ON FEBRUARY 14, the two Koreas held high-level talks at Panmunjom that led to the resumption of family reunion visits after a hiatus of three years and four months. The development seemed surprising to some, as the talks were proposed by North Korea and the visits went ahead despite the timing coinciding with South Korea-US joint military exercises. Why is North Korea being so accommodating toward the South? Can it last?

The policy direction of the Kim Jong Un regime has been erratic. For a time, staunch hardline actions took the lead, interrupted by a sudden emphasis on co-operation and exchange, and then back to the hardline again before finally returning to dialogue.

2013 began with the hardline posture. In late 2012, North Korea tested its long-range rocket, then in February 2013 pressed ahead with its third nuclear test. The military hawks took charge, focusing on strengthening the country's nuclear deterrent capabilities. In the process, entry to the Kaesong Industrial Complex (KIC) was forbidden because of South Korea-US military exercises, followed by the shutdown of the complex. Of course, North Korea had responded sensitively to previous military exercises, and there were times when Inter-Korean dialogue and civilian exchanges were interrupted as a result. Since the KIC was inaugurated in 2007, it has experienced previous disruptions during periods of military exercises, but a wholesale shutdown was unprecedented.

The catalyst for the move away from the hardline policy back to dialogue was the May 2013 visit of Choe Ryong Hae, director of the General Politi-
DECISION-MAKING ON SOUTH KOREA POLICY
The bureaucratic politics model in foreign policy theory cannot be generally applied to North Korea. Special interest politics has not taken root and the North Korean decision-making process reflects the idiosyncrasies of its political system. But looking at past examples, there is a tendency for Pyongyang’s strategic decisions — whether enhancing nuclear deterrence or pursuing dialogue — to be made at the structural level. Yet various differences of opinion exist over the timing of strategic transitions or the precise terms of negotiation. In other words, opinions vary in North Korea over responses to the actions of the international community, such as the US negotiation strategy or Chinese efforts at mediation.

The same applies to Pyongyang’s policy toward Seoul. Disagreements arise among military, political and economic organs over South Korea policy. In the case of the KIC, daily operations are handled by the General Bureau for Central Guidance on the Development of the Special Zone, which is under the cabinet; overall policy is handled by the United Front Department of the Workers’ Party of Korea (WPK), which is in overall charge of South Korea policy; issues of communications and transit are handled by the military. Under certain circumstances, such as during South Korea-US combined military exercises, differences in opinion may arise between the military and the cabinet. Government organs dealing with South Korea are also required to consult the military.

Of course, there are cases in which the peculiarity of North Korean politics goes beyond bureaucratic politics. These are issues related to the Supreme Leader, where differences of opinion do not occur across departments. The main reason behind North Korea’s October 2013 policy shift from dialogue to a hardline and toughened rhetoric appears to be the air-drop by conservative groups in South Korea of 500,000 leaflets alleging scandals involving Ri Sol Ju, Kim Jong Un’s wife. As North Korean politics retains its cult of personality, the issue of “supreme dignity” is beyond the framework of normal policy making, and in this regard competition for loyalty to the leader is highly likely to occur irrespective of bureaucratic policy judgments.

RELATIVE PRIORITIES
How much priority is given to South Korea in North Korean foreign policy? North Korea has long considered the US its top foreign policy priority. The US was stipulated as a party in the Korean Peninsula peace regime discussions, and talks with Washington were the biggest emphasis for Pyongyang during the Six-Party talks for the resolution of the nuclear issue. In the economic sphere, US economic sanctions on North Korea have had a serious impact.

On the other hand, Sino-North Korean relations are also important. North Korea and China had experienced strained relations during the Soviet conflict, the Cultural Revolution and in the early 1990s, but due to geographical proximity or strategic interests, Sino-North Korean relations are highly significant in the maintenance and development of the North Korean system. North Korea’s policy toward South Korea is no less important. Neighboring nations surrounding the Korean Peninsula prefer peaceful stability in inter-Korean relations, and thus demand positive changes in North Korea’s South Korea policy. However, the order of priority of that policy can be affected by the changing approach of the South. Inter-Korean relations matter greatly in Pyongyang’s foreign relations, particularly when South Korea exercises its influence in global diplomacy in a way that impacts on the North.

However, Pyongyang’s so-called不得转载 in recent years. Its relationship with the US is still at an impasse because the Six-Party talks have been adrift for years. Inter-Korean relations have experienced a long-term stalemate as well. These factors have led North Korea to pursue nordpolitik by looking to China in the last few years.

Sino-North Korean relations have improved in both the political and economic spheres based on both sides’ strategic interests, starting with then-Premier Wen Jiabao’s visit to North Korea in the second half of 2009. Although Pyongyang’s military posturing irked the new Xi Jinping regime as it was coming to power, the bilateral relationship’s basic structure of strategic interests appears unlikely to change. As the Shinzo Abe administration in Japan continues its policy to attain greater military power and the US-Japan alliance reinforces its deterrence capabilities against China, North Korea remains valuable geopolitically to China’s Northeast Asia regional strategy. Likewise, North Korea’s mineral wealth, logistical co-operation and low-wage labor force is attractive to Chinese enterprises. North Korea also needs China in order to invite foreign capital and open its economy to the world.

Sino-North Korean relations also impact on North Korea’s policy toward the South. They have had a major impact, for example, on Pyongyang’s enthusiasm for the KIC working-level negotiations. Although the Chinese leadership has asked for improvements in inter-Korean relations, the continuation of the KIC also has a major symbolic significance to Beijing’s economic co-operation with Pyongyang. The most important factors in Sino-North Korean industrial co-operation are the signals North Korea transmits to Chinese investors. Should the KIC be shut down by political and military pressure, Chinese investors are bound to be negatively affected. For this very reason, North Korea kept Chinese investors in mind during the KIC negotiations.
Even more significant in North Korea’s decision-making process on South Korea policy is the nature of the relationship between the two Koreas. In that aspect, South Korea’s policy toward the North greatly affects North Korea’s own decision-making process toward the South. Pyongyang is usually conscious of the need to improve its relations with Seoul with the aim of improving relations with the US and China, but the structure of its negotiating strategy against the South does not change very much in any given situation. Yielding for net gain occurs in some cases, but more often it is a case of countering the South’s strategic posture toward the North in terms of psychological offensives by conservative South Korean groups and the direction of inter-Korean economic co-operation. Viewed from past experience, the state of the Korean Peninsula has been influenced more by South Korea’s policy toward the North than by the reverse.

CONTENDING ISSUES IN THE CURRENT INTER-KOREAN RELATIONS

Channels of communication for inter-Korean relations are now established. In the past, inter-Korean dialogues usually took place between the Ministry of Unification of the South and the United Front Department of the WPK that handles inter-Korean ties, led their respective delegations. They announced three agreements: to hold reunions of separated families as scheduled; to stop making slanderous remarks against each other to promote mutual understanding and trust; and to hold another round of high-level talks at a later, undetermined date. For details, see Yonhap News on Feb. 14, 2014.

Seoul’s policy toward Pyongyang has a much more critical impact than the reverse. In the thawing period of inter-Korean relations, North Korea has often taken the initiative. However, South Korea’s policy toward North Korea remains more important for sustained progress in inter-Korean relations.

The other frame in the Mt. Kumgang picture is the North’s push for the internationalization of Mt. Kumgang tourism since Seoul’s 2008 ban. So it seems unlikely that North Korea would allow the Hyundai Group’s monopoly on Mt. Kumgang to be renewed. Such are the many problems facing Mt. Kumgang tourism. The relationship among the three parties the two governments plus the Hyundai Group amounts to a vastly complicated cubic equation.

This is no different from the issues surrounding the development of the KIC. North Korea deems the KIC important for two reasons. The first, as noted above, is the symbolic meaning it has for Sino-North Korean economic co-operation and the overall open-door policy. Pyongyang engaged in its policy of special economic zones by designating the Rajin-Sonbong Special Economic Zone and others in the early 1990s, yet none of them has been as successful as the KIC, which became a symbol of North Korea’s open-door policy. Secondly, considering the direct employment of over 50,000 North Koreans in the KIC plus related indirect employment, we can imagine the immense economic benefit the KIC brings to the country and its surrounding region.

It remains to be seen, however, whether forthcoming institutional developments in the KIC will be fulfilled smoothly. The current issues, including the “three tong problems,” can only be resolved when backed up by a domestic consensus among the military, the cabinet, and the WPK organs dealing with South Korea. Should the political and military environment deteriorate, consensus will not be easy to achieve. Overall inter-Korean relations also affect progress in the KIC. North Korea’s military is generally said to operate under the guidance of the Party, yet consensus among the military, the cabinet, and the WPK remains more important for sustained progress in inter-Korean relations.
GOALS AND PROCESSES

When looking at the history of inter-Korean relations, Seoul's policy toward Pyongyang has a much more critical impact than the reverse. In the thawing period of inter-Korean relations, North Korea has often taken the initiative. However, South Korea's policy toward the North remains more important for sustained progress in inter-Korean relations.

The Park Geun-hye administration’s discourse on North Korea policy tends to highlight long-term objectives. Talk of a “unification jackpot,”

3 South Korean President Park Geun-hye said inter-Korean unification would be a “jackpot” for all Koreans and an opportunity for Koreans to make a great leap forward at a news conference marking the New Year on Jan. 6, 2014. For details, see Yonhap News on Jan. 6, 2014.

with a plan for a world peace park in the demilitarized zone (DMZ) or a Eurasia Initiative to connect a continental railroad are long-term goals, not current issues. What is important here are not the goals themselves but how to achieve them. End results that ignore the process become shaky and unsustainable. Hence, it is vitally important to find out how to solve contentious issues at hand.

The so-called May 24 sanctions are of overriding importance. This measure was taken to punish North Korea by halting all inter-Korean economic co-operation except the KIC after the Cheonan corvette incident in 2010. It still has a negative influence on the Park Administration’s policy options. For example, consider the issue of South Korean firms participating in the Rason logistics project, which was agreed during the Russia-South Korean summit. The May 24 sanctions prohibit any new investment in North Korea. In addition, all shipping and logistics are prohibited between South and North Korean ports, including Rajin. Korean firms, especially POSCO, invested in this project to import North Korean and Russian mineral resources to South Korean ports via the Port of Rajin. For this project to be realized, easing the May 24 measures is a must.

The same applies to any talk of a “unification jackpot.” To maximize economic gains from the process of unification, economic co-operation in mutually beneficial fields must first be expanded, meaning the May 24 sanctions must be lifted. This would also help advance the KIC and the development of additional industrial complexes. Furthermore, the steps to creating a peace park in the DMZ require solving many current issues. Paradoxically, the DMZ is the most heavily militarized place in the world at present. After the Korean War, the two Koreas established a demilitarized zone within two kilometers, respectively, from the Military Demarcation Line. But during the Cold War, the area was militarized as guard posts were advanced and weapons brought in. That is why many experts believe that turning the DMZ into a real DMZ is a very significant trust-building measure. Creating a peace park in the DMZ requires underpinning inter-Korean trust alongside military trust-building measures.

Inter-Korean relations have always been double-edged. The need for future-oriented progress coexists with potential confrontation. Mutual determination by both sides is central to overcoming distrust. In particular, both sides harbor domestic conservative voices that are skeptical about future progress. Harmonizing inter-Korean relations and building a domestic consensus is a crucial task for both Seoul and Pyongyang.

HOW TO MOVE FROM A VIOCIOUS TO A VIRTUOUS CIRCLE?

The policies of both South and North Korea are obviously affected by attitudes on the other side. However, if you decide your policy solely on the basis of your opponent’s attitude, then your policy is bound to become passive. You cannot create a new situation and are simply swayed by day-to-day events. That is bound to stir hawkish voices domestically. For real improvement to be made in inter-Korean relations this vicious cycle must be broken. That is why we need reciprocal policies from both sides.

North Korean foreign policy fluctuates under certain conditions and environments, and its approach to the South is no different. When the external environment deteriorates, there is a tendency in domestic politics for the military to lead the hardline position by emphasizing defense capabilities. In particular, when sensitive foreign interventions related to the leader occur, the North Korean system characteristically shifts to hardline mode, launching strong condemnations and transcending bureaucratic interests.

At the same time, Pyongyang’s South Korea policy is greatly affected by external factors. North Korea needs to attract foreign capital for economic development, but if inter-Korean relations deteriorate further, it will be even more difficult to attract foreign capital from Chinese and other sources. Also, political and military conditions must be met for Pyongyang to actively pursue its policy of opening up to the world.

With its sidopolitik exit firmly closed, Pyongyang must take many factors into consideration in its relations with Beijing. Policy toward Seoul has an important influence in boosting relations with the US or China. Alleviating military tension on the Korean Peninsula and fostering an environment for dialogue through the Six-Party talks is also important, but improving inter-Korean relations is not by itself sufficient in assessing the political situation on the Korean Peninsula. In the case of the US, its primary policy goals are denuclearization and nonproliferation, and as China also prefers a stable situation on the Korean Peninsula, we cannot exclude the possibility of inter-Korean relations unfolding apart from the rest of North Korea’s foreign relations.

North Korea’s policy on inter-Korean economic co-operation is no different. The KIC emerged as the emblem of Pyongyang’s policy of opening, so it will continue to be treated seriously as such. Concrete economic gains for the Kaesong region cannot be discounted either. In contrast, prospects for Mt. Kumgang tourism are unclear due to its links to family reunions. North Korea is planning a large-scale special tourist zone including Wonsan, Mt. Kumgang and the Masikryong Ski Resort, yet its success in this endeavor without inter-Korean co-operation is questionable. The North’s plan to internationalize Mt. Kumgang tourism also won’t succeed unless it is firmly rooted in co-operative inter-Korean relations.

Although more time is needed, the outlook for Sino-North Korean industrial co-operation also appears linked to inter-Korean economic co-operation. The future of the planned Hwanggumpyong industrial complex and the smaller consigned processing facilities on the Sino-North Korean border will influence the North’s policy on economic co-operation with South Korea, including the KIC. Mindful of Chinese investors, North Korea may be examining institutional improvements in inter-Korean economic co-operation for now, but when economic co-operation with China overtakes that with the South, we cannot rule out the possibility of Pyongyang leveraging the novel situation in future negotiations.

With the recent family reunions, an opportunity has arisen for the two Koreas to better their relationship. But many tasks remain to be accomplished. Inter-Korean relations are likely to fluctuate for the time being. What is needed is the will and effort to resolve the deadlock on current issues, one by one. In order to avoid repeating the vicious cycle of the past, the two sides must commit to a serious process rather than mere goals.

Yeon-chul Kim is a Professor in the Department of Korean Unification, Inje University. This article was translated from Korean by Hyung-joon Kim, a Global Asia Fellow at the East Asia Foundation.