


## A New Day in Northeast Asia?

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by James Goodby and Markku Heiskanen

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## **I. Introduction**

James Goodby and Markku Heiskanen assess the significance of the recently reached agreement to reopen the Kaesong Industrial Complex. They write: "it shows a readiness to negotiate on both sides and could be seen as a first success for "trustpolitik," President Park's description of her hopes for North-South relations. Perhaps it signals the beginning of a new day in Korea."

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## **II. Policy Forum by James Goodby and Markku Heiskanen**

### **A New Day in Northeast Asia?**

A rare and important agreement between the North and the South of Korea was reached on August 14. This should lead to the re-opening of the North-South experiment in economic cooperation just over the Demilitarized Zone at Kaesong, in North Korea. It consisted of a complex of factories owned and managed by South Korean firms and staffed by North Koreans. Last April, in the aftermath of North Korea's third nuclear test explosion and the imposition of UN sanctions, tensions between North Korea and South Korea were unusually high. The annual US-ROK military exercises taking place at that time were met by a strong North Korean verbal response that escalated tensions still further. And in the midst of this turmoil, in an effort to show its extreme displeasure, Pyongyang withdrew over 50,000 North Korean workers from the Kaesong Industrial Zone and prevented South Koreans from maintaining the shuttered manufacturing facilities. That move made by North Korea came close to closing down the complex once and for all.

It is a tribute to the steadiness and toughness of South Korea's president, Park Geun-hye that this agreement was reached. In fact, it shows a readiness to negotiate on both sides and could be seen as a first success for "trustpolitik," President Park's description of her hopes for North-South relations. Perhaps it signals the beginning of a new day in Korea.

The terms of the Kaesong agreement offer a significant potential for joint North-South economic activity. The door is open to institutionalizing that activity through the creation of a Joint Committee to oversee the operations of firms located in the Kaesong Industrial Zone. It would be responsible for adjudicating disputes, protecting corporate properties, and working out compensation for damages to such properties. Importantly, the Kaesong agreement states that the North and the South will actively work to attract foreign businesses to Kaesong. An accretion of joint activities like these in Kaesong, and elsewhere, would be an effective way of creating a network of economic relationships beneficial both to the North and the South. The Kaesong agreement might also open possibilities to

reopen inter-Korean railway traffic, which would be an important trust-building measure.

One other point is worth noting: North Korea's current posture toward negotiations is in line with the public New Year's Day speech by North Korean leader Kim Jong-un, on January 1, 2013. He referred to positive achievements in North-South relations, to the two North-South summits in Pyongyang and to the declarations produced by those meetings in 2000 and 2007.

In the 2007 declaration the leaders of North and South Korea at the time suggested that "the three or four" parties directly concerned might convene on the Peninsula in order to declare the Korean War ended. The two leaders also cited favorably some important agreements reached in the Six-Party Talks on the North's nuclear program.

Those references in Kim Jong-un's New Year's speech underscored the importance of North-South dialogue. South Korea's President Park Geun-hye is ready for that as the Kaesong agreement shows. Dialogue now seems possible, though it will be extremely difficult, and certainly requires steady nerves.

But a more formal legal process will be required to end the Armistice arrangements of 1953 and establish a peace regime on the Korean peninsula. The Korean War was ended sixty years ago, not by a peace treaty, but by an armistice agreement signed on July 27, 1953 after three years of heavy fighting. So the parties are still technically at war. And war has seemed not so unreal a prospect from time to time during the last six decades. The threats by North Korea last March to launch a nuclear attack against the United States showed that another war, perhaps on a wider scale this time, remains a contingency that cannot be dismissed.

It remains a stubborn fact that the North Korean nuclear weapons program is the focus of the permanent crisis on the Korean Peninsula. Until some concrete action is taken by North Korea to halt and reverse its building of a nuclear arsenal to be delivered by ballistic missiles, it will be hard to break out of the impasse. North Korea sees its nuclear program as an essential deterrent while the U.S. nuclear deterrent has not been able to prevent that program from advancing from one stage to another. That has been the history of nuclear deterrence. It has deterred the use of nuclear weapons since 1945, but its broader effect on weapons development has been ambiguous, at best.

The UN Security Council has condemned the North Korean nuclear bomb and missile tests, and new sanctions have been imposed, in vain, so far. And that has tended to be the history of sanctions, too.

The issue will be difficult to resolve until it is connected to a wider comprehensive security settlement on the Korean Peninsula, and in Northeast Asia. A feeble effort to do this was made in the long-suspended Six-Party Talks between North and South Korea, China, Japan, Russia, and the United States. The surrounding political environment was too fraught to make much headway.

The Kaesong agreement suggests that another opportunity may present itself this year. As always, mutual suspicions will dominate any discussions of renewed talks but the general trajectory of international relations in Northeast Asia is heading towards more confrontations, not less. President Obama's "pivot to Asia" should include a more dynamic diplomacy with respect to Korea if that ominous trend is to be reversed.

It has often been the case that after bellicose statements and provocative behavior, North Korea offers negotiations. And so it was in the latest crisis. On June 16, North Korea offered negotiations to the United States in a statement by its National Defense Commission, chaired by the North Korean leader Kim Jong-un. According to the North Koreans the discussions would focus on defusing military tensions, replacing the armistice system with a peace mechanism, and other issues of

mutual concern, including building a “world without nuclear weapons,” a goal endorsed by President Obama. That overture was not accompanied by any tangible moves to end testing of nuclear bombs and missiles or to freeze the production of these weapons. Now, the invitation is shadowed by the imprisonment of an American citizen in North Korea.

What may be new and important this time is that China now appears more willing than in the past to put its full weight behind the effort to negotiate an end to North Korea’s nuclear weapons program. A U.S.-Chinese partnership in this effort could encourage more progress than was possible in the suspended Six-Party Talks when China appeared unwilling to put much pressure on Pyongyang.

China’s attitude is crucial because settlement on the Korean Peninsula, and in Northeast Asia is not only desirable, it is ultimately essential for a sustainable nuclear-free zone on the Korean Peninsula. Talks aimed at achieving a settlement would include issues left over from the 1950-53 Korean War, including a peace treaty and a new framework for North-South relations; issues relating to North Korea’s nuclear weapons program, and issues related to regional interstate relations in Northeast Asia. Institutionalizing relations among the parties to these understandings would be an important part of the process.

A regional consultative forum could be modeled after the “Helsinki process,” the mechanism that created and implemented the Conference on Security and Cooperation in Europe. The essence of that process was that in their evolving relationships the antagonistic participants would strive for balance between enhancing economic and political relationships and improving security relationships. A “Final Act” was negotiated and signed by heads of states and governments in 1975 that defined objectives and also immediate understandings about the rights of peoples as well as of states. Periodic review conferences were held to measure progress.

The Six-Party Talks could have been the launching pad for such a negotiating effort. Probably at this point in time, new diplomatic mechanisms should be found. One possibility would be four separate forums, possibly meeting in different locations, with membership corresponding to the subject being addressed. One would deal with inner-Korean relations, a second with creating a peace regime in the Korean Peninsula, a third with nuclear issues, and a fourth with a regional mechanism for promoting peace and security. Periodic meetings of foreign ministers of the six nations that took part in the Six-Party Talks could coordinate this process. The latter process could be the beginning of a permanent mechanism for security and cooperation in Northeast Asia.

All of this may lie ahead if the Kaesong agreement represents a true turning of the page. President Park’s address to the U.S. Congress last May now takes on a new relevance. After citing her policy of “trust-building,” and her interest in an international peace park in the Demilitarized Zone, she called on “America and the global community to join us in seeking the promise of a new day.” It was good advice then and looks even better today.

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### **III. NAUTILUS INVITES YOUR RESPONSES**

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