

▶ Introduction

---

# The North Korean Risk and Half a Century of Diplomatic Relations between Japan and South Korea

Atsushi Ijuin

Lead Economist, Japan Center for Economic Research

[Key Points]

- East Asia is the world's growth center, so the risks associated with North Korea are a significant destabilizing factor, not only for East Asia, but also for the global economy as a whole. Above all, they pose a serious problem for Japan and South Korea, whose sustained economic development has been predicated on the condition of regional peace and stability.
- Now in its fifth year, the Kim Jong-un regime is beginning to show new signs of movement on both the political and economic front, and changes can also be seen in North Korean society. In 2016, the Congress of the Workers' Party – North Korea's biggest event – will be held for the first time in 36 years; furthermore, there is an upcoming presidential election in the USA, a country of paramount importance to North Korea in terms of both foreign policy and security. As such, the situation on the Korean Peninsula appears to be approaching a major turning point.
- Half a century has passed since the 1965 normalization of diplomatic relations between Japan and South Korea. Although an agreement was reached on the comfort women issue at the end of 2015, unstable elements still remain in the politics and diplomatic relations of both countries, and their perceptions of North Korea and China are also at variance. Following an in-depth discussion of the risks associated with North Korea over the next 50 years, we should consider measures to promote the peace, stability, and economic development of Northeast Asia.



## North Korea: Basic Data

Area	123,138km <sup>2</sup> (approximately 55% of the Korean Peninsula as a whole)
Population	24.344558 million (2010)
Capital	Pyongyang
Ethnicity	Korean
Language	Korean
Religion	Religious organizations include a Buddhist Federation and a Christian Federation, but the number of believers is unclear
Political System (Major Organs)	<p>National Defense Commission (supreme guiding organ of national defense with state sovereign authority) First Chairman: Kim Jong-un</p> <p>Supreme People's Assembly (supreme institution of state sovereignty and legislature) President of the Presidium: Kim Yong-nam</p> <p>Cabinet (administrative and executive organ with supreme sovereign power) Premier: Pak Pong-ju</p> <p>Workers' Party of Korea (guides all organizational activities in North Korea) First Secretary: Kim Jong-un</p> <p>Korean People's Army Supreme Commander: Kim Jong-un</p>

Source: Compiled from information on the website of the Ministry of Foreign Affairs of Japan and other sources. Figures for land area and population are taken from the *Korean Central Yearbook* (2014).

### 1. North Korea: Changes and Risks

This chapter will provide a broad overview of developments in the Democratic People's Republic of Korea (North Korea),<sup>1</sup> which is showing various signs of change, as well as examining the situation faced by Japan and South Korea in dealing with it.

#### (1) Inherited Power, Nuclear Ambitions, and Missiles

December 2015 marked the fourth anniversary of Kim Jong-un's accession to the role of supreme leader of North Korea, so his administration has now entered its fifth year. During this time, moves to consolidate his power have been the most conspicuous development on the political

<sup>1</sup> Hereinafter, this report refers to the Democratic People's Republic of Korea as North Korea and the Republic of Korea as South Korea.

front. Following the death of General Secretary Kim Jong-il on December 17, 2011, Kim Jong-un was appointed to the posts of Supreme Commander of the Korean People's Army, First Secretary of the Workers' Party of Korea, and First Chairman of the National Defense Commission, among others. Having become the head of the army, party, and state, he built up his regime within a short period.

Kim Jong-un immediately set to work to secure his grip on power, to establish himself as the sole, absolute ruler; in December 2013 he executed his uncle Jang Sung-taek for the crime of "plotting to overthrow the state." The shock – both at home and abroad – was all the greater because Jang Sung-taek had been regarded as Kim Jong-un's guardian or de facto second-in-command. Since then, he has concentrated power in his own hands, repeatedly purging and promoting members of his inner circle.

On the political front, he has declared his intention to continue Kim Jong-il's *songun* (military-first) policy, prioritizing the military in managing the affairs of state. A plenary meeting of the Central Committee of the Workers' Party of Korea in March 2013 officially approved the "new strategic line on carrying out economic construction and building nuclear armed forces simultaneously." In April that year, North Korea clearly demonstrated its intention to continue with the development of nuclear weapons, enacting the Law on Consolidating the Position of Nuclear Weapons State for Self-Defence.

Just before this, in February that year, the Kim Jong-un regime embarked on its third nuclear test, and conducted its fourth, which it described as its "first hydrogen bomb test," in January 2016. North Korea has also repeatedly test-launched ballistic missiles, which it refers to as "satellites."

Based on United Nations Security Council resolutions, the international community continues to impose sanctions on North Korea over its nuclear and missile development, but North Korea asserts that nuclear development is a means of counteracting the US nuclear threat. It also refuses to yield on the question of missiles, arguing that "the peaceful development of space is a legal right of sovereign states that is recognized in international law," which suggests that North Korea intends to continue firing such missiles on the pretext of launching satellites.

Since the birth of the Kim Jong-un regime, the balance of power in the running of the government administration has shifted to the Workers' Party of Korea from the National Defense Commission, to which General Secretary Kim Jong-il attached importance. Accordingly, the lineup of senior officials and members of Kim Jong-un's inner circle has changed considerably. However, there has been no change since the era of Kim Jong-il in North Korea's pursuit of military might as the source of its power and, in particular, its persistence in developing nuclear weapons, ballistic missiles, and other weapons of mass destruction.

## (2) Changes Revealed by Kim Jong-un

No sooner had the regime paraded the first lady in the media than it formed the mini-skirted all-female group the Moranbong Band. Their performances even featured cultural imagery from North Korea's adversary, the USA, including the theme song from the movie *Rocky* and soft toys that resemble Disney characters. The changes that Kim Jong-un has revealed to the North Korean people since the inauguration of the new administration are too numerous to mention, including a hairstyle and speaking style reminiscent of his own grandfather, President Kim Il-sung.

On the policy front, one characteristic of the Kim Jong-un regime has been the fact that it has clearly demonstrated a willingness to devote considerable effort to economic development, as well as national defense. In his speech before the assembled masses at an April 2012 military parade, Kim Jong-un announced his intention to strive to improve the people's standard of living. In addition, the March 2013 plenary meeting of the Central Committee of the Workers' Party of Korea at which the "new strategic line on carrying out economic construction and building nuclear armed forces simultaneously" was approved expressed a desire to build up the economy, and Kim Jong-un himself ordered that tourism development should be undertaken in the Wonsan district, on the coast of the Sea of Japan. Following on from this, in May, North Korea enacted the Economic Development Zone Law with the aim of attracting foreign capital, and announced the designation of 19 places across the country as economic development zones.

Aiming to rebuild the economy, North Korea is working on measures to improve economic management that will extend the autonomy of those working on the front lines of industry and agriculture. While North Korea's planned economy has been at a standstill, markets have spread throughout the country and changes in people's lifestyles and values have been occurring. The biggest focal point will be whether or not this series of developments will lead to full-scale reform and opening up of the country.

Looking at foreign relations, North Korea's relationship with China, its biggest supporter, has cooled in the wake of the third nuclear test, which it carried out after the inauguration of the Xi Jinping administration, as well as the purge of Jang Sung-taek, who had served as an intermediary between China and North Korea. Although Liu Yunshan, a member of the Politburo Standing Committee who ranks fifth in the order of precedence in the Communist Party of China, attended the October 2015 event to mark the 70th anniversary of the founding of the Workers' Party of Korea and high-level dialogue has resumed, the fourth nuclear test in January 2016 soured relations once more. Unlike the previous three tests, North Korea did not inform China of the fourth test in advance; this conspicuous tendency to words and deeds that seem designed to irritate China is a

characteristic that has only emerged since the Kim Jong-un regime took power.

In the arena of economic diplomacy, North Korea has embarked on a strategy of diversifying its trade partners, with the aim of breaking free from its dependence on China. Accordingly, it has stepped up negotiations concerning economic cooperation with Russia, among others. North Korea's intergovernmental dialogue with Japan has also resumed, following Japan's agreement to lift some sanctions in return for the launch of an investigation into all Japanese nationals in North Korea, including Japanese abductees. North Korea has embarked upon north-south dialogue with South Korea, in the wake of the tensions that followed an August 2015 incident involving land mines near the north-south military demarcation line. And then came the fourth nuclear test, which seems likely to ruin all the progress that North Korea had made with its external relations. Brinkmanship – a strategy of unsettling one's opponent by alternately engaging in provocation and dialogue – is a technique that North Korea has employed since the time of Kim Jong-il, but some take the view that the amplitude of the swings in policy has grown and the cycle of change has accelerated in the Kim Jong-un era.



Pyongyang, just before the event to mark the 70th anniversary of the founding of the Workers' Party of Korea (September 2015, taken by the author)

### (3) The Predictability of Kim Jong-un as Seen from the “Hydrogen Bomb Test”

First Secretary Kim Jong-un's handling of government administration has been characterized by repeated purges and promotions of members of his inner circle, as well as significant swings in policy, so many officials in other countries have described him as unpredictable.

To learn more about the personality of First Secretary Kim Jong-un, the US government once conducted a survey among those who had been his classmates during his time as an international student in Switzerland, asking them about his past behavior. Speaking on the US news channel CNN, former Assistant Secretary of State Kurt Campbell said that the US government came to the conclusion that “he was dangerous, unpredictable, prone to violence and with delusions of grandeur.” After the fourth nuclear test in January 2016, a South Korean intelligence official stated, “We couldn’t see any signs that this was going to happen,” while a Chinese source disclosed, “We just don’t know what Kim Jong-un’s thinking.”

But is this young leader really so unpredictable? In this recent incident, it was not the case that experts in each country were unable to predict that North Korea would conduct a nuclear test within the near future. The fact is that several members of the Japan-South Korea Research Group set up by the Japan Center for Economic Research commented at the time of the group’s establishment in the spring of 2015 that “North Korea’s fourth nuclear test won’t be far away.”

The reason for the test does not lie solely in the official adoption of the “new strategic line on carrying out economic construction and building nuclear armed forces simultaneously,” in which North Korea publicly declared that it would undertake nuclear development. One Japanese member of the research group regarded it as being a consequence of North Korea’s having proposed to the USA that it would temporarily suspend its nuclear tests in exchange for the USA canceling the US-South Korean joint military exercise. In this academic’s view, “North Korea knew from the outset that there was no way that the USA would cancel a military exercise, so this proposal was nothing less than an announcement of its intention to conduct a nuclear test.”

Many predicted that North Korea would carry out this nuclear test sometime between May and November 2016. The Congress of the Workers’ Party – North Korea’s biggest political event – will be held for the first time in 36 years in early May, while a presidential election is due to take place in November in the USA, a country of paramount importance to North Korea in both political and security terms. Accordingly, the general view was that North Korea would work on improving relations with China and building up the economy during the run-up to the party congress. As such, many observers thought that North Korea would launch a ballistic missile or conduct a nuclear test sometime before the new US president was elected, as a means of enticing the Obama administration back to the negotiating table near the end of its term of office or, if that failed, to lay the foundations for discussions with the next administration.

In December 2015, there was a flurry of developments, including the US Department of the Treasury’s imposition of additional sanctions against North Korea (December 8), First Secretary Kim Jong-un’s declaration that North Korea had a hydrogen bomb (December 10), the effective

breakdown of north-south talks at the vice-ministerial level (December 12), and the cancellation of a performance by the all-female Moranbong Band, which was visiting China at the time (also December 12). In the wake of these events, another member of the research group concluded that an act of provocation by North Korea would not be far away. Some suspected that Kim Jong-un might well decide that the earlier he carried out an act of provocation the better, if he was to ensure that he had dealt with the geopolitical fallout of a nuclear test by the time of the party congress in May. Some took the view that North Korea might time any nuclear test to coincide with the US-South Korean joint military exercise in the spring, to ensure that it did not push China toward the USA and South Korea.

While all of the predictions – including those of members of the research group – appear to have been ultimately off the mark, this is because they were deceived by North Korea, which was actively trying to outsmart its opponents, as explained by an official from the South Korean National Intelligence Service, who said, “North Korea intentionally and systematically made preparations to ensure that information would not leak out in advance, in order to shock people.” The fact that First Secretary Kim Jong-un did not refer to the nuclear issue at all in his New Year Address on New Year’s Day (the day before the test) and actually seemed more willing to devote greater attention to building up the economy could even be described as a diversionary tactic. In other words, the nuclear test that North Korea conducted was not in itself an entirely unpredictable risk; rather, it was a risk that was to some extent predictable and the other countries concerned merely lost the information war on this this occasion.

North Korea has been described as a “guerrilla state” that has traditionally been skilled in impromptu actions, the history of which dates back to its founding father Kim Il-sung’s involvement in anti-Japanese partisan activities. In South Korea, General Secretary Kim Jong-il’s political activities were described as a “*kkamjjak* (surprise) show” and a “*gapjagi* (sudden) show.” Kim Jong-un’s approach also draws quite heavily on such techniques.

While there is a tendency to link the recent nuclear test to instability in North Korea’s domestic politics, this does not seem appropriate in light of the outcomes of the test. Nuclear tests are only carried out where there is a high level of social control. The fact that North Korea was able to conduct the test without any information leaking out and without any turbulence actually indicates that there are no major rifts within the regime and that it has control of the country. Some foreign policy and security experts have even suggested that Kim Jong-un wanted to show off the power of his administration to people both at home and abroad, boasting of the extent of his control, and that this might have been part of the purpose of the nuclear test.

In any case, North Korea’s neighbors must do something to ensure that unpredictable risks

become as predictable as possible. These countries must increase the accuracy of forecasting for risks that are somewhat foreseeable and explore risk reduction strategies. They must also envisage situations in which the risks become reality and make preparations to minimize the resultant harm. In particular, there are quite a few lessons for Japan and South Korea – as countries within close range of the North Korean threat – to learn from this recent incident.

#### (4) Backstage at the “Surprise Show”

70 years after the division of the Korean Peninsula, North Korea is one of the poorest countries in East Asia, with a massive disparity in economic might between it and its rival South Korea. Upon becoming the new leader, Kim Jong-un made a commitment before the people that he would improve their standard of living. So why, despite this, has he repeatedly carried out nuclear tests, which are assured to make enemies across the globe and which can only be regarded as outrageous by other countries.

From the perspective of countries that have achieved economic development within the bounds of international order, such behavior defies understanding, but if we change our perspective, the logic and calculation of the Kim Jong-un regime emerges and North Korea’s specific circumstances become clear. Broadly speaking, North Korea had two goals in conducting the fourth nuclear test and launching what was effectively a long-range ballistic missile. One was an improved deterrent effect and the other was greater bargaining power in relation to other countries.

In an official statement dated January 6, 2016, North Korea explained that the nuclear test was “a measure for self-defence [North Korea] has taken to firmly protect the sovereignty of the country and the vital right of the nation from the ever-growing nuclear threat and blackmail by the US-led hostile forces and to reliably safeguard the peace on the Korean Peninsula and regional security.”

Even today, the Korean Peninsula is a region where the Cold War remains. As the years go by, conventional weapons are being increasingly outnumbered and outperformed by the state-of-the-art modern weapons with which the USA and South Korea are equipped. Without the economic might to catch up with such advances, nuclear weapons and other weapons of mass destruction are the quickest and easiest way of making up the difference. Possession of numerous intercontinental ballistic missiles (ICBM) and nuclear missiles capable of reaching the USA would serve as a check on that country. Accordingly, the reasoning goes, North Korea needs to continue its efforts to miniaturize nuclear devices so that they can be carried on a ballistic missile, as well as conducting further tests aimed at expanding the destructive force of those devices.

In the same statement, the North Korean government also said, “There can neither be suspended nuclear development nor nuclear dismantlement on the part of [North Korea] unless the US has

rolled back its vicious hostile policy toward the former.” One could read this as a statement that the suspension of nuclear development and abandonment of nuclear weapons is possible if the USA no longer implements policies hostile to North Korea, so one could say that it is a North Korean-style call for dialogue with the USA.

North Korea’s stance is that the situation that has prevailed ever since the Korean Armistice Agreement was concluded in 1953 is no more than a ceasefire and that a structure for peace should be established via the conclusion of a peace treaty between the USA and North Korea. It believes that to bring this to fruition, it must first establish its position as a de facto nuclear state and then increase its bargaining power via possession of missiles capable of reaching the US mainland. It is likely to have sought to maximize the impact by conducting the test when other countries least expected it, with particular emphasis on its “success in developing a miniaturized hydrogen bomb.”

Although it has mainly addressed its various statements to the USA, North Korea is actually also quite conscious of its traditional ally China when it refers to “the sovereignty of the country.” As North Korea now depends on China for 90% of its trade, the Kim Jong-un regime’s feelings toward China, which influences North Korean domestic affairs in various ways, are complicated. The deterrent effect and bargaining power are also aimed at China, and the Kim Jong-un regime believes that possessing these will also help to strengthen the foundations of its regime within North Korea.

The Kim Jong-un regime has decided to hold the Congress of the Workers’ Party – the body with supreme authority over affairs of state – for the first time in 36 years in early May. Although the economy is ostensibly improving, any upturn is not so great as to be able to boast about it to the people. It is likely that, as the country’s supreme leader, Kim Jong-un wanted a visible achievement to help to increase national cohesion. In short, Kim Jong-un is persisting with nuclear and missile development to maintain the present regime.

#### (5) The “Reasoning” behind the New Strategic Line and the Need for Multifaceted Analysis

So what will happen to the promise to “improve the people’s standard of living” as a result of the decision to devote large sums of money to nuclear and missile development as a means of maintaining the regime? The usual view is that as the international community’s sanctions become tighter, the North Korean economy will become even poorer. However, to the domestic audience, the Kim Jong-un regime explains that this will help to improve the people’s standard of living, because it will provide additional funds not only for military capacity, but also for the economy, by using nuclear development to bolster the country’s security. This is the theory behind the “new strategic line on carrying out economic construction and building nuclear armed forces

simultaneously” approved by the Workers’ Party of Korea in 2013.

An economist from the Institute of Economics of the North Korean Academy of Social Sciences, whom the author met during a September 2015 visit to North Korea, explained the new strategic line as follows: “Building up nuclear capacity will enable us to reduce the money spent on conventional forces. Investing 1 in nuclear capability will enable us to reduce conventional forces by 1.5 to 2.” Another government representative hailed the fact that the military airfield in the provincial city of Wonsan had also been opened up for commercial use (such as for tourism) as one of the fruits of the new strategic line. The basis for these figures is tenuous and such arguments are hard for Japanese people to accept, but both the USA and China have reduced troop strength and older conventional weapons on the back of their nuclear capacity, so this is typically North Korean logic.

However, at the same time, we should perhaps focus not only on the fact that North Korea is trying to rush headlong into its new strategic line on carrying out economic construction and building nuclear armed forces simultaneously, but also on the situation within North Korea, which believes the new strategic line to be a viable means of survival. We need to look at the political, economic, and social situation within North Korea, which has declared this new strategic line, and how this situation is changing.

For example, there is the issue of the falling birthrate and aging population, which is a concern for North Korea as well. The troop strength of the Korean People’s Army has been estimated at between 700,000 and one million, primarily ground forces, but will North Korea be able to maintain this level if the number of children continues to fall at the same rate? Will it be able to use its abundant, low-cost workforce as a weapon to attract foreign companies and achieve economic development, in the same way as China and the countries of Southeast Asia have? Demographic issues will have an impact not only on the economy and society, but also on national development strategy and military strategy.

The aforementioned North Korean economist explained that North Korea aspires to be a “science and technology superpower” and pointed out that “it is vitally important to raise per capita productivity; human resources will determine everything in the information industry age.” He also emphasized economic development that brings together the military and civilian sectors, saying, “Computers were initially developed for military purposes and were then introduced into the civilian sector.”

Political, economic, military, and social problems are linked in every country. This is even more the case in North Korea, which is physically only a small country, unlike China, for example, which, after embarking on the process of reform and opening up in the late 1970s, addressed questions of

political philosophy somewhat in isolation from the economic issues and problems affecting cities and rural areas. When considering the North Korean risk, we must firstly analyze the issue from a multitude of angles, including the political, economic, military, and social perspectives. The subsequent chapters will examine these individual themes in turn.

## 2. Japan and South Korea 50 Years after the Establishment of Diplomatic Relations

### (1) The Comfort Women Agreement and Issues Left Unresolved

In 2015, Japan and South Korea marked the 50th anniversary of the signing of the Treaty on Basic Relations between Japan and the Republic of Korea on June 22, 1965, which established diplomatic relations between the two countries. Over the last half-century, both the flow of people traveling between the two countries and trade, investment, and other aspects of economic relations had grown dramatically, and they had forged a close relationship in such areas as culture, tourism, and sport. The development of the relationship between these two democratic market economies contributed substantially to the peace and stability of East Asia, as well as the economic development of the region.

However, the governments of both countries saw in what should have been a year of celebration in a mood that was far from jubilant. Political and diplomatic relations cooled amid disputes concerning territorial rights over Takeshima (called Dokdo in South Korea) and historical issues, as well as mutual distrust between political leaders. As a consequence, there was a deterioration in the positive impression that the people of both countries had of each other and mutual distrust spread. In November 2015, Prime Minister Shinzo Abe and President Park Geun-hye took the opportunity of the Japan-China-South Korea Summit in Seoul to hold their first bilateral summit meeting, which was actually the first time that the leaders of Japan and South Korea had met in three-and-a-half years.

Factors behind the deterioration in Japanese-South Korean relations include structural issues in the form of changes in their power relationship resulting from South Korea's growth and a shift in the balance of power in the Asia-Pacific region as typified by China's ascendancy. However, the two countries cannot afford to let their political and diplomatic relationship stagnate. The nuclear and missile threat posed by North Korea is growing and there is ongoing conflict between the USA and China over the South China Sea and cyber-attacks. This was why the USA – an ally of both Japan and South Korea – expressed concern over the deterioration in Japanese-South Korean relations in the context of its Asian policy and President Obama himself sought to encourage both leaders to mend their relationship.

On December 28, with the end of the year in sight, Foreign Minister Fumio Kishida and South Korean Foreign Minister Yun Byung-se held talks in Seoul and the governments of Japan and South Korea reached an agreement that represented a “final and irrevocable resolution” to the issue of the Imperial Japanese Army’s comfort women, which was the biggest outstanding issue between the two countries. Acknowledging the involvement of the Imperial Japanese Army, the Japanese government stated that it was painfully aware of “responsibilities,” while Prime Minister Abe expressed his “most sincere apologies and remorse.” It was decided that the South Korean government would establish a foundation for the purpose of providing support for the former comfort women, that the Japanese government would contribute about ¥1 billion to this, and that both governments would work together on projects in this area. Prime Minister Abe and President Park confirmed the content of the agreement by telephone and the two governments at last laid the foundations for an improvement in their relationship.

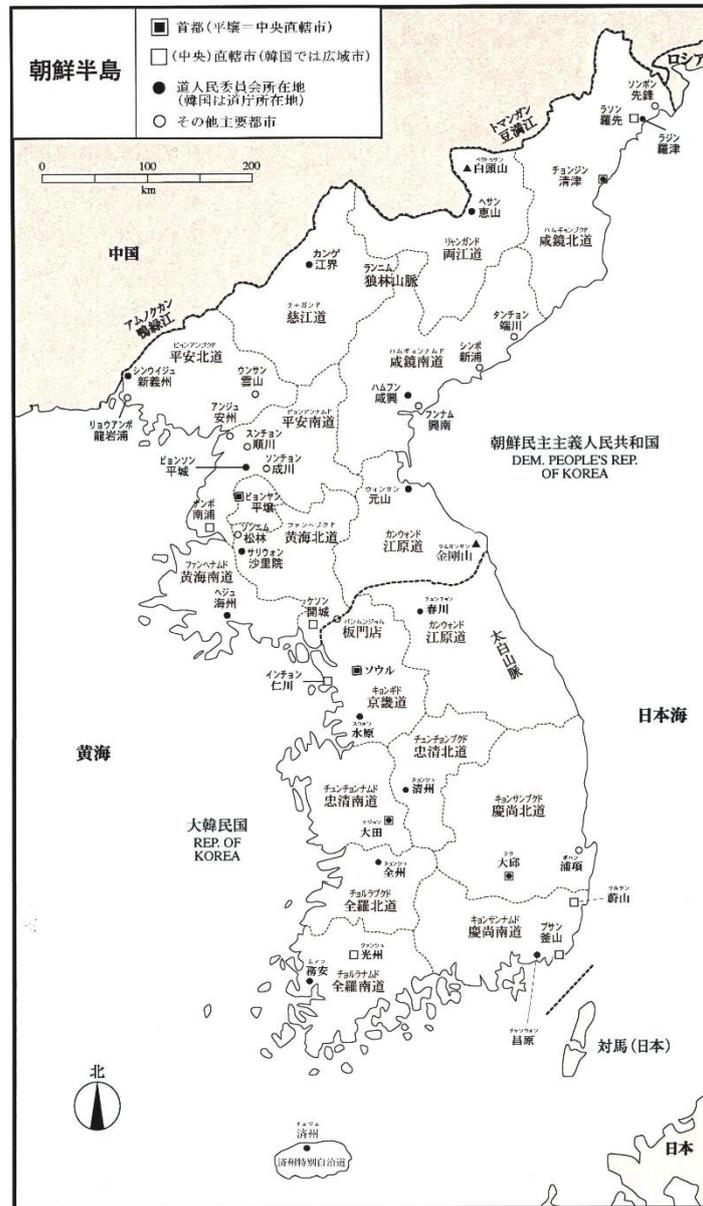
However, this agreement has not fully succeeded in extinguishing the embers of the disagreement when it comes to the matter of the acknowledgment of legal responsibility, which the South Korean side had been seeking. Moreover, there will inevitably be a backlash from the Japanese side if the statue of a girl symbolizing the comfort women that was erected outside the Japanese embassy in Seoul is not moved, but the question of how to deal with this statue remains unresolved. There is also a perception gap between Japan and South Korea when it comes to China, and unstable elements remain in their political and diplomatic relations.

Dealing with North Korea is a matter of the utmost urgency. At the beginning of the year, after North Korea carried out its nuclear test on January 6, 2016, the Japanese and South Korean leaders held discussions by telephone the very next day and agreed to work closely together to ensure that the UN Security Council adopted a resolution on sanctions. However, international politics takes more than dogma and slogans. As neighbors in Northeast Asia, Japan and South Korea’s interests should overlap in many areas when it comes to matters of security and economics, yet it would be hard to say that there has been adequate coordination between them over the last few years when it comes to their North Korean policies, which ought to be the very core of their relationship. It suits North Korea perfectly for Japan, USA, and South Korea to be out of step with each other; the fact is that, with Japan and South Korea negotiating separately with North Korea while their own relationship was on shaky ground, it was not unusual for a sense of paranoia to arise between them.

Half a century after the normalization of diplomatic relations, there would be tremendous significance in an in-depth discussion by the two countries of the risks associated with North Korea over the next half-century, to examine measures to promote the peace, stability, and economic development of Northeast Asia. As neighboring countries that share strategic interests, they need to

rebuild a relationship that enables them to hold in-depth talks and address issues of importance, even if some problems remain between them under normal circumstances.

Figure 1 70 Years Since the Korean Peninsula was Divided in Two



(2) The Korean Peninsula at a Turning Point

On October 30, 2015, the Politburo of the Workers’ Party of Korea announced that it had decided to convene the 7th Party Congress in early May 2016. This is the first time that the Party Congress, which is North Korea’s supreme decision-making body, has been convened since the 6th Party Congress was held on October 10–14, 1980. Due to economic difficulties, among other reasons, the

Party Congress was not held at all during the Kim Jong-il era, so this will be the first time that it has taken place under the Kim Jong-un regime.

The announcement states that the Politburo had decided to convene the Party Congress, “reflecting the demand of the party and the developing revolution that witness epoch-making changes in accomplishing the revolutionary cause of Juche, the cause of building a thriving socialist nation.” As such, there is a possibility that the Kim Jong-un regime might reveal new policies on domestic affairs and foreign relations, as well as rolling out new economic policies. It is anticipated that, while stressing his determination to continue the teachings and traditions of Kim Il-sung and Kim Jong-il, Kim Jong-un will seek to make this a major event that heralds the advent of the “Kim Jong-un era” and there is a strong possibility of large-scale personnel changes. The possibility of further provocation in the wake of the nuclear test, sometime around the Party Congress, is undeniable, given that November will see the presidential election in the USA, which is the country of most critical importance to North Korea from the perspective of foreign relations and security.

What kind of risks does the process of succession and change about to take place in North Korea hold for us? And what kind of opportunities could it bring about? The transfer of power from Kim Jong-il to Kim Jong-un has been comparatively smooth and North Korean nuclear test missile launches are no longer unusual, so interest in North Korean issues is dwindling in some quarters.

Although the Tokyo and Seoul markets saw some moves to avert risk when the North Korean nuclear test was reported on January 6, 2016, it did not trigger as much activity as problems in the Middle East or the economic slowdown in China. It is vital to react to such developments calmly, gathering plenty of information. We must not panic or overreact. However, it is also dangerous to become desensitized to such actions and to treat them as routine. Even if this nuclear test did not involve a hydrogen bomb as claimed by North Korea, repeated nuclear tests and missile launches are steadily raising the risk to surrounding countries.

Things that we thought we had anticipated can go beyond our expectations before we know it. Consequently, the time when the status quo is changing significantly is when the danger is greatest. As well as the parties directly concerned, namely South Korea and North Korea, countries such as the USA, China, Russia, and Japan have an impact on the Korean Peninsula, so the situation there is based on maintaining a precarious balance between major countries. If that balance were to be upset due to a change in the situation, something terrible could occur. As such, the North Korea issue is one of the biggest destabilizing factors in East Asia and the impact of moves by North Korea on both the regional situation and international politics could be incalculably huge. It is not only military force that brings about changes in a situation. We must also look closely at political,

economic, and social changes. This is why we are entering a period in which research focused on North Korea will be more important than ever before to us as citizens of the same region.

## References

Atsushi Ijuin (2015) “*Kitachōsen jirenma kakae keizai kaikaku tesaguri—Zōsan mezashi, kōgyō/nōgyō de jishuken kakudai*” [Facing a dilemma, North Korea gropes its way to economic reform—Expansion of autonomy in the industrial and agricultural sectors, with the aim of boosting production] Japan Center for Economic Research Staff Report

<http://www.jcer.or.jp/mainte/preview/report/researcher/detail4933.html>

———— (2015) “*Gaishi yūchi, Genzan—Kumugansan no kankō kaihatsu ni shōjun—shikōsakugo no kin'yū kaikaku Shinrai kaifuku ga saidai no kadai*” [Wonsan seeks to attract foreign capital—Sights set on tourism development at Mount Kumgang—Economic reform by trial and error Restoring trust is the biggest challenge] Japan Center for Economic Research Staff Report

<http://www.jcer.or.jp/mainte/preview/report/researcher/detail4934.html>

### *Korean Central Yearbook*

Atsushi Ijuin (2015) “FLIRTING WITH CHANGE—Pyongyang comes as close as it dares to economic reform” NIKKEI ASIAN REVIEW (Nov. 30—Dec. 6, 2015 / No.104)

<http://asia.nikkei.com/magazine/20151126-Asia-300-Companies-to-watch/Politics-Economy/In-an-economic-bind-Pyongyang-dances-around-reform?page=1>

———— (2015) “ROOMS AVAILABLE—Desperate for foreign investment, Pyongyang targets tourism” NIKKEI ASIAN REVIEW (Dec. 21—27, 2015)

<http://asia.nikkei.com/magazine/20151217-ASEAN-ECONOMIC-COMMUNITY-REALITY-CHECK/Politics-Economy/In-need-of-foreign-funds-North-Korea-courts-tourists?page=1>