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EAI NASD consists of a Two-Track approach with a Students Forum and an Experts Panel. This forum promotes mutual understanding among Korean and Chinese experts and will educate future elites.

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"The Korean Peninsula in the aftermath of *Cheonan* incident: Power Succession in North Korea, and the prospect of Peace and Denuclearization"

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The year 2010 has been a contentious period for ROK-China relations, mainly as a result of the *Cheonan* incident which created tension between the two over North Korea. China's refusal to accept the findings of a South Korean-led Joint International Investigation that North Korea was responsible for sinking the *Cheonan* led to strains within China-ROK ties. Beijing's close relationships with Pyongyang have evidently caused problems with both Seoul and Washington. Moreover, the way in which the *Cheonan* incident went from being an inter-Korean affair to a U.S.-China dispute placed ROK-China relations in a difficult situation. Since establishing formal diplomatic relations, economic interdependence has been a primary factor in developing closer ties, yet security issues remain as a problem for South Korea and China.

On November 21-22, 2010, the EAI and Peking University's Center for International Strategic Studies (CISS) held their annual Northeast Asia Security Dialogue (NASD) forum at Peking University. As with previous years, there was both an experts' panel and a students' forum. The experts' panel brought together scholars from both China and South Korea to discuss the major issues between the two countries. In the first session, the topic was "The Korean Peninsula Post-*Cheonan*: Power Succession, Peace and Denuclearization in North Korea," for the second session the topic was "New Security Dynamics in East Asia and Global Governance."

The following is a summary of the main policy recommendations arising from the discussion among the participants.

U.S-China Relations

U.S.-China relations are expected to be manageable in the future, but China-Japan relations will be of central concern. In 2010 the key differences have been manifesting themselves in the U.S.-China relationship. This has been mainly on sensitive matters such as Taiwan, currency disputes, North Korea, and maritime issues which have all come to the fore. Some view that China has become increasingly assertive over its "core interests" when dealing with the United States. Others argue that the United States and its allies are overly engaging with China's effort for peaceful rise. While most of these issues have revealed great differences, none have so far jeopardized this important bilateral relationship. It was generally accepted by the NASD panel that the United States and China can manage their differences. Both states can escape negative materialization of a security dilemma in the phase of possible power transition by understanding the nature of East Asian strategy of each state, and also changing nature of power fields in the 21st century defined not just by hard power but also by soft and network power.

The path of China-Japan relations, however, stands in contrast and is more difficult to predict. China has already surpassed Japan as the second largest economy and with the Senkaku/Diaoyu Islands dispute; there exists a flashpoint between the two countries. 2010 witnessed many difficulties that China-Japan

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relations are going through. In September, the dispute over Japan’s detention of a Chinese fishing boat captain near the Senkaku/Diaoyu Islands threatened to seriously damage bilateral ties. This case was said to foretell the dangers ahead of how foreign policy in both countries can be manipulated by a domestic audience, but it remains to be seen if this is a current trend or a longer term challenge. What is important in this regard is to recognize that both sides made mistakes during this episode. To avoid such confrontations in the future, Beijing and Tokyo should seek measures to manage the relationship between them.

China needs to develop a sophisticated regional approach to avert feelings of being contained by the United States. The Obama administration’s reengagement with the Asia region has brought about fears in Beijing that Washington is trying to contain a rising China. After almost ten years of distorted focus on the Middle East to combat terrorism, the United States is turning its focus back to Asia.

Maritime security issues became a major issue as some had interpreted that China’s statements claimed the South China Sea to be one of its “core issues” equating it with other such sensitive issues as Tibet and Taiwan. For Beijing, there can be no compromise on its “core interests.” The diplomatic jousting during the ASEAN Regional Forum in Hanoi in July 2010 seemed to epitomize the difficulties in U.S.-China relations. As Washington builds up its contacts in the region by reaffirming alliances with South Korea and Japan and seeking new partnerships with India and Indonesia, Beijing feels encircled. One of the difficulties is the kind of relationships that China has with its neighbors when compared to the United States. In some respects, there

are advantages that China holds due to volume of trade that it has with countries in the region. But this has not translated into regional security relations where countries still prefer the United States. The disparity between China’s economic relations and its security contacts is one that should be addressed but in a way that takes into consideration its neighbors’ concern.

The Future of North Korea

As inter-Korean tensions mount, the Six-Party Talks will need a more creative approach. As North Korea goes through its succession process, the situation on the Korean Peninsula have been very confrontational. The sinking of *Cheonan* in March 2010 set back the previous diplomatic efforts by China to restart the Six-Party Talks. In the aftermath of the incident, South Korea declared that it would not restart talks unless North Korea apologized for its attack. For much of 2010, the Six-Party Talks have been in deadlock despite the continued diplomatic push by China. As the succession issue becomes more stable, there will be a new opportunity to restart talks. However, this chance can be lost if the approach is not effective in bringing together all parties. The step-by-step process that was the hallmark of the Six-Party Talks was effective in reaching some agreements, but future talks will need to utilize a more comprehensive solution. Time is also a major factor, it is critical to restart talks before North Korea weaponizes its nuclear material which would then make it far more difficult to denuclearize.

North Korea can only be stable if it pursues economic reforms and opening, but disa-

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greement remains over how much influence Beijing can exert on Pyongyang. The current policy guiding North Korea is the *songun* or “military-first politics” which commits the state toward devoting all its meager resources to the military. This distorted policy will continue to plunge the country into a desperate state with no hope of overcoming its basic shortages. The North Korean regime needs to recognize that it can no longer guarantee its survival by adhering to the “military-first politics” indefinitely. What it must do is switch to new policies that can embrace economic reforms and opening and that can guarantee its survival yet not create the dangers and instabilities that come with “military-first” politics. There was a general agreement in the NASD forum about the need for North Korea to adopt reforms and opening that China has been pushing the North on for some time. Furthermore, the notion that all states must cooperate and develop the policy of engaging with North Korea, and evolve with North Korea in its reform efforts or a policy of “coevolution” is also favored. However, there remains disagreement among the Korean and Chinese participants of the forum about the degree to which Beijing can pressure Pyongyang to change.

The Future of ROK-China Relations

ROK-China relations have been influenced by U.S.-China rivalries, but Seoul and Beijing must work to strengthen their ties and institutionalize the way they solve their differences. The way in which the *Cheonan* incident went from an inter-Korean issue to a U.S.-China dispute shows the fragility of relations in the region. This placed South Korea

in a very difficult situation and one that Seoul fears above all else, whether to side with the United States, its main ally, or China, its largest trading partner. For the most part, Seoul has been able to avoid the difficulties in U.S.-China relations, such as Taiwan or Tibet but the *Cheonan* incident directly affected the Korean Peninsula and its own security. In spite of the difficulties and tough choices that came with the *Cheonan* incident, Beijing and Seoul must continue to strengthen ties and develop mechanisms to avoid misunderstandings, by developing more concrete measures to develop their “strategic cooperative partnership relations.”

The recent disputes in Northeast Asia can be resolved as bigger issues drive relations. The importance of enhanced cooperation between South Korea and China is that it can overcome some of the recent disputes and issues in the so-called “Post-*Cheonan* period.” Suggestions for a Trilateral FTA, for example, between South Korea, Japan, and China could be a way to balance or bridge the interests of each country. Still, despite the economic dependence, imbalances continue to exist among the countries that will have to be properly addressed for the future. South Korea and China needs to develop a more persuasive blueprint for the future regional architecture to manage the process of regional power shift and guarantee peace and coprosperity.■