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RCDS 2008 – CONTEMPORARY STRATEGIC ISSUES

Will South Korea's Sunshine Policy Succeed in Bringing Reunification Through Soft-Power Attraction? What Would Japan's Attitude be to Korean Reunification?

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Will South Korea's Sunshine policy succeed in bringing reunification through soft-power attraction? What would Japan's attitude be to Korean re-unification?

Key Judgements:

- The Sunshine Policy has delivered a number of tactical successes, but has brought little material change in the official stance of the Democratic Peoples Republic of Korea (DPRK) to reunification. Much of the significant funding provided to the DPRK by the Republic of Korea (RoK) is retained by the ruling elite and does not reach the general population, resulting in an increase in the wealth disparity between populations in the North and South. The funding provided through the "Sunshine Policy" is more likely to deliver greater regime stability in the DPRK rather than reunification. The recent election of President Lee in RoK has resulted in greater conditionality being allied to economic support, with further "Sunshine" payments being linked to DPRK denuclearization. This has inadvertently reduced the leverage that RoK has with the DPRK and made inter-Korean relations subordinate to US/DPRK relations and Six-Party Talk progress.
- Japanese/Korean relations are shaped by their mutual history. Japan formally supports the reunification of Korea, on the assumption that a reunified Korea would be democratic and nuclear-free. However, Japan remains wary over the potential economic power of a future reunited Korea and relations are strained because tactical issues (such as the publication of textbooks on World War II, the naming of the East Sea/Sea of Japan and the abduction of small numbers of Japanese nationals) have been allowed to assume strategic importance. Nonetheless, Japan would be willing to provide some funding to support Korean reunification, in part as reparation for its behaviour during the colonization of the Korean peninsula during the early part of the 20th Century.

Sunshine Policy.

- The Sunshine Policy was initiated by President Kim Dae-jung in 1997 and designed to help build peaceful cooperation as a basis for reconciliation and future reunification. The policy attempted to separate economics from politics and required an element of reciprocity from the DPRK. However, although RoK has provided aid and assistance to DPRK, few concessions have been offered by DPRK and a deficit of trust continues to exist.
- Support for the Sunshine Policy in RoK has been waning. Fewer South Koreans have direct family links with those in the North and a significant proportion of the younger generation is less willing to sacrifice their standards of living in order to fund the cost of reunification. President Lee of RoK has recently announced that humanitarian aid will continue, but greater "Sunshine Policy" support will be linked to denuclearization. This linkage has inadvertently reduced the leverage of RoK over DPRK, with bi-lateral relations becoming relatively less influential than the US/DPRK relations and Six-Party Talks.
- In spite of the significant support provided under the "Sunshine Policy", the gap between the wealth of DPRK and RoK and the subsequent difference in living standards continues to widen. The GDP of RoK is some 40 times that of DPRK, while in their most recent global review (2006) the World Bank were not able to calculate the Gross National Income per capita in DPRK, due partly to the closed nature of the regime, but also because many sectors of economic activity are

absent. Most of the population lives on or below the poverty line with the country heavily reliant on food aid.

The Six-Party Talks

- Six-party talks between the major regional powers stalled for several months earlier in 2008 because DPRK missed a deadline to formally declare all its nuclear activities. On 19 Sep 08, DPRK stated that it had suspended the decommissioning of its nuclear capabilities and on 22 Sep 08, it formally requested the UN IAEA to remove the seals at its Yongbyon Nuclear Facility to allow it to restart nuclear activities. Within a month the US had removed DPRK from the list of state sponsors of terrorism and DPRK responded by agreeing to the reinstatement of the seals. DPRK continues to use its “Nuclear Card” to wrest concessions out of other Six-Party Talks members, particularly RoK.

Korean Perspectives.

- Despite a formal statement by the DPRK regime that eventual re-unification is a goal, all available evidence suggests that its primary aim is regime survival. The regime welcomes any approaches which provide economic support and concessions, but which do not threaten its survival or require its commitment. Consequently, many of the resulting international agreements are ambiguous and the pace and scale of change appears to be driven by the DPRK agenda, rather than that of RoK.

- RoK has committed itself to the ideal of unification but appears to be poorly prepared for the consequences. Enormous investment (in the range US\$850Bn to US\$1300Bn) will be required and there is little evidence that a robust strategy for financing reunification exists. Psychologically, both the RoK government and its people appear totally unprepared for a “Hard Landing” in the North and all RoK policies assume that a “Soft Landing” will be possible. As evidence, the official RoK policy is that any reunification costs can be funded from economic growth, however it is unlikely that this can be achieved without unbalancing the RoK economy, or preventing a complete collapse of the fragile economy of DPRK, prompting mass migration. RoK does not appear to have considered the possibility of reunification under a communist or socialist regime, or how the risk such of an outcome might best be mitigated.

Japanese Perspective.

- Japanese engagement in the Korean Peninsular is coloured by the period of Japanese occupation from 1910 to 1945 and senior Japanese politicians have issued a number of formal apologies to both DPRK and RoK in recent years. Japan recognises the government of RoK as the legitimate government of the whole of the Korean peninsular, but does maintain dialogue with DPRK.

- The Treaty of Basic Relations between Japan and RoK was signed in 1965 and, as part of this, Japan agreed to provide reparations of \$500M in soft loans and \$300M in grants as compensation for the 1910 to 1945 occupation. There has been no such agreement with DPRK and Japan still sees this as “unfinished business”. Japan would be prepared to provide suitable compensation to the North Korean people, most likely as part of the costs of Korean reunification. However, the levels of such compensation and any necessary preconditions have yet to be agreed.

- Japan currently assumes that a reunified Korea would be a democratic state along RoK lines. Under these conditions Japan is most likely to support reunification. Although Japan is wary over the economic power of a reunified Korea, there could be spin-off economic benefits for Japan. A democratic Korea is unlikely to pose a military threat to Japan (particularly a Japan which benefits from the US security guarantee) and local territorial disputes are unlikely to escalate into military engagements. Japan does, however, remain extremely concerned over the future of any nuclear weapons currently owned by DPRK and is likely to insist that Japanese support for reunification (together with the payment of any reparations) is linked to nuclear disarmament.

- Japanese reaction to a reunified Korea under a DPRK-style regime is less clear and mainstream Japanese politicians do not appear to have seriously considered this possibility. However, given that Japan has formally recognised the democratically elected government of RoK as the legitimate government of the whole of the Korean peninsula, it is likely that they would oppose Korean reunification on such terms.

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