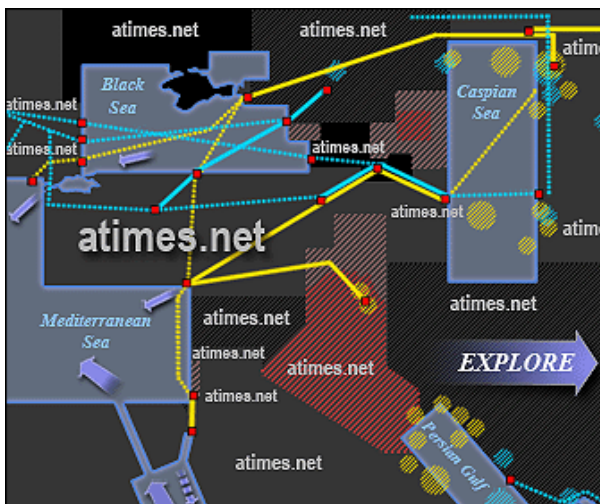


Lee's chance to steer a new course

By Yong Kwon

South Korean President Lee Myung-bak has lost the most from the sinking of one of his navy's corvettes, the *Cheonan*, while North Korea basks in the diplomatic victory of the United Nations Security Council's dull response to the affair.

A toothless July 8 statement from the UN left Lee short of his objective of international condemnation for the sinking, which Seoul and the United States pinned on the North. While the UN did not absolve Pyongyang, it also failed to directly indict the regime for the sinking. North Korea celebrated the 49th anniversary of the 1961 Sino-North Korean Mutual Aid and Cooperation Friendship Treaty on July 10, no doubt with some



appreciation for the invaluable role Beijing played in debasing South Korea's diplomatic mission.

Lee will clearly have to alter fundamental tactics and attitudes in his approach to North Korea, putting practical policies and clear objectives in place to ensure the next crisis does not threaten the long-term stability of the Pacific Rim. With his well-documented failure to do so in the *Cheonan* sinking, Lee has risked the stability of the entire region.

Lee's means of achieving appropriate compensation for the deaths of 46 sailors in the March 26 incident were nebulous at best, despite the messianic zeal with which he launched his slightly delayed mission to castigate North Korea in late May.

With ambiguous objectives, Seoul enacted three courses of action: first, to suspend all trade and economic ties with North Korea except through the Kaesong industrial complex; second, to initiate military exercises with the United States; and third, to launch a diplomatic mission to gain international support against North Korea. By July, all three retaliatory measures have either yielded no change or been compromised.

Although South Korea is a clear victim of the *Cheonan* affair, its leaders are not guiltless of leaving Seoul in a vulnerable state. From the start, Seoul did not disclose the government's measure of success in the diplomatic counter-offensive. In part, this is because the three ministries at the center of this vast inter-ministerial operation (Unification, Defense and Foreign Affairs and Trade) never had a clear or realistic understanding of what they were capable of achieving.

The Ministry of Foreign Affairs and Trade failed to convince the Chinese and the Russians to back South Korea. The Democratic People's Republic of Korea is not a crony of the People's Republic of China, but no country has ever achieved any diplomatic breakthrough with the Kim Jong-il regime without first engaging with Beijing.

According to Karin Lee of the National Committee on North Korea, the Banco Delta Asia affair [1] in September 2005 was a clear case in point. The American crackdown on North Korean money laundering successfully led to preliminary negotiations on nuclear disarmament because the United States outlined real financial losses for the Chinese authorities if the status quo was maintained.

But when it came to the *Cheonan*, The South Korean Ministry of Foreign Affairs and Trade either seriously underestimated the importance of Chinese engagement in the sanctions regime or failed to present why having a militarily responsible Pyongyang would outweigh the economic benefits derived from China's exclusive relationship with North Korea.

Directly linked with the failure of the Foreign Affairs Ministry, the Ministry of Unification also suffered setbacks from unrealistic projections on South Korean economic leverage over North Korea. The ministry's policy of financially choking off Pyongyang was reduced to merely subsidizing South Korean corporations that had been cut off from the North.

On July 13, Hyeon Intaek, the minister of unification, asked the National Assembly Foreign Affairs and Trade Committee for a \$10 million increase in [government](#) subsidies for suspended inter-Korean companies, but failed to present the committee with any concrete policies toward the North, beyond waging a financial war of attrition.

Regardless of where North Korea stands today, the country is helplessly inching towards another food crisis, and left alone will cause further instability in the region. Most importantly, Seoul

must open more avenues of exchange with Pyongyang to create more opportunity for a breakthrough.

According to Stephen Linton, chairman and founder of the Eugene Bell Foundation, despite Seoul's tenacity and dedication, South Koreans simply do not have the embedded connections with the North Koreans to transform their economic association into political capital.

The greatest asset that South Korea has in the north is the Kaesong industrial complex, but the Ministry of Unification excluded this location from economic disengagement because of the dire economic ramifications. While imperiling the livelihoods of 40,000 North Koreans employed at the complex may raise the stakes for Pyongyang, the cost that Seoul would have to bear from the financial losses would be too high for such an uncertain maneuver. Furthermore, closing down the only significant form of inter-Korean cooperation would only quicken the ongoing construction in the Rajin-Sonbong special economic zone and diminish the much-needed contact between the Koreas.

The Ministry of Defense has been battered the most by domestic criticism since day one of the *Cheonan* sinking. Despite the array of high-tech vessels in the navy, South Korea is still vulnerable to attacks from what seems to be North Korean miniature submarines.

Although the nuclear-powered supercarrier *USS George Washington* is shoring up some support for Lee by sailing in the region, South Korea has little to gain from antagonism between Beijing and Washington that has been heightened by the activities of the American Seventh [Fleet](#).

While the short-term benefits of deterring North Korean provocation may have been achieved for now, tensions between China and the [United States](#) create openings for North Korea to exploit. The tacit support for Pyongyang from Beijing in the UN Security Council has much to do with the [military](#) competition between the United States and China.

It is this danger of confrontation with China that forces many American analysts and policymakers to reconsider their ties to South Korea. In particular, Doug Bandow, a senior fellow at the Cato Institute, suggested in a foreign policy briefing on July 14 that the US should withdraw from the Korean Peninsula to avoid being dragged into conflict over "a parochial quarrel" between the Koreas, claiming that South Korea was "not critical to America's defense".

While Bandow's views are not accepted by mainstream policymakers in Washington, they nonetheless betray a degree of doubt among American political and academic elites over the cost-effectiveness of the US's security guarantee to South Korea.

The end result of the *Cheonan* affair has been a more rapid mobilization of high-tech arms by all parties in the region. South Korea has produced a cruise missile with a range of 1,500 kilometers, capable of striking not only military installations in North Korea but also targets along China's eastern seaboard. Japan is also due to begin producing a line of supersonic anti-ship missile, the XASM-3, by 2016.

Meanwhile, China boasts that its medium-range ballistic missile Dong-Feng (DF) 21C, with precision strike capabilities rivaling that of a cruise missile, could scuttle a supercarrier with a single shot. And the traditional military superpowers of [Russia](#) and the US each have their own vast array of weaponry engaged in the region.

Rather than cool the crisis, Lee's diplomatic and military offensive to punish North Korea instead fueled China-US rivalry and in part has encouraged further militarization of regional powers.

More important for Lee would be to look to the long-term effects of increased economic cooperation and dialogue with Pyongyang. Heavier engagement in the North Korean economy, and other avenues of contact, would provide Seoul with more opportunities for dialogue and greater leverage in dealing with Pyongyang in the next crisis.

Some limited American troop withdrawal could be put on the table for discussion to provide incentives for regional stability to not only Pyongyang but also [Beijing](#).

Considering the South Korean expatriate population in the United States and the volume of trade between the two countries, Lee can rest easy knowing that the ties between South Korea and the United States are much stronger than a mere military alliance. Even if American [troops](#) were withdrawn from the peninsula completely, the US would almost certainly remain a close ally of the republic.

In the 1970s, facing isolation against a North Korean diplomatic offensive in the developing world, South Korea terminated its policy of shunning engagement with states that recognized the North Korean government (an adaptation of West Germany's Hallstein Doctrine against states that recognized communist East Germany).

Although inspired by a desperate race for a seat in the United Nations, by discarding a crucial component of its foreign policy paradigm of 20 years South Korea experienced flexibility that enhanced its influence and economic prowess abroad. Likewise, Lee should not cower from inverting foreign policy preconceptions that only act as barriers to South Korea's potential.

Post-*Cheonan*, Northeast Asia is more volatile than it has ever been since the end of the Cold War. The time is ripe for governments to find new ways of resolving deep-rooted

conflicts.

Note

1. In March 2007, the US Treasury ordered US companies and financial institutions to cut links with Macau-based Banco [Delta Asia](#) on account of allegations concerning its business with the government of North Korea, which at that time kept US\$25 million at the bank in various accounts. North Korea was able to gain access to funds deposited at the bank by raising the issue with the United States at the six-party talks on nuclear weapons technology. The incident is said to have intimidated other banks from doing business with North Korea and disrupted the country's system for transferring foreign exchange.

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