10, 2022.

With its borders closed for roughly three years in addition to the international economic sanctions in place since 2017, North Korea's supplies of imported energy, raw materials, and machinery and equipment have fallen significantly. In response, the country appears to be reemphasizing the traditional policy of “self-reliance”, which has been in place since the country's founding and involves building the economy based on internal resources. The *Rodong Sinmun* declared the self-rehabilitation policy to be correct, explaining, “The current total lockdown is a great opportunity to increase our internal strength and development to the maximum using our own raw materials and resources” (October 17, 2020). The revised bylaws passed at the 8th

Congress of the Workers' Party of Korea, held in January 2021, called the policy “the path to construct a socialist economy through self-reliance”.

Nevertheless, North Korea does not have sufficient economic capacity to be self-sufficient. Even if it relies on domestic production for things like coal, steel, and cement, it has to import oil, industrial resources, and parts and materials, and imports of things in short supply like fertilizer and food are also lacking. Even with North Korea giving priority to domestic production, it can be seen as relying on unofficial trade with China for items that it still needs to import.

In the agricultural sector, however, the UN Food and Agriculture Organization (FAO) estimates that grain production in 2020 totaled 4.89 million tons (milled grain basis; 5.56 million tons on a gross, pre-milling basis), meaning that the average level since the 2010s was maintained (*Chart 4*). The estimate from South Korea's Rural Development Administration, a government agency, is lower than the FAO's but does not point to a worsening in the food situation, with an estimated increase of roughly 300,000 tons in 2021 compared with 2020.

In terms of North Korea's food situation, analysis shows that rice prices have been relatively low for more than three years, since 2019 (*Chart 5*). Since the beginning of 2022, however, droughts and other factors have led to a rise in food prices, and prices for general consumer goods appear to be rising as well. The country may be at a crossroads in terms of whether or not its economic vulnerability will materialize.

Responding to North Korea Risks

Even if North Korea's economic vulnerability were to materialize, the likelihood of being able to contain it is greater than the likelihood of it leading to a collapse of the regime. The regime's survival since the 1990s has proven this. In terms of foreign policy, therefore, it was more difficult for North Korea to pursue an aggressive hard-line foreign policy because of the post-Cold War period's cooperation between China and the US and South Korea's “Northern Policy” (improved relations and economic cooperation with former socialist-bloc countries). During that time, North Korea's hard-line foreign policy that resulted from its siege mentality could be seen as a defensive policy to preserve the regime's stability. This is evidenced by the country's nuclear development and diplomatic negotiations.

North Korea's hard-line foreign policy in 2022, however, has become more aggressively hard because of the entrenchment of the new cold war framework internationally and China's and Russia's backing of North Korea. The large numbers of ballistic missile test launches, deployment of tactical nuclear weapons, and nuclear tests that have been carried out in 2022 are proof of this. In response to North Korea's intentional change in position to a “high-risk Korean Peninsula”,

CHART 4

North Korea's grain production

(unit: 10,000 tons)

Grain production	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
As announced by North Korea (pre-milling)	543	569	565	514	589	545	495	665	525	—
As announced by FAO (milled)	484.6	497.6	508.2	480.1	515.5	472.2	417.0	542.6	488.9	—
South Korea's Rural Development Administration estimate (milled)	467.6	480.6	480.2	451.2	482.3	470.1	455.8	464.0	439.8	469.2

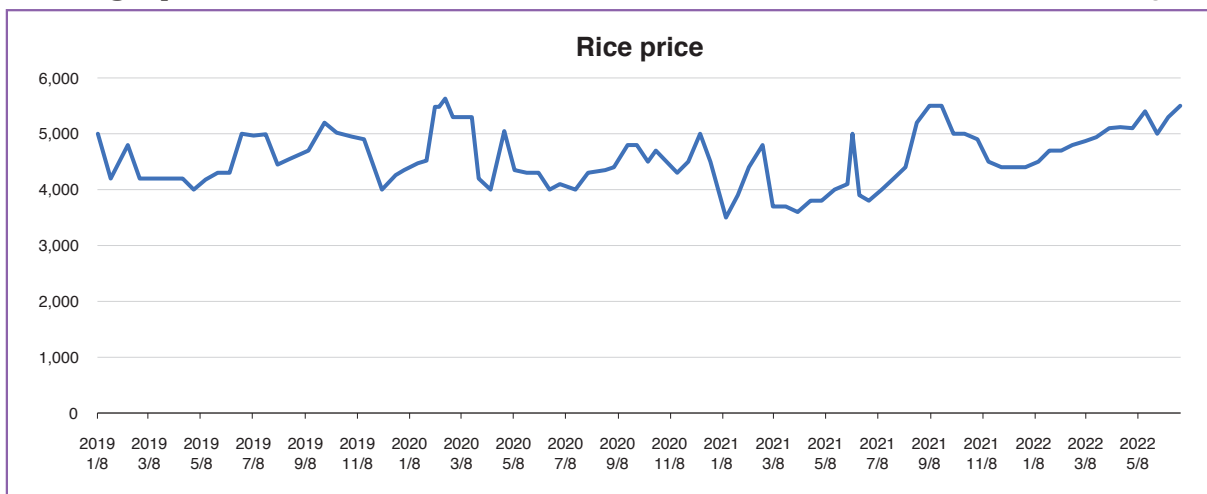
Sources: OCHA, "NEEDS AND PRIORITIES 2020" 2020.4.22., "DPRK Voluntary National Review" 2021.7

FAO, Food Supply and Demand Outlook in 2020/21; North Korea Statistics Portal, KOSIS KOREAN Statistical Information Service (<https://kosis.kr/bukhan/statisticsList/statistics>)

CHART 5

Average price of rice in North Korea

(unit: NK won / kilogram)

Source: 'North Korea Market Trends', Daily NK website (<https://www.dailynk.com>), viewed on July 8, 2022

policies to ensure continuous peace and stability on the Korean Peninsula become even more urgent. Not addressing the issue until a crisis situation emerges on the Korean Peninsula will cause significant harm to the East Asia region. The best policy for addressing this risk is to develop preventive measures that will defuse the risk.

The main players for the achievement of these measures are the countries that have stakes in the Korean Peninsula, with the US, China, and Japan having particularly large roles to play. The US needs to continue to negotiate with China from a neutral standpoint with regard to the North Korea problem. Japan must maintain and further develop the two three-country frameworks – Japan, China and South Korea, and Japan, the US and South Korea – and make them recognize the risk of foreign aggression posed by North Korea. In addition, Japan needs to restart bilateral negotiations with North Korea and make it consider Japan's counterproposal for resolving problems through dialogue. The parties need to rein in the risk posed by North Korea by developing a stricter policy of "dialogue and pressure".

Conclusion

The geopolitical risk posed by North Korea is greater than it was three or four years ago. If the risk is not eliminated through the

"denuclearization of the Korean Peninsula", it will continue to reappear. The international community has tried to achieve this goal for the past 30 years, but has been unable to prevent North Korea from possessing nuclear weapons. Despite the use of various types of "carrots and sticks", North Korea's capacity for external aggression has steadily increased. Japan's diplomatic strength is now being called into question more than ever. A framework for sharing information and joint responses needs to be created to strengthen the framework for international cooperation in response to North Korea. As an approach that would make it possible to engage in a barter transaction that denuclearizes North Korea while preserving the regime, it would be desirable for Japan to restart negotiations with North Korea as a set of issues that includes the normalization of ties, the resolution of the abduction issue and other pending issues with Japan, and denuclearization. The risk posed by North Korea is not just an issue of Japan's security; the time has come to reconsider an approach through which the resolution of these issues would spur Japan's peaceful development.

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