



North Korea: A New Great Game

Investment markets, to date, seem remarkably unfazed by what appears to be a dangerous war of words, between two ‘unhinged’ players. We, at Georgian Capital, do not profess to be political or macro-market gurus – rather, investors in people, ideas, and their companies.

We hope that the market is correct. This lengthy treatise is worth reading as background.

Enjoy!?

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by Marius Grinius
August, 2017

POLICY UPDATE

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► Executive Summary

Despite global condemnation and more UN sanctions North Korea will achieve its goal of an inter-continental range ballistic missile with a viable nuclear warhead. The only question is when. While the US maintains that all options remain on the table, military options, including a pre-emptive strike, are not viable. Options are further constrained when, in the context of the new Great Game between China and the United States, it is still in the interest of China, and its junior partner Russia, to diligently ensure Kim Jong-un's regime survival. The question then is how to cope with the new reality. Part 1 examines some of the relevant assumptions that swirl around any discussion about North Korea. They include China's relations with North Korea, the effectiveness of UN sanctions, North Korean regime survival, Korean unification, the likelihood of a refugee tsunami, ballistic missile defence, the possibility of negotiating with North Korea and the larger context of a new "Great Game" between an emerging China and a retreating United States. If the premise, the worst-case scenario, that a nuclear North Korea will be capable of delivering a viable nuclear warhead onto the United States is reasonable, Part 2 will suggest some elements in a coping strategy. This will require an honest conversation between China and the US about Korean unification, the power of information seeping into North Korea, the possibility of regime change or exile for Kim Jong-un and what to do with Pyongyang's military and political elite. Much will depend upon how Chinese President Xi Jin-ping, who has yet to meet Kim Jong-un, will see his legacy as he leads China to truly global status and leadership. A faster and smoother realization of his "Chinese Dream" will be helped by a stable, unified Korea and not by a failing rogue state with nukes.



Since, in the main, it is not armaments that cause wars but wars (or the fears thereof) that cause armaments, it follows that every nation will at every moment strive to keep its armament in an efficient state as required by its fear, otherwise styled security.”

Salvador de Madariaga, Spanish writer and diplomat, *Morning Without Noon*, (1974)

North Korea Part 1: Assumptions, Some Reasonable, Others Questionable

As North Korea continues to perfect its long-range missile capacity and prepares for an expected sixth nuclear test, there has been a flurry of official and unofficial statements from concerned states, including the US, China, South Korea, Japan and Russia. North Korea’s official media not surprisingly retaliated with bombastic vigour. In early June the UN Security Council (SC) passed yet another sanctions resolution after another North Korean missile test. Since then North Korea has upped the ante with two more technically advanced missile tests. These tests were followed by another, allegedly tougher, SC resolution on August 5, the twelfth thus far since 1993. All of this official verbosity has been matched over the years in media commentary by academic experts and former politicians, diplomats and soldiers, all putting forward their views on what North Korea’s Supreme Leader, Kim Jong-un, is up to and how to respond to North Korea’s relentless march to develop a viable long-range, nuclear tipped missile that would reach continental North America and do it considerable harm. While most pundits agree that a verifiably denuclearized North Korea would be the ideal end result (albeit North Korea may not agree), how to get there is the challenge. Preferred options range from additional and tougher UN sanctions, getting China to do more, to negotiations with North Korea that, in one scenario, would leave its nuclear forces restricted but intact. A few commentators and US officials have not ruled out the use of military force. In terms of results so far, the Trump Administration’s approach of “maximum pressure and engagement” appears little different from its Obama predecessor “strategic patience” except that it seems to antagonize China even more. In this verbal barrage there are several recurring assumptions that should be examined in some depth as to inform their relevance and weight in the discussion of future possibilities in dealing with North Korea.

China’s Influence on North Korea

Although its longstanding “lips to teeth” policy has unraveled and China is not sure what to do next with North Korea, it insists that a stable North Korea is in China’s paramount interest. It has thus gone along with some UN sanctions but never implementing them to the extent that they would jeopardize North Korea’s stability. China’s actual influence on North Korea has long been debated; China is North Korea’s main source of food, energy and hard currency. China remains the key to implementation and enforcement of any Security Council resolutions if they are to be effective. The fact that China even agreed to more robust resolutions in the recent past is a sign that it may be becoming more irritated and impatient with North Korea’s antics. While Chinese officials insist that China is strictly implementing agreed UN sanctions, this has not been the case in practice.

Conclusion: China may eventually have to admit that North Korea has turned into a strategic liability and re-think its national interests, particularly in the light of its long-term global ambitions. This will be a tough call. On one hand there may be some lingering “old comrades”-type Chinese ideological benevolence towards North Korea even though China suffered some one



million casualties to keep Pyongyang safe from US imperialist running dogs during the Korean War that is technically not over. More importantly now, China sees North Korea as a useful buffer state that keeps South Korean democracy and US troops away from China's border on the Yalu and Tumen Rivers.

The Effectiveness of UN Sanctions

The UN Security Council has now passed 12 resolutions on North Korea that go back to 1993, the latest on August 5. They have not slowed down North Korea's missile or nuclear development. Indeed, arguably, these resolutions have been an incentive for North Korea to move even quicker towards nuclear weapon status even as the screws tighten and loopholes are closed. The November 2016 SC resolution, in response to North Korea's fifth nuclear test and numerous missile tests, had been the toughest as it tried to close a number of previous gaps by sanctioning specific North Korean individuals and commercial/financial entities. The resolution also restricted the purchase of North Korean coal, a lucrative source of hard currency; but, how do you accurately monitor that coal exports "...do not exceed 400,870,018 US dollars or 7,500,00 metric tons per year, whichever is lower, beginning 1 January 2017, ..."? Having reached its quota, China did confirm that it will purchase no more North Korea coal. This commitment seems to be holding. Good luck, however, with the monitoring. A June 2017 SC follow-up resolution (after more missile tests) sanctioned a few more North Korean individuals and entities. The US Ambassador to the UN, perhaps still in the learning stage of UN niceties at the time, proudly boasted that the resolution showed that the UN meant business. To North Korea, however, it was a clear sign that China, while frustrated with North Korea's antics, would continue to ensure that UN sanctions do not destabilize the Pyongyang regime. The July 4 and 29 missile tests, the most technically threatening to date, produced the August 4 SC resolution. This even tougher resolution, with both China and Russia on side, adds more individuals and entities to the proscribed list. It also outright bans North Korean exports of coal (previously only restricted), iron, iron ore, lead, lead ore and seafood that aim to cut North Korea's US \$3 billion annual exports by one third if fully implemented by all. In addition, the resolution prohibits any further increases in the numbers of North Korean workers abroad, long a lucrative source of hard currency for Pyongyang, and bans new joint ventures or new investment in established joint ventures. A 2015 UN human rights report estimated that some 50,000 North Koreans were working abroad, mostly in China and Russia. Some western media called them "state-sponsored slaves". These workers already abroad will continue to make hard currency for the regime. It will be fascinating to see how monitoring worker numbers will credibly work on the ground. Exports of the newly sanctioned raw resources, as well as the operation of old or new joint ventures, will face the same monitoring and verification challenges. The resolution ignores the issue of oil. China and Russia remain North Korea's main sources of oil. US Secretary of State Tillerson called this latest resolution "a good outcome".

Conclusion: Despite their questionable effectiveness, SC resolutions do help bring world-wide attention to the fact that North Korea continues to be a serious regional and global security threat. They also help to turn the screws on North Korea, even if the end result remains mixed at best. China and Russia insist that sanctions alone will not change Pyongyang's behavior and that talks are needed, particularly between the US and North Korea. Ironically, sanctions would have a bigger bite if China and Russia actually fully implemented them. There is no guarantee that China and Russia will fully implement the new sanctions. Oil imports remain the big loophole with military or civilian use hard to differentiate. The 326-page final report of the UN Panel of Experts dated 27 February 2017 provides a detailed look at how well North Korea evades official UN sanctions. North Korea continues to hone its sanctions-busting skills. One possible wild card will be the recent US Congressional bilateral sanctions on Russia, Iran and North Korea. With respect



to North Korea, if the US secondary sanctions hit more Chinese financial entities, China may well have to boost its enthusiasm for UN sanctions. Indeed by showing a new toughness at the UN China may be hoping to attenuate these secondary US sanctions.

Regime Survival

This is the crux of the matter. The authoritarian Kim dynasty seems well-established. Any questions about Kim Jong-un's control were literally laid to rest with the execution of his uncle, the likely murder of his half-brother in Malaysia, the execution of several generals and the disappearance into the gulags for anyone suspected of disloyalty. Caligula or Nero would quite understand and approve (vide Seutonius *The Twelve Caesars*). Although educated in Switzerland, Kim Jong-un (fondly called Fat Kim 3 by some Chinese with a sense of subversive humour) has yet to travel outside of North Korea since taking power. Staying close to home is probably a good idea. Like his grandfather and father, he needs the total obeisance of the military and Pyongyang's political nomenklatura to remain in power. Both of these elite groups are pampered with incentives to remain loyal to the Kim dynasty. Unlike his grandfather and father, however, perhaps Kim Jong-un has no reliable lieutenants that would allow him to travel abroad. Kim Jong-un may also have reflected on the fates of Iraq's Saddam Hussein and Libya's Muammar Gadhafi and concluded that nuclear weapons will keep him and his regime safe.

Economically North Korea seems to be doing relatively well; at least Pyongyang looks more bustling than it did ten years ago. North Korea's GDP is growing at an estimated rate of 1 – 5 percent. When not witnessing missile tests, Kim Jong-un has been busy inaugurating attractive housing projects, ski resorts and water parks, all to keep the elites happy. Indeed, Pyongyang appears to be in the midst of a construction boom although how it is being financed is not clear, perhaps by those workers abroad. While China accounts for over 90 percent of all trade with North Korea, Russia's trade has increased reportedly by a dramatic 73 percent in the first two months of 2017, albeit from a small starting base. Putin has been a friend to Pyongyang by forgiving North Korea's debt to Russia. More recently Russia reportedly increased its exports of oil products, including jet fuel.

Conclusion: Former US Secretary of Defense William Perry recently stated that “we should deal with North Korea as it is, not as we wish it to be”. North Korea is a nasty, brutish dictatorship whose current leader, like his father and grandfather before him, will do everything to remain in power. Kim Jong-un's tools include a repressive security apparatus, suppression of knowledge about the outside world (although cracks are beginning to appear), a combination of rewards and punishments to maintain the loyalty of Pyongyang's elite and a well-honed system to evade international sanctions. US Secretary of State Tillerson recently stated, “We do not seek a regime change. We do not seek the collapse of the regime. We do not seek an accelerated reunification of the Korean Peninsula. We do not seek an excuse to send our military north of the 38th parallel.” These words may not be believable or comforting for Kim Jong-un.

Korean Unification

The Koreans remain the only country still divided by the legacy of the Cold War. Both North and South officially profess their support for eventual unification. Both have quite different views, however, regarding how unification could come about and under whose terms. China, of course, prefers the status quo of a North Korean buffer state as noted above. Japan, although it has no direct role to play in central unification issues, would have a major stake in the economic and political repercussions of Korean unification. Japan has chosen to keep a low policy profile on the



issue given the more pressing regional security challenges created by North Korea. The US would want a united Korea that is democratic and led by South Korea, anathema for China.

South Korea has endured a hot war and the Cold War. It has gone from President Kim Dae-jong's "Sunshine Policy" of engagement with North Korea, pursued also by his successor, Roh Moo-hyun, to Lee Myung-bak's "tough love" to President Park Geun-hye's "trustpolitik" engagement proposals. President Park strongly pushed her three-part initiative for the peaceful unification on the Korean Peninsula (humanitarian, co-prosperity, integration). She also launched her Northeast Asia Peace and Cooperation Initiative which sought to address the "soft security" agenda including nuclear safety, energy, environment, health and cyberspace. This initiative for reunification and future prosperity presented the greatest challenge to Kim Jong-un because it is an attractive survival alternative for Pyongyang's elite. Fortunately for Kim Jong-un President Park was impeached on matters related to domestic corruption.

South Korea's new President, Moon Jae-in, had been hopeful to return to "Sunshine Policy". He slowed down the deployment of ballistic missile defences. He proposed military-to-military talks, the restart of family reunions, possibly reopening the Kaesong joint-venture project, and even co-hosting the 2018 Winter Olympics. President Moon also indicated his willingness to meet Kim Jong-un. Not only has North Korea, via its controlled media, not responded to these initiatives, it has continued to fire off missiles. This has led President Moon to accept further deployment of ballistic missile defences, anathema to China. President Moon has also initiated talks with the US to up-gun South Korea's own offensive missile systems.

Conclusion: A stable, unified Korea is in China's long-term strategic interest; but, several accommodations, particularly with the US, South Korea and Japan, would have to be made to overcome Chinese reticence. The South Korea – US Defence Treaty would have to be re-written to guarantee that no US troops move north of the 38th parallel (or maybe even no US troops on the Korean Peninsula in the longer term). There would also be consequences for the Japan – US Defence Treaty. Japan would need to recognize that a unified Korea will be an economic partner, not an economic threat. Japan must be prepared to support Korean unification, including with financial generosity. An eventual China-unified Korea-Japan free trade agreement would create a global economic powerhouse. A unified Korea scenario may actually help Japan resolve its own historic, territorial and security challenges that dog its relationship with China. Russia potentially could also have an important role to play in the context of a unified Korea, especially with respect to rail links and energy.

A North Korean Refugee Tsunami?

China has long raised the sceptre, frequently repeated by unquestioning commentators, that a North Korean implosion could cause a tsunami of refugees to flood into China. This argument is disingenuous. In the late 1970's and early 80's Thailand, with the help of the UN and resettlement countries, was able to cope with hundreds of thousands of refugees flooding in from Indo-China. China, now a global power, could easily do the same. Indeed, China proved fully capable on short notice of dealing with some 20,000-plus Rohingya refugees who sought refuge from fighting in Myanmar in early 2017. If Thailand can cope, China can do so easily, especially with reportedly recent additional military reinforcements to its border with North Korea. Unfortunately China is not known for its human rights/humanitarian treatment of North Korean refugees. It has sent many back to an unknown fate in North Korea, contrary to international humanitarian law and human rights standards. China will not hesitate to be tough in controlling any major influx of North Koreans in a time of crisis.



Conclusion: Despite statements to the contrary, China is fully capable to deal with a mass influx of North Korean refugees. To be accepted, however, as a global leader in all respects, including humanitarian, China has to re-think how it will address refugee issues, especially those related to North Korea.

Ballistic Missile Defence

China (and Russia) has long and vehemently protested South Korea's agreement to deploy the US Terminal High Altitude Area Defense (THAAD) system. China has argued that the deployment of THAAD "will disrupt the strategic balance in the region and endanger the strategic security interests of regional countries including China". The Chinese foreign ministry went on to say South Korea and the US should "take seriously China's interests and concerns, stop the deployment process and remove relevant equipment". Recently the Chinese Foreign Minister indicated to his South Korean counterpart that South Korea's decision to deploy THAAD was regrettable and "threw cold water on steadily improving ties between the two countries". China is apparently concerned that THAAD radar systems can look further into China to monitor its strategic nuclear forces and somehow compromise its second strike capability. It seems to ignore the likelihood that the US already uses various other national technical means to do just that, including identical radar systems already deployed in Japan. As its name implies, THAAD tries to address incoming ballistic missiles in their terminal phase (not outgoing towards the US).

Conclusion: With North Korea's already proven capacity to hit any part of South Korea (and Japan) with its numerous Scud missiles and other home-grown longer-range ballistic missiles, even an originally skeptical President Moon has now agreed to full THAAD deployment. This is a prudent military decision. It may have the added benefit of eventually encouraging China to reassess its strategic interests on the Korean Peninsula. China should accept the US invitation to hold technical discussions between itself and the US regarding what THAAD can and cannot do. What is unacceptable is China's blatant security self-interest that ignores the fact that South Korea is the target and that South Korea has every right to protect itself as it sees fit against North Korea's ongoing threats "to turn Seoul into a sea of fire".

The Possibility of Negotiating with North Korea

China and Russia continue to advocate the package solution of "a freeze for freeze and a suspension for a suspension". This is reference to the curtailment of annual South Korea-US military exercises, which North Korea says that it believes are rehearsals for an invasion, in exchange for North Korea's promise to freeze its nuclear weapon and missile development. While the cessation of military exercises could be easily verifiable, as could North Korean missile launches, any freeze on nuclear weapon development and missile engine development would require intrusive verification, something that North Korea may be reluctant to accept. Over the decades various combinations of threats, engagement, economic incentives, including humanitarian assistance, negotiations and sanctions have been tried to get North Korea to freeze and reverse its nuclear weapon and missile development programs. Agreements were reached several times only to have North Korea renege. Given the current furious pace of missile development, and another nuclear test a real possibility, Kim Jong-un's plan may very well be to achieve a credible nuclear weapon capability that threatens the US and then announce his willingness to negotiate further economic and political rewards from the US, South Korea and Japan. The lifting of sanctions would be high on the North Korean wishlist, as well as a treaty to end the Korean War and iron-clad security assurances that will keep Kim Jong-un in power and away from the International Criminal Court.



Conclusion: Negotiation, or at least some discussion with North Korea (perhaps through China) about its willingness to freeze development under serious monitoring requirements, may still be possible if only to confirm that Kim Jong-un has a different game plan and that North Korea has moved beyond any stage of mutual accommodation on a denuclearized Korean peninsula. The latest rhetoric out of North Korea that its nuclear weapons and missiles are non-negotiable would seem to confirm Kim's gameplan.

The "New Great Game": The "Chinese Dream" Meets the "Great Negotiator"

Outside of the immediate North Korean conundrum a new "Great Game" is being played out between the world's current superpower, the US, which is perceived by some to be in decline especially with President Trump at the helm, and the new heavy-weight challenger, China, that wants to take its rightful place as an equal and perhaps even more. President Xi Jin-ping has laid out his vision, his "Chinese Dream", with two ambitious goals for China: to achieve a moderately prosperous society in all respects by the centenary of the Communist Party of China in 2021, and to build China into a modern socialist country by the centenary of the People's Republic of China in 2049. During the recent celebration of the 90th anniversary of the Peoples' Liberation Army (PLA) President Xi re-emphasized the fundamental centrality of a modern, restructured hi-tech PLA with global clout to achieve that Chinese Dream. Russia, China's junior partner in Asia, has assisted in keeping the US geo-politically off balance. On the other hand, President Trump's vision of making America great again is doing quite the opposite. Trump's decisions to leave the Trans Pacific Partnership negotiations and the Paris Agreement on Climate Change are good examples of America's retreat. While the US maintains its edge in global military power projection, there are indications, at least in the Middle East and Afghanistan, that this may be changing.

Conclusion: In the bigger context of the "new Great Game" the question remains whether China, for all its growing economic and military clout, can act as a responsible global leader that supports and defends the rule of international law and is true believer in the United Nations. China's future handling of North Korea will be one important indicator of the direction that China wants to take. For the US, perhaps Trump will share his geo-political thinking in a forthcoming tweet.

The Bottom Line

Despite global condemnation and more UN sanctions North Korea will achieve its goal of an inter-continental range ballistic missile with a viable nuclear warhead. The only question is when. With the last two missile tests this timeline may well be shorter than expected or hoped. There is also talk, so far unconfirmed, that North Korea has been able to miniaturize its nuclear warheads. While the US maintains that all options remain on the table, military options, including a pre-emptive strike, are not viable. With far from complete military intelligence, the possibility of taking out all North Korean weapons is unlikely and the possibility of an all-out war, with the potential destruction of both Seoul and Tokyo, highly likely. Options are further constrained when, in the context of the new Great Game, it is still in the interest of China and Russia to diligently ensure Kim Jong-un's regime survival. The question then is how to cope with the new reality.

"If a sovereign oppresses its people to a great degree, they will rise and cut off his head. There is a remedy in human nature against tyranny that will keep us safe under any form of government."



James Boswell *Life of Samuel Johnson (1791)* 31 March 1772

North Korea Part 2: How to Cope with the New Reality

Future possible coping steps, as outlined below, are based on the premise, the worst-case scenario, that North Korea will achieve its aim of developing a small force of missiles which will be capable of delivering a viable nuclear warhead onto the United States. Most experts in the field of nuclear and missile technology agree that this will indeed happen; but, only disagree as to how quickly. The shortest time-line predicts the end of 2017 or early 2018 and the latest Defense Intelligence Agency report states that North Korea is able to miniaturize a nuclear warhead. As noted in Part 1 of this paper, with far from complete military intelligence, the possibility of taking out all North Korean weapons is unlikely and the possibility of an all-out war, with the potential destruction of both Seoul and Tokyo, highly likely. Options are further constrained when, in the context of the new Great Game, it is still in the interest of China and Russia to diligently ensure Kim Jong-un's regime survival. The question then is how to cope with the new reality. Below are a few suggestions.

An Honest US-China Conversation

Beyond all the diplo-speak, the US and China have to have that honest conversation wherein they agree that a failing rogue state with nukes, led by a nasty little tyrant, is not in their mutual best interests however defined. This conversation, perhaps first initiated through informal and unofficial Track 2 exchanges of experts speaking in their personal capacities, will need to assess honestly their bilateral and global political, military, diplomatic, economic and trade interests, where they coincide and where they clash. Only after such an honest initial assessment can they proceed to address the North Korean "problem". In this context the conversation will have to be about what a unified Korea will look like and how it can be achieved. This will require an examination of China's fears of a unified Korea and what it would take to alleviate them starting with the question of stationed US troops in South Korea and possible amendments to the US – South Korea defence agreement, as well as the implications of a robust democratic Korea across the Yalu and Tumen rivers facing an authoritarian China. It will demand considerable Chinese self-confidence in its own political system as envisioned by Xi Jin-ping.

Once the US and China do come to an understanding on North Korea, something that is driven by some urgency, they will need to expand their conversation to include South Korea, Japan and maybe Russia. UN Secretary-General Antonio Guterres and his team will also have to join the conversation in due course. All of this will not be easy and will demand an unprecedented level of honesty. It will, however, be worth the effort. The wild card will be Donald Trump who, mimicking North Korean bombast, recently declared that North Korea would be met "...with fire and fury and frankly power the likes of which this world has never seen." Such rhetoric will only make South Korea and Japan nervous. Unfortunately the inspirational Reagan-Gorbachev model may not apply to Trump and Xi.

The Power of Information

Recently South Korean media reported that officials from Pyongyang's State Security Ministry raided the North Korean embassy in Beijing after a senior diplomat there was caught watching a South Korean TV drama. The security team went through diplomats' and their families' computers, hard drives, USBs and cellphones for any traces of South Korean material to "test their ideological purity". The results have not been made public. While it may sound like a Saturday Night Live skit, viewing South Korea material is strictly forbidden because it is a threat to Kim's



ultimate power. Extreme cases may lead to public executions. In the past security forces could cut power to a neighbourhood and immediately check whether disabled video cassette players had illicit material. Such tactics no longer work against easily hidden USBs. During the Cold War Western radio broadcasts and the distribution of illegal *samizdat* contributed to the colour revolutions in Eastern Europe and the fall of the Soviet Empire. In the 1990s North Koreans fled their country because of famine. These days they are becoming more aware of the outside world through smuggled USBs. Now the legal possession (at least by rich North Koreans) of cellphones with the capacity to pick up transmissions from China and, equally important, the ability to talk among themselves is also a significant factor.

Authoritarian regimes around the world have always been threatened by information getting to their people from the outside. The North Korean regime is not immune. It reportedly has considerable capacity to cause cyber damage abroad. This expertise, no doubt, is also used against any clandestine attempts to import information. Ultimately, however, such efforts will not stop the seepage of information into North Korea, including about its human rights abuses and how much better life is elsewhere.

The “Ceaucescu Scenario” or Exile?

During the reign of Kim Jong-il there was regular speculation whether he would meet the same fate as Nicolae Ceaucescu, the last despotic leader of Communist Romania. Ceaucescu’s 1989 trial and summary execution was the result of the only violent overthrow of a Communist regime in Eastern Europe. Such a scenario did not play out for Kim Jong-il and may be even less likely for his son. This does not mean, however, that such a scenario should be dismissed for Kim Jong-un. He remains a despot with a despicable human rights record. He is a prime candidate for trial in the International Criminal Court for crimes against humanity. He should be so reminded.

There is, however, an alternative to the ICC. There are fine historic examples of tyrants who managed to escape rough and deserved justice by fleeing their country. Idi Amin of Uganda ended up in Saudi Arabia. Jean Claude “Baby Doc” Duvalier of Haiti ended up on the French Riviera. Ethiopia’s Mengistu Haile Mariam became a rancher in Zimbabwe. Tunisia’s Ben Ali also ended up in Saudi Arabia. King Farouk of Egypt eventually died in a restaurant in Rome. Mohammed Reza Pahlavi, the Shah of Iran, ended up in Cairo. East Germany’s Erich Honecker fled to Moscow. Ferdinand Marcos of the Philippines went into exile in Hawaii. The list is long and should be conveyed to Kim Jong-un as a helpful hint that there are ways to escape the Ceaucescu Scenario, just in case a fast exit becomes necessary. Some of his minions might also consider this possibility, if they qualify.

Pyongyang’s Nomenklatura

UN and bilateral sanctions must stay in place and may eventually cause enough personal hardship to Pyongyang’s elite that they will become unhappy with their diminishing perks under Kim Jong-un. The beauty of corrupt regimes is that the possibilities to save oneself are almost endless. South Korea offers automatic citizenship to any Northern who can escape, directly or via another country. South Korea has also offered rewards for senior-level defectors. Thae Yong-ho, Number Two at the North Korean embassy in London, is a recent example. Word to Pyongyang’s elite, including the military, diplomats, scientists and political cadres, should say that when regime



change happens, they will not be arrested, provided that they had not been personally involved in egregious human rights violations related to the arrest and incarceration of North Korean citizens. The handling of senior East German officials after German reunification may be a model to follow. Those who can prove that they were actively involved in anti-regime operations will be further rewarded. A variation of former President Park's "trustpolitik" proposal could show that Pyongyang's nomenklatura will have a role to play in Korea's unification. It is worth a concerted try.

Food: the Wild Card

The UN Food and Agriculture Organization recently announced that a severe drought in North Korea has cut early season crop harvests by 30% and disrupted the planting of main food crops. This will likely lead to poor fall harvests. Bearing in mind the disastrous famines in the 1990s, any food shortfalls will likely lead to dissatisfaction, and perhaps worse, in the countryside. Such a situation will come at a bad time when international humanitarian sympathy for North Korea is at a low level.

The Real Bottom Line

Despite all of his efforts to the contrary, history is not on Kim Jong-un's side. Much will depend upon how Xi Jin-ping, who has yet to meet Kim Jong-un, will see his legacy as he leads China to truly global status and leadership. A faster and smoother realization of his "Chinese Dream" will be helped by a stable, unified Korea and not by a failing rogue state with nukes.

A Footnote: Where does Canada fit into all this?

In 2010 the Harper government adopted a short-sighted policy of "controlled engagement" with respect to North Korea that has effectively meant no bilateral interaction except in the context of one ongoing consular case. As a result Canada has become, at best, a marginal player on the North Korean file while North Korean instability and unpredictability remain a global security threat. The Trudeau government seems to be content with this policy drift. At the recent G20 meeting in Hamburg Prime Minister Trudeau assured President Moon that Canada supports UN sanctions against North Korea and wants a peaceful resolution of the nuclear issue. Fine words.

Notwithstanding US State Secretary Tillerson's calls to isolate North Korea diplomatically, Canada should re-engage with North Korea, gain firsthand knowledge of what is going on inside North Korea and identify niches where it could contribute in drawing North Korea out of its belligerent hermit shell. In the worst case scenario Canada needs to be prepared for a North Korean implosion in order to make the right disaster relief and humanitarian decisions. By re-engaging North Korea, including through informal Track 2 vehicles as in the past, Canada would re-establish credibility and expertise on North Korean issues, an important building block in reasserting Canada's political and security commitment to Asia. Ultimately Canada should be in position to help Korean unification happen. When unification, whether through implosion or by peaceful settlement, eventually does occur, Canada must be in position, with other countries and UN agencies, to offer expert help in such areas as health, agriculture, human rights, good governance and security. It is in Canada's interest to be there. The recent visit by Prime Minister Trudeau's security advisor, Daniel Jean, to Pyongyang to successfully plead for the release of Canadian prisoner Pastor Lim may create the opportunity to re-start the process of re-engagement.



▶ **About the Author**

Marius Grinius served in the Canadian Army for 12 years before joining the Foreign Service in 1979. He is the former Canadian Ambassador to Vietnam (1997–99), South Korea (2004-07) and concurrently to North Korea (2005-07), to the United Nations and Conference on Disarmament in Geneva (2007-11). Before retiring in 2012 he spent a year in the Department of National Defence as Director-General International Security Policy. He is a Fellow at the Canadian Global Affairs Institute.

► **Canadian Global Affairs Institute**

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The Institute was created to bridge the gap between what Canadians need to know about Canadian international activities and what they do know. Historically Canadians have tended to look abroad out of a search for markets because Canada depends heavily on foreign trade. In the modern post-Cold War world, however, global security and stability have become the bedrocks of global commerce and the free movement of people, goods and ideas across international boundaries. Canada has striven to open the world since the 1930s and was a driving factor behind the adoption of the main structures which underpin globalization such as the International Monetary Fund, the World Bank, the World Trade Organization and emerging free trade networks connecting dozens of international economies. The Canadian Global Affairs Institute recognizes Canada's contribution to a globalized world and aims to inform Canadians about Canada's role in that process and the connection between globalization and security.

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