

CENTRO STUDI PER I POPOLI EXTRA-EUROPEI "CESARE BONACOSSA" - UNIVERSITÀ DI PAVIA

# ASIA MAIOR

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FOUNDED BY GIORGIO BORSA IN 1989

Vol. XXVII / 2016

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## The End of the Obama Era in Asia

Edited by  
Michelguglielmo Torri  
and Nicola Mocci

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viella





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## CONTENTS

- 7 MICHELUGUGLIELMO TORRI & NICOLA MOCCI, *Foreword: Asia Maior in 2016*
- 17 FRANCESCA CONGIU & ALESSANDRO URAS, *China 2016: Defending the legitimacy of the party-state's authority*
- 53 AURELIO INSISA, *Taiwan 2012-2016: From consolidation to the collapse of cross-strait rapprochement*
- 89 MARCO MILANI, *Korean Peninsula 2016: The never-ending crisis*
- 121 GIULIO PUGLIESE, *Japan 2016: Political stability amidst maritime contestation and historical reconciliation*
- 143 CARMINA YU UNTALAN, *The Philippines 2016: Democracy in dispute?*
- 167 ELENA VALDAMERI, *Indonesia 2016: A difficult equilibrium amid global anxiety*
- 199 MICHELA CERIMELE, *Vietnam 2016: The aftermath of the 12<sup>th</sup> congress, between continuities and changes*
- 221 NICOLA MOCCI, *Laos 2016: The 10th congress of the Lao People's Revolutionary Party (Lprp) and its domestic and international aftermath*
- 243 PIETRO MASINA, *Thailand 2016: The death of King Bhumibol and the deepening of the political crisis*
- 261 MATTEO FUMAGALLI, *Myanmar 2016: From enthusiasm to disillusionment*
- 277 MARZIA CASOLARI, *Bangladesh 2016: A laboratory for Islamic radicalism*
- 297 FABIO LEONE, *Sri Lanka 2016: Does the new era continue?*
- 315 MICHELUGUGLIELMO TORRI & DIEGO MAIORANO, *India 2016: Reforming the economy and tightening the connection with the US (with an Appendix by MARCO VALERIO CORVINO, A brutal and violent year in the Kashmir Valley)*
- 385 MARCO CORSI, *Pakistan 2016: Economic features*
- 403 DIEGO ABENANTE, *Afghanistan 2016: Military crisis and contested reforms*
- 417 LUCIANO ZACCARA, *Iran 2016: From the Saudi embassy attack to the demise of Rafsanjani*
- 439 ADELE DEL SORDI, *Kazakhstan 2015-2016: Balancing regime stability amidst local and global challenges*
- 463 *Reviews*
- 483 *Appendix*

It is possible that Tsai's decision was motivated by the fact that Taiwan, not being a signatory of the United Nations Convention on the Law of the Sea, is not bound by it. Another possible reason for Taipei's display of power was the possibility to launch a risk-free but cautionary signal of strength to its emboldened regional neighbours, confirming the worrying trend towards confrontation, characterising the Asia-Pacific region, and the South China Sea in particular, in 2016.

## *8. Conclusions*

Cross-Strait relations during Ma Ying-jeou's second term were characterised by a contraposition between stalling economic integration and deepening political engagement. Thus, whilst Taipei and Beijing reached a historical political achievement such as the «leaders meeting» between Ma and Xi Jinping in November 2015, economic integration between the two parts halted after the KMT's failure to pass the CSSTA in the LY in spring 2014. Following the debacle of the Ma administration and the KMT's LY-majority, the DPP and its presidential candidate Tsai Ing-wen obtained a clear victory in the January 2016 general elections, after running on an electoral platform highly critical of the modalities of the cross-Strait rapprochement pursued in the previous eight years.

In response to the electoral result in Taiwan, the PRC leadership showed little to no flexibility in dealing with Tsai and her administration. Beijing maintained an intransigent stand over the adoption of the One China Principle, which the DPP firmly opposed, and refused to acknowledge Tsai's own efforts to reach an alternative compromise. Facing the freezing of cross-Strait relations, and Beijing's informal pressure tactics against Taiwan's economy and its limited diplomatic space, the Tsai administration laid down a series of ambitious economic and defence plans aiming to enhance the country's profile in Asia-Pacific in 2016. At the same time, it attempted to push back against Beijing's assertiveness and diplomatic isolation by rapidly engaging with the transition team of US President-Elect Donald J. Trump, with whom Tsai held an unexpected and highly-publicised phone call in December.

The reasons for the collapse of cross-Strait relations in 2016 after a long period of consolidation are then multiple. The first is KMT's inability to adapt its vision of cross-Strait relations to the expectations of the Taiwanese public. The second is DPP's refusal to fully acknowledge the foundations of the rapprochement envisioned by the KMT and the PRC leaderships. Third, Beijing's own refusal to adapt its long-term unification plans to the shifts in the Taiwanese political climate was a decision rooted in the ever-growing power asymmetry between the ROC and the PRC itself.

## KOREAN PENINSULA 2016: THE NEVER-ENDING CRISIS

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*The year 2016 was characterized by major crises throughout the entire Korean peninsula. The decline in popularity of South Korean president Park Geun-hye further deteriorated after the election for the National Assembly in April, which gave the majority to the opposition parties. The serious scandal in November that involved Park and one of her closest confidants and friends, Choi Soon-sil, brought her approval rating to a historical low and forced her to withdraw after an impeachment vote in the National Assembly.*

*In North Korea, the most important event in terms of domestic policy was the seventh Congress of the Workers' Party of Korea, in May, which can be regarded as the culmination of Kim Jong Un's consolidation of power.*

*Another major crisis on the peninsula erupted in January, when North Korea tested a nuclear weapon, and worsened in September with an additional nuclear test. For the first time in its history, Pyongyang completed two nuclear tests in the same year. The reaction of the international community has been one of condemnation, with Seoul, Tokyo and Washington asking for a new set of comprehensive sanctions against North Korea. UNSC Resolutions 2270 and 2321 were designed to curb North Korea's nuclear programme, affecting the influx of hard currency and limiting its export of natural resources. Nevertheless, the ambiguous posture of China in relation to the implementation of the sanctions, and some loopholes, gave Pyongyang the opportunity to continue its exports.*

*In respect of the foreign relations of the two Koreas, the nuclear tests had relevant effects. The first consequence has been that of strengthening the alliance between Seoul and Washington, with the decision to deploy the Terminal High Altitude Air Defence (THAAD) system on the peninsula. Also, the growing threat from Pyongyang has led to a rapprochement between South Korea and Japan, which culminated with the signing of the agreement on the sharing of intelligence information (GSOMIA). This realignment of Seoul towards the traditional Southern Alliance has undermined its relationship with Beijing, especially as a consequence of the decision to deploy THAAD. In this perspective, the main beneficiary of the new situation has been North Korea, which, despite its isolation, has throughout the year improved its relationship with China.*

*As for the economy, South Korea faced another year of slowing growth, troubled also by a series of crises that involved some of the biggest industrial conglomerates; in North Korea, despite the new sanctions, the economic outlook remained fairly stable.*



## 1. Introduction

The most appropriate term to define 2016 for the two Koreas might be the word ‘crisis’. A security crisis shocked the peninsula at the beginning of the year and continued unabated throughout 2016. At the same time, a political crisis overturned the political scenario in South Korea and forced President Park Geun-hye out of office.

The elections for the National Assembly in April represented the first political surprise for South Korea. Despite all the opinion polls, which gave a clear advantage to the Saenuri dang, President Park’s conservative party, the results completely changed the composition of the Parliament. The Democratic Party, despite its internal split at the beginning of the year, won a slight majority of the seats; more importantly, the progressive bloc against Park – composed by the Democratic Party, the People’s Party and the Justice Party – became the dominant force. The forced cohabitation between a legislative and an executive power characterised by different political colours led to several moments of tension in the following months, which culminated with a major political crisis following the breaking out of the Choi Soon-sil scandal (on which, more below). The inability to negotiate and find a common ground between progressives and conservatives, together with the growing popular anger that materialised in massive street demonstrations, led to a vote of impeachment that forced President Park out of office, pending a final decision on the matter by the Constitutional Court.

The domestic crisis in South Korea erupted in the middle of the security crisis caused by North Korea. Its fourth nuclear test on 6 January,<sup>1</sup> the launch of a satellite on 7 February and the fifth nuclear test on 9 September represented the main stages of the most active and dangerous year for Pyongyang’s nuclear and missile programmes. Obviously, this activism had serious repercussions, first of all on the relations on the peninsula. Park Geun-hye’s *Trustpolitik* was finally set aside in favour of a diplomatic effort to impose new sanctions on and isolate North Korea. This uncompromising policy was epitomised by the decision to close the last remaining example of inter-Korean cooperation: Kaesong Industrial Park.

Regarding domestic policy, however, 2016 was a fairly stable year for North Korea, or at least a year of stabilisation of power. Having built for more than four years, in fact, Kim Jong Un’s consolidation of power culminated with the seventh Congress of the Workers’ Party of Korea, the first in 36 years. This event of paramount political and symbolic relevance sanctioned the definitive coronation of Kim as leader of the country and the official approval of his *Byungjin* political line as the new policy of the

1. Prior to the two nuclear tests in the year under review, North Korea had exploded nuclear devices three times, in 2006, 2009 and 2013.

country. The reform of the constitution, in late June, served as a further formal recognition of his role.

The crisis that shook the peninsula also had repercussions on the foreign relations of the two Koreas. In particular, there was a return to a sort of 'old normal' in terms of political alliances and realignment. The provocation from North Korea not only reinforced the military alliance between Seoul and Washington, but also helped the process of rapprochement between South Korea and Japan, which had begun in the last part of 2015. In this perspective, the agreement to deploy the Terminal High Altitude Air Defence (THAAD) system on the peninsula, and the agreement to share military intelligence information between Seoul and Tokyo (General Security Of Military Information Agreement or GSOMIA), represented the culmination of this new emphasis on the so-called «Southern Alliance».

The main victim of this development has been the relationship between South Korea and China. During the first three years of Park's presidency, the two countries had benefited from a highly positive and constructive relationship, but South Korea's decision to realign its policy with that of the US also affected Seoul's relationship with Beijing, especially after the former's decision to deploy the THAAD system. China, in fact, has always been a staunch opponent of the installation of an anti-missile system on the peninsula. Despite reassurances that the system's only purpose was countering the North Korean threat, Beijing considered it as negatively affecting the existing arms balance in the region and its own security. For this reason, relations between China and South Korea worsened, also implying some small-scale economic retaliations from Beijing.

2016 can also be considered as a sort of return to a new normal in terms of foreign relations for Pyongyang. The nuclear and missile tests increased its isolation from the international community; at the same time, however, the revival of the axis between Seoul, Washington and Tokyo brought about an improvement in relations between North Korea and China, aimed at countering the resurgence of the Southern Alliance.

In respect of the economy, South Korea faced another year of slowing growth despite the efforts planned by the government before the outbreak of Choi Soon-sil's scandal. In addition, a series of crises that involved some of the biggest South Korean industrial conglomerates—Hanjin, Hyundai and Samsung—further contributed to worsen the country's economic outlook. In North Korea, the new round of sanctions, the harshest ever approved, triggered by the fourth and fifth nuclear tests were specifically aimed at hitting relevant economic aspects of the regime, focusing on the exports of natural resources, such as coal and iron ore. Nevertheless, during 2016, the North Korean economy seemed to remain in a fairly stable condition compared to previous years.

## *2. Domestic politics*

### *2.1. South Korean domestic politics*

The political crisis that struck the South Korean political system during 2016 covered the ten month period from the legislative election in April, which gave the parliamentary majority to the opposition, until the vote for the impeachment of President Park Geun-hye on 9 December. The crisis cannot in fact be reduced to the period which began with the hectic weeks of November, when millions of citizens took to the streets protesting and demanding Park's resignation and which ended with the final vote that ousted Park in December: the roots of South Korea's political instability can be traced back to some fragilities within its constitutional system, combined with South Korea's peculiar political culture.

The formal semi-presidential system designed by the Constitution of 1987 – with a Prime Minister appointed by the President but with the approval of the National Assembly – is in practice more like a presidential system due to the large powers, which often cross into the field of legislative power, in the hands of the head of state coupled with the residual role left to the Prime Minister. Unlike other semi-presidential systems, such as France, in South Korea the Prime Minister is not the expression of the parliamentary majority, but only assists the President and directs the ministers. Furthermore, the President's mandate of five years is not harmonised with the National Assembly's four year mandate. This system is bound to cause political tension if, after an election, the parliamentary majority doesn't support the President but, at the same time, doesn't have any real possibility of impacting on the decision-making process or having representation within the executive power. Precisely this situation came into being following the April 2016 ballot, against a backdrop characterised both by a strong conflict between conservatives and progressives and by the President's declining popularity.

The political scandal that abruptly erupted in November gave the opposition a window of opportunity to reverse this situation, thanks also to the popular legitimacy acquired after the legislative elections.

#### *2.1.1. The elections for the National Assembly*

During the first months of 2016, the main focus of South Korean domestic politics has been on the elections for the National Assembly, scheduled for 13 April.

At the beginning of the year, the more troubled of the two political fronts seemed to be the progressive opposition. The Saenuri dang, the conservative party of President Park Geun-hye, was in fact confidently aiming at reinforcing its majority in the legislative body. Virtually all the polls conducted in the first months of 2016 indicated a large advantage

over its progressive counterpart to Park's conservative party.<sup>2</sup> The previous legislative elections, held in 2012, had assigned a majority of 152 seats out of the 300 total members of the Parliament to Park's Saenuri dang, while the main opposition party had lagged far behind at 127. On the eve of new elections, after several by-elections lost by Park's Saenuri dang, the party of the President still had 146 seats against the 103 of the Democratic Party. Since early January, the leader of the Saenuri dang, Kim Moo-sung, set as the party's political target the conquest of a majority of 180 seats in the next general elections. This result would give the Saenuri dang the ability to force a vote on contentious bills, even without the consensus of the opposition.<sup>3</sup> According to the National Assembly Act, in fact, a majority of three fifths is required to put a pending bill to a vote. Considering the harsh political and social confrontation of the last months of 2015 regarding the new labour reform proposed by the government,<sup>4</sup> a majority of this kind would be an important instrument for the conservatives to pursue their own political agenda.

However, despite the declared optimism of Kim Moo-sung and many conservative members of the National Assembly, a victory of this magnitude seemed to be out of reach. During 2015, the popularity of President Park was in constant decline, especially because of the scant leadership skills demonstrated during the Middle East Respiratory Syndrome (MERS) crisis and the ensuing civil society demonstrations.<sup>5</sup> In order to cope with this growing popular discontent, the President decided on a major government reshuffle in the last days of 2015, replacing key positions in her cabinet, especially in the economic field, and calling for reforms aimed at revitalising the economy. The polls conducted in the early months of 2016 suggested a positive trend in popularity for the President and her party, but probably not enough to achieve Kim Moo-sung's ambitious goal of a three-fifths majority. Nonetheless, a victory for the Saenuri dang was considered to be on the cards.

The opposition front, on the other hand, was in major turmoil. The united front of NPAD (New Politic Alliance for Democracy), created in March 2014 by the merger of the Democratic Party and the independent political subject of Ahn Cheol-soo, fell to pieces in December 2015, when Ahn's faction decided to split and create a new party to compete in the

2. 'Ruling Saenuri Party to win majority in April 13 ballot: polls', *The Korea Herald*, 10 April 2016.

3. Yeo Jun-sok, 'Can Saenuri Party take 180 seats?', *The Korea Herald*, 10 January 2016.

4. Barbara Onnis & Marco Milani, 'Korean Peninsula 2015: One step forward and two steps back', *Asia Maior 2015*, pp. 60-63.

5. On the 2015 MERS crisis and its political consequences, see Barbara Onnis & Marco Milani, 'Korean Peninsula 2015: One step forward and two steps back', *Asia Maior 2015*, pp. 53 ff.

upcoming legislative elections. In the first days of 2016, several relevant political figures of the progressive front decided to follow Ahn in his new project and left the Democratic Party, such as Kim Han-gil and Kwon Rho-Kap. The new party was officially founded on 2 February with the name of the People's Party, Gungminui Dang.<sup>6</sup>

Meanwhile, the leader of the Democratic Party and former presidential candidate Moon Jae-in decided to step down from his position in an effort to renew the party leadership. The party was renamed Deobureo Minju Dang – literally ‘Together Democratic Party’ – and Kim Chong-in was designated the new leader.<sup>7</sup> The progressive front was thus divided again, in a similar situation to that of 2012. The split in the progressive vote was a further help for the conservative party, in particular with an electoral system such as that of South Korea in which 253 seats out of 300 are allocated through the first-past-the-post system.

This was the situation when the country was preparing for the legislative vote and the electoral campaign was officially launched on 30 March. The question was not about which party was going to win, but only about the scale of Saenuri dang's victory. The main topics that dominated the public debate before the elections were national security and economic growth. After the fourth North Korean nuclear test on 6 January, the options on how to deal with Pyongyang became one of the main points of discussion. Park's government had responded from the very beginning with an extremely tough line: in diplomatic terms, in order to create a vast international consensus aimed at isolating Pyongyang, and in military terms, aimed at reinforcing the alliance with the US and interrupting any contact with Pyongyang. Some sectors of the Saenuri dang had even more hawkish positions, asking for the development of a South Korean independent nuclear deterrent to counter North Korean threats.<sup>8</sup> The progressives, on the other hand, were open to addressing the issue through a more comprehensive approach, combining condemnation and sanctions with dialogue. In particular, the decision to close the inter-Korean joint industrial park in Kaesong was a major controversial issue between the parties.

Regarding the economy, the programme of the Saenuri dang was to stick with its business-friendly reforming effort, in particular the labour market reform, while the progressive front was pushing for ‘economic democratisation’, with policies oriented towards social aspects of the economy, such as the protection of workers, pensions and minimum wages,

6. Kim Hyo-jin, ‘Rep. Ahn launches People's Party with 17 lawmakers’, *The Korea Times*, 2 February 2016.

7. Lee You Ju-hyun, ‘Moon Jae-in steps down as leader of The Minjoo Party of Korea’, *The Hankyoreh – English Edition*, 28 January 2016.

8. Choe Sang-hun, ‘After Tests in the North, Conservatives in South Korea Call for a Nuclear Program’, *The New York Times*, 19 February 2016.

and a shift from larger conglomerates, which dominate the South Korean economy, to small businesses.<sup>9</sup> The main goal was to capitalise in political terms on the social protests that had characterised the last months of 2015.

The day of the elections, 13 April, the results of the ballots came as a big and unexpected surprise for all the parties involved. Not only did the Saenuri dang fail to gain the three-fifths majority it was aiming at, but it also lost its relative majority, becoming the second party in the National Assembly. The final results showed a deeply divided country and were a clear setback for President Park. The Minju dang won 123 seats and asserted itself as the main political force within the National Assembly; the Saenuri dang stopped at 122, losing as many as 35 seats; the new political subject, the People's Party, created by Ahn after the split of the democratic front, won 38 seats at its first electoral attempt and became the majority party in the southeastern province of Jeolla and in the metropolitan city of Gwangju, a former stronghold of the Democratic Party. Six seats were then allocated to the Justice Party (left of the Democratic Party), creating a political opposition bloc against Park Geun-hye of 167 seats.<sup>10</sup>

Party	Seats	±	% of Total	Districts	Prop. Rep.
Democratic Party	123	- 4	41%	110	13
Saenuri Party	122	- 35	40,7%	105	17
People's Party	38	new	12,7%	25	13
Justice Party	6	- 7	2%	2	4
Independents	11	+ 8	3,6%	11	-
<b>Total</b>	300		100%	253	47

Source: National Election Commission, Republic of Korea (the data have been elaborated by the author)

The disastrous and unexpected electoral result of President Park's party can be considered a major political defeat for the President herself. The South Korean party system, as above noted, is politically dominated by the President, who is at the centre of power in the national political system and also exerts a strong influence within her own party, often considered as a mere vehicle toward the presidency.<sup>11</sup> The defeat of the Saenuri dang was thus a clear rejection of the presidential political action, especially in terms

9. Kim Jin-cheol, 'Parties' unification, security and foreign affairs platforms for general elections', *The Hankyoreh – English Edition*, 10 April 2016.

10. Jack Kim, 'Vote defeat for South Korea's Park raises «lame duck» prospect', *Reuters*, 14 April 2016.

11. Aurel Croissant, 'Strong Presidents, weak Democracy? Presidents, Parliaments and Political Parties in South Korea', *Korea Observer*, Vol. 33, No. 1, Spring 2002, pp. 1-45.

of domestic politics. The decline in Park's popularity – which started with the *Sewol* tragedy in April 2014 and continued throughout 2015 – materialised in this first real electoral test. The results shook the party to its foundations. The party leader, Kim Moo-sung, resigned the day after the electoral defeat, while an emergency committee was created to reform the internal structure and refresh its political leadership and guidelines.<sup>12</sup> The powerful and divisive figure of Park Geun-hye became one of the major controversial points of discussion, and an anti-Park faction started to emerge within the party. The 2018 presidential election was looming on the horizon and a lame duck president, with a very low approval rating, started to be considered a liability. This internal tension was partly resolved with the election of Lee Jung-hyun, a strong supporter of President Park, as party leader in early August, but resurfaced in disruptive terms in the last weeks of 2016.<sup>13</sup>

After their equally unexpected success, the oppositions started to voice even louder concerns about several controversial presidential decisions and to demand a stronger role for the National Assembly in the country's decision-making process. As noted above, within South Korea's peculiar semi-presidential system, the role of the legislative power is reduced and the representation of the parliamentary majority within the executive is not guaranteed. In addition, Park's method of government had been criticised several times in the past by the opposition parties for her tendency to centralise power in her hands and in those of her inner circle, for the lack of transparency in her decision-making process and for excessive political personalisation.

In this situation of weakness, President Park Geun-hye agreed to a first meeting with the leaders of the three main parties on 13 May. This resulted in the decision that the President would henceforth meet with the key political party leaders on a regular basis, in an effort aimed at starting cooperation with the newly elected National Assembly to defuse political tension and respond to the political message sent by the voters.<sup>14</sup>

### 2.1.2. *The deployment of THAAD and the new domestic political tension*

During the summer, however, these first conciliatory moves were not followed by a real pursuit of a bipartisan consensus on the most important decisions taken by the president, nor by a new and more inclusive government style. The confrontation between conservatives and progressives clearly resurfaced in July with the final decision, on 8 July,

12. John Power, 'After Electoral Defeat, What Next for Korea's Saenuri?', *The Diplomat*, 16 April 2016.

13. Yeo Jun-suk, 'New Saenuri leader pledges support for Park', *The Korea Herald*, 10 August 2016.

14. Bae Hyun-jung, 'Park agrees to regularly meet party leaders', *The Korea Herald*, 13 May 2016.

to deploy the American THAAD anti-missile system on the peninsula to counter the growing military threat from North Korea.<sup>15</sup>

Beyond the military and strategic relevance of the system, the decision sparked a strong debate within the country, fuelled by the opposition of the Democratic and People's Parties. The controversy over the new anti-missile system epitomised the polarisation and the domestic political divide in South Korea. The sources of contrast between government and opposition were mainly two: the strategic opportunity to deploy the new system and the process of deciding where to install the system on the peninsula. Regarding the first issue, the decision to deploy the THAAD was perfectly in line with the traditional foreign policy priorities of South Korean conservatives—contrasting North Korea with military measures and strengthening the defence alliance with the US. On the other side, the progressive front, while recognising the danger of the North Korean nuclear programme, criticised the decision because it could further escalate military tension and affect relations between South Korea and China, a strong opponent of THAAD.

In addition, the choice of the location for the deployment of the system again reflected the lack of transparency in the government's decision-making process, a primary critical point in the interactions between conservatives and progressives. On 13 July, the South Korean government announced, without any previous discussion with the local administration or residents, that the site for the new missile defence system would be the rural southern county of Seongju. The protests began immediately, triggered by the fears of local residents related to the effects of the radars on health and the possible adverse consequences for agriculture – the county provides 60% of all melons produced in South Korea. When, two days later, the Prime Minister visited the county in an effort to defuse the situation of tension, he was pelted with eggs and water bottles by the protesters.<sup>16</sup> The political opposition supported the requests of Seongju residents, reaffirming its position against THAAD, considered counterproductive for its possible repercussions on relations with China. Also, the political opposition criticised the top-down decision of the government, which had not previously consulted the residents, and the choice of location, which would not guarantee the security of the capital, situated as it was more than 200 km away. Amidst the growing popular discontent, the government decided to postpone a final decision on the subject. After almost three months, and after consultations with the local authorities, the final site was located on an isolated golf course, 18 km from the centre of Seongju County.<sup>17</sup>

15. 'S. Korea, U.S. reach decision to deploy THAAD defense system in Korea', *Yonhap News Agency*, 8 July 2016.

16. Choe Sang-hun, 'South Korean Villagers Pelt Premier with Eggs over Missile Site', *The New York Times*, 15 July 2016.

17. Choi Kyong-ae, 'S. Korea picks «final» site for THAAD', *Yonhap News Agency*, 30 September 2016.



The controversy over the THAAD deployment clearly demonstrated that the tension between the main political parties was still very high after the April election, with the opposition still struggling to find a more effective voice in the country's decision-making process. At the same time, the lack of transparency and collegiality in pinpointing the location of the final site showed once more that the governing style of Park Geun-hye's executive had not really changed after the electoral defeat.

### 2.1.3. *The Choi Soon-sil scandal and Park Geun-hye's impeachment*

The parabola of President Park Geun-hye's mandate reached its final stage in autumn 2016, when the corruption scandal that involved one of her main confidants and advisors, Choi Soon-sil, erupted. The first signs of the scandal that would soon overturn the political situation in the country appeared in late September, when a parliamentary interrogation sought by a former presidential secretary, Cho Eung-cheon, brought up the possibility that the donations of high amounts of money from the main South Korean industrial conglomerates to two foundations, Mir and K-Sports, were connected to favourable decisions from the Blue House.<sup>18</sup> In particular, it was claimed that Choi Soon-sil, the daughter of a deceased mentor to the President and a close friend and confidant, had made use of her influence on the President to offer favours to the conglomerates in return for large sums of money, which had been conveyed through the two foundations.<sup>19</sup>

Within a few weeks, the corruption scandal grew dramatically, involving prominent figures of Park's political team, and new aspects came to light. The cable TV channel JTBC, in fact, reported in late October that it had obtained a computer owned by Choi in which 200 confidential files were found, including several drafts of Park's speeches and statements, including the famous 'Dresden Speech', one of the milestone of Park's inter-Korean policy.<sup>20</sup> The role of the President's friend and confidant – not a government official or a civil servant – started to assume a political relevance as a powerful *éminence grise* with direct access and strong influence on Park herself.

In the last days of October, Park Geun-hye was forced by the size of the scandal to intervene directly. The slow and indecisive reaction of the President to the scandal probably played a role in its further development. On 25 October, Park gave her first apology speech to the public, in which she admitted leaking confidential documents to Choi to ask for her advice

18. Bae Hyun-jung, 'Cheong Wa Dae hit by another scandal involving Park confidant', *The Korea Herald*, 21 September 2016.

19. *Ibid.*

20. Yu Hui-gong, 'The Speech was Sent to Choi Soon-sil Before the President Made the Speech', *The Kyunghyang Shinmun*, 25 October 2016.

and opinion but denied the possibility that Choi had any real political power or influence.<sup>21</sup> Soon after, on 30 October, Park decided to reshuffle her staff, firing the chief of staff and seven other aides in order to cope with the growing public anger and to regain public trust, after thousands of South Koreans took to the streets to call for her removal from office.<sup>22</sup> A few days later, Park decided to designate Kim Byong-joon, a former chief policy coordinator of the progressive president Roh Moo-hyun, the new Prime Minister. The move was considered to be an overture towards the parliamentary opposition and a possible first step towards a greater sharing of political power during her last year in office.<sup>23</sup> On 4 November, Park gave her second public apology and stated that she was willing to collaborate with the prosecutors and to submit to questioning.<sup>24</sup> However, these presidential initiatives for political renovation were not enough to calm the protests of civil society and the political opposition in the National Assembly. On 5 November, in the second public demonstration against the President, tens of thousands of protesters demanded Park's resignation. At the same time, the opposition parties rejected the appointment of the new Prime Minister, whose designation was then withdrawn by Park, and joined the civil society in demanding Park's resignation, the only alternative being that of starting the process of impeachment.<sup>25</sup>

From this moment on, the political crisis was characterised by Park's continued attempt to cope with the demands of the growing political and social opposition without being able to avoid her final capitulation. After the National Assembly's refusal to approve the appointment of the new Prime Minister, Park proposed that the appointment be made by the National Assembly themselves and affirmed that she was willing to devolve some of her powers, maintaining the prerogatives related to foreign policy and defence. At this point, however, the opposition was no longer open to negotiation and demanded the resignation of the President. Meanwhile, the internal frond of the Saenuri dang, temporarily silenced after the defeat in the April elections, began to manifest itself once again.

Despite the activism of the opposition, the key factor in the crisis was the anti-Park mobilisation of civil society, a key component of South Korean political life since the days of the authoritarian regime. During November, in fact, a huge crowd of protesters rallied every Saturday in the centre of Seoul

21. Kanga Kong, 'South Korea's Park Apologizes Amid Influence-Peddling Claims', *Bloomberg*, 25 October 2016.

22. 'South Korea: Thousands of protesters call for president to resign', *The Guardian*, 29 October 2016.

23. Kang Seung-woo, 'Park fights back with PM nomination', *The Korea Times*, 2 November 2016.

24. 'Voice shaking, South Korean president says scandal «all my fault»', *Los Angeles Times*, 3 November 2016.

25. Kang Yoon-seung, 'Opposition parties reject Park's request to pick PM candidate', *Yonhap News Agency*, 9 November 2016.

and other South Korean cities for peaceful demonstrations that called for the immediate resignation of the President. In particular, the demonstrations of 12 and 26 November recorded the participation of nearly two million people, making it the largest in the post-democratisation era.<sup>26</sup>

Given the scale of the protests, Park – meanwhile accused of complicity with Choi by the prosecutor – was forced to take a step back and proposed, in her third public speech of apology, to put her mandate in the hands of the National Assembly and delegate the decision for a roadmap for the transition of power to that institution. The opposition, however, had already started the process of impeachment and discarded this proposal as a ploy to gain time and divide the front that supported the President's dismissal.<sup>27</sup> The vote was scheduled for Friday 9 December. Meanwhile, the conservative front was in total disarray. Defending Park's position was no longer a politically viable option; nevertheless, a faction of the party was in favour of the impeachment, while the pro-Park faction was proposing a roadmap that would lead to the resignation of the President and would guarantee greater institutional stability. The vote on 9 December marked the victory of the opposition line: the impeachment was approved with 234 votes in favour, far more than the required 200. The defection of Saenuri dang parliamentarians was massive. The President was then immediately suspended from her duties and replaced by Prime Minister Hwang Kyo-ahn, pending the final decision of the Constitutional Court, which could have taken up to 180 days.

The epilogue of the crisis left the country under the temporary and uncertain guidance of an unpopular Prime Minister, directly connected to Park, who had appointed him in June 2015. Meanwhile, the conservative party split definitively in the last days of the year, and the race for the presidential candidacy in view of an early election began among the opposition.

The political crisis, which in a few weeks overturned the political situation in South Korea and forced President Park's final capitulation, was not only linked to the Choi scandal, but had deeper roots. The lack of transparency and a shadow of authoritarianism in her decision-making had followed Park Geun-hye since her first months in office. The figure of Choi Soon-sil was therefore the perfect catalyst for this discontent: she was seen as a powerful *éminence grise*, unelected and without any official public office but with tremendous power in the presidential office, and as part of a closed and rather obscure circle within which the main decisions for the country were taken. Moreover, the scandal showed that the unaccounted power of this inner circle had most likely been used for personal gain, in economic

26. Choe Sang-hun, 'Protest against South Korean President Estimated to be Largest Yet', *The New York Times*, 26 November 2016.

27. Anna Fifield, 'South Korea's president offers to resign if demanded by lawmakers', *The Washington Post*, 29 November 2016.

terms and prestige. Among the accusations that were raised against Choi, one was particularly outrageous for many protesters: the political pressure to have her daughter admitted to the prestigious Ewha University despite the fact that she was not qualified, surpassing the most deserving students without political connections.<sup>28</sup> This particular problem – which, to a non-Korean, can appear secondary – actually unleashed huge indignation in public opinion in relation to the abuse of power against weaker citizens and the importance that the society attaches to higher education and to prestigious universities, because of their role in promoting social mobility.

As already noted, the political crisis highlighted the centrality of civil society movements. Popular indignation at the personal use of political power brought millions of citizens to the streets. This activism showed that young South Koreans, usually considered aloof from political participation, this time played a key role in shaping the contemporary history of their country, showing that civil society is still very much alive and active in the country. The political opposition in parliament, rather than leading the process, seemed to follow the protests from the streets. The result has been ambivalent. While, in fact, the impeachment vote was successful, a greater predisposition to negotiate with the conservatives would have probably allowed replacement of the Prime Minister with a political figure closer to the opposition and more distant from Park Geun-hye's closed circle.

Finally, the crisis has demonstrated that the need for constitutional reform in the country is not only linked to the issue of the re-election of the President, but also to the need to clarify the division of powers and duties to prevent a political crisis from becoming an institutional stalemate.

## 2.2. North Korean domestic politics: Kim Jong Un's final coronation

While the internal political situation in South Korea was shaken deeply by the legislative elections and by the Choi Soon-sil scandal, in North Korea 2016 was the year of the final and formal coronation of Kim Jong Un as the country's leader. As discussed elsewhere,<sup>29</sup> in the first years after his rise to power, Kim had consolidated his position within the regime through systematic purges and several changes in the most important political positions. The young leader had also launched his own new policy line, called *Byungjin*, which fell within the broader *Juche* ideology and was a continuation of the military-first policy – *Son'gun* – launched by his father Kim Jong Il. These combined efforts had legitimised his position within the regime and in the eyes of the North Korean population.

28. Kim Bo-eun, 'Ewha under probe over Choi's daughter', *The Korea Times*, 31 October 2016.

29. Barbara Onnis & Marco Milani, 'Korean Peninsula 2015: One step forward and two steps back', *Asia Maior 2015*, pp. 63-66.

In May 2016, this consolidation process reached its culmination, also in formal terms, with the convening of the seventh Plenary Congress of the Workers' Party of Korea, after a 36 year long hiatus. In the months preceding the Congress, Kim clearly reaffirmed the importance of the nuclear programme – one of the pillars of the *Byungjin* doctrine, which provided the parallel development of nuclear capabilities and economic development – through words and actions. On 6 January, Pyongyang conducted its fourth nuclear test and a few weeks later, on 7 February, launched a satellite into orbit through use of the Unha-3 carrier, considered to be an integral part of North Korea's intercontinental ballistic missile programme. In the following months, the launches of short-range missiles into the East Sea continued very frequently, along with several tests, many of which failed, of Musudan medium-range missiles.

The Congress was inaugurated on 6 May with a long opening speech by Kim Jong Un in front of more than 3,400 delegates. In it, the leader officially sanctioned his new policy line, as already expressed in theory and practice in the previous years. In addition to reiterating that the nuclear power status of the country was not negotiable unless within a global denuclearisation process, Kim emphasised the purely defensive character of the North Korean nuclear programme, considered as a deterrent against hostile US political and military actions.<sup>30</sup> North Korea was thus presented as a responsible nuclear power: it did not intend to use its nuclear weapons except to defend its national sovereignty and was fully committed to global non-proliferation.<sup>31</sup> Kim's speech<sup>32</sup> fitted perfectly with the regime's effort to legitimise North Korea as a nuclear power, even towards outside countries, through a strategy of *fait accompli* and a subsequent political legitimisation of its actions as necessary for the defence of national sovereignty. As for the economic aspect – the second pillar of *Byungjin* – Kim presented, for the first time since 1980, a five-year plan, defined as a «five-year strategy for the state economic development from 2016 to 2020».<sup>33</sup> Despite the lack of details in its implementation, the plan seemed not to foresee any substantial reform of the economic system. Nevertheless, just like for the convening of the Congress, the mere fact that after so many years the leader had launched a five-year plan represented an important development, as, by doing that, Kim explicitly and publicly took responsibility for the economic development of the country.<sup>34</sup>

30. James Pearson, 'North Korea leader Kim sets five-year economic plan, vows nuclear restraint', *Reuters*, 8 May 2016.

31. Ruediger Frank, 'The 7th Party Congress in North Korea: A Return to a New Normal', *38 North*, 20 May 2016.

32. For the full text of Kim Jong Un's speech, see [http://www.ncnk.org/resources/news-items/kim-jong-uns-speeches-and-public-statements-1/KJU\\_Speeches\\_7th\\_Congress.pdf](http://www.ncnk.org/resources/news-items/kim-jong-uns-speeches-and-public-statements-1/KJU_Speeches_7th_Congress.pdf).

33. *Ibid.*

34. Anna Fifield, 'North Korea announces five-year economic plan, its first since the 1980s', *The Washington Post*, 8 May 2016.

Kim Jong Un's speech represented the final affirmation of *Byungjin* as the permanent new policy of the country. The subsequent speeches by leading members of the party were nothing but a further confirmation of what had been stated by Kim himself, and a tribute to the leader's political skills and vision. The Congress unanimously approved the report of the leader, who was elected Chairman of the Party, thus replacing the previous role of First Secretary. Finally, the delegates elected the seventh Party Central Committee, made up of 129 regular members and 106 alternate candidates.<sup>35</sup> The Congress can be considered, therefore, as the investiture of Kim Jong Un as the undisputed leader of the country after a four year consolidation period.

A few weeks after the Party Congress, on 29 June, the Fourth Session of the 13<sup>th</sup> Supreme People's Assembly approved a constitutional reform that created the new State Affairs Commission. It replaced the National Defence Commission as the principal political and decision-making organ of the North Korean regime. The reform also emphasised the political role of Kim Jong Il, together with Kim Il Sung.<sup>36</sup> Kim Jong Un was appointed Chairman of the new Commission, assisted by three vice-chairmen: Hwang Pyong So, Choe Ryong Hae and Pak Pong Ju. This reform aimed at further strengthening and expanding the powers of the leader. It can also be considered an expression of the realignment of the North Korean power system to party political structures rather than military ones.<sup>37</sup>

### 3. *Inter-Korean relations*

The development of inter-Korean relations during 2016 was clearly moulded by the development of Pyongyang's nuclear programme. During the year, in fact, the regime repeatedly made clear, in practical and explicit terms, that the continuing strengthening of its nuclear arsenal and missile programme was a top priority. Two underground nuclear tests, carried out for the first time during the same year, formed part of this, along with the launch of a satellite in February, progress in the missile programme, the diversification of delivery systems and advances in the miniaturisation of warheads. As noted above, Pyongyang's behaviour had crucial implications in the development of relations between the two Koreas and in the foreign policies of both countries, triggering the second of the two crises that rocked the peninsula in the course of 2016.

35. 'Fourth and Final Day of the 7th Party Congress', *NK Leadership Watch*, 10 May 2016.

36. JH Ahn, 'N. Korea updates constitution expanding Kim Jong Un's position', *NK News*, 30 June 2016.

37. John G. Grisafi, 'North Korea creates new lead government body headed by Kim', *NK News*, 30 June 2016.

As for inter-Korean relations, Pyongyang's nuclear and missile developments triggered a harsh reaction from Park Geun-hye's government, putting a final word to *Trustpolitik* and to any attempt at dialogue or cooperation on the peninsula.

### 3.1. *The fourth North Korean nuclear test*

A few days after the beginning of 2016—and the traditional speech of the North Korean leader, full of references to inter-Korean dialogue and good intentions—North Korea carried out its fourth nuclear test, drawing the attention of the world to the peninsula and sparking an escalation of tension that was still ongoing at the end of the period under review. At 10:30 am on 6 January, seismographs at the National Institute of China and South Korea detected an earthquake in the northeast of North Korea, exactly where the Punggye-ri nuclear site is located. About two hours later, the state television in Pyongyang confirmed that the origin of the shake had been an underground nuclear test, adding that it was a thermonuclear explosion. Although the collected data quickly disproved the possibility that it had been a detonation of an H bomb – the power of the explosion was estimated around seven kilotons, close to the 7.9 of 2013 – the test immediately provoked a harsh reaction from the whole international community, with South Korea, US and Japan in the lead. Beijing rapidly reiterated its opposition to the North Korean nuclear programme and the UN Security Council convened an emergency meeting.<sup>38</sup>

The days after the fourth test were characterised by strong military and diplomatic activism in Seoul to contrast this new threat. As a first move, South Korea decided immediately to restore anti-regime propaganda broadcast messages through loudspeakers located on the border, which had been interrupted after the inter-Korean agreement of August 2015; a few days later, on 10 January, two B-52 American bombers flew over the southern part of the peninsula, as retaliation against the test and in order to reaffirm commitment to the defence of South Korea by the United States.<sup>39</sup> Seoul, fully supported by Washington, started from the very first moment to put pressure on the international community to create a united front championing condemnation and sanctions. The main target of this strategy was predictably China, regarded as the only key player that could appreciably influence Pyongyang's regime. In addition to the Security Council resolution, which would come soon, Seoul decided to develop a set of unilateral sanctions. These were aimed at North Korean individuals and companies related in any way to the nuclear and missile programme. This

38. Marco Milani, 'La lucida follia atomica della Corea del Nord', *Limes Online*, 7 January 2016.

39. Alastair Gale, 'U.S. Flies B-52 Bomber Over South Korea', *The Wall Street Journal*, 10 January 2016.

policy was rapidly followed by Japan and the US. Moreover, as discussed later, the deterioration of relations on the peninsula also influenced South Korean foreign policy: in the following months, President Park, during her travels abroad, sought to consolidate the broadest possible front against North Korea's nuclear programme and to turn away from North Korea some countries historically close to it.

The situation on the peninsula worsened even further in the following weeks. On 7 February, North Korea launched a satellite into orbit, further violating UN resolutions and defying warnings from the international community.<sup>40</sup> As widely expected, the move provoked unanimous international condemnation. In this case, however, there were greater repercussions in relations on the peninsula. Three days after the launch, Seoul, as already noted, announced the closure of all activities inside the joint industrial park in Kaesong, the last remaining example of inter-Korean cooperation. The motivation behind the decision was not in retaliation to the new provocation, but rather the fact that, according to the Ministry of Unification, the park's revenues were diverted by the regime toward its nuclear and missile programme.<sup>41</sup> The predictable response from Pyongyang was immediately to expel all South Korean workers in the park and seize all the equipment and machinery. Unlike what happened in the aftermath of the third test, in 2013, this time—and for the first time—closure came with a decision from the South Korean government. Such a decision would raise in the following months a harsh controversy within the country, further exacerbating the division between conservatives and progressives.

In addition to the practical consequences, the closure of Kaesong represented the final nail in the coffin of any possibility of dialogue and cooperation under Park's administration. The so-called *Trustpolitik*, launched by Park even before being elected in 2012, already weakened in 2013 and repeatedly challenged both by the actions of Pyongyang and by the contradictory policies of Seoul, was finally buried in favour of an approach of total closure towards North Korea and a tightening of its international isolation.

The last act of the crisis started by the fourth nuclear test was the approval of Resolution 2270 of the UN Security Council, containing new sanctions against North Korea's nuclear programme, the harshest sanctions ever approved.<sup>42</sup> As happened in previous cases, the resolution was passed unanimously by the Council, including the vote of the two members close

40. 'North Korea fires long-range rocket despite warnings', *BBC World News*, 7 February 2016.

41. Choe Sang-hun, 'South Korea to Shut Joint Factory Park, Kaesong, Over Nuclear Test and Rocket', *The New York Times*, 10 February 2016.

42. Chang Jae-soon, 'U.N. Security Council unanimously adopts harshest ever sanctions on North Korea', *Yonhap News Agency*, 3 March 2016.



to Pyongyang, China and Russia. Besides expanding the list of banned items and individuals subject to restrictions, the resolution introduced an obligation for all countries to inspect any cargo coming from or going to North Korea and a ban on trading with Korea North in natural resources, including some of the major export products of the country such as coal and iron ore. In the latter case, however, an important exception was granted: this prohibition was not applied in the case of livelihood purposes.<sup>43</sup> This exception thus risked becoming a sort of loophole, especially for Chinese companies active in the border area, to allow them to continue to trade with North Korea. As in previous cases, despite the unanimity of the approval, the real test was the practical implementation of sanctions, in particular on the part of China.

A few days later, South Korea announced its unilateral sanctions, including the prohibition of entry into South Korean waters for ships that had transited in North Korea in the previous 180 days and the creation of a blacklist of dozens of individuals and organisations connected to the North Korean nuclear programme.<sup>44</sup>

### 3.2. *The constant tension between the two nuclear tests*

The nuclear tests in January and September certainly represented the moments of greatest tension in relations between the two Koreas—and between the peninsula and the main external actors – in 2016. Nevertheless, during the eight months between these two key events, tension on the peninsula continued unabated. The Seoul government's decision to pursue a zero tolerance policy with total closure of dialogue with the North, combined with the continuous military action and provocation by Pyongyang, made the beginning of a phase of détente impossible, unlike in 2013. As early as March, a few days after the new Resolution 2270 and the unilateral sanctions by South Korea, the US and Japan, Pyongyang began a long series of short-range missile launches into the East Sea and the testing of new medium-range missiles and new launch platforms, including submarines. In March, three different events took place: the launch of Scud-C missiles on 10 March, a medium-range Rodong that flew for 500 miles on 18 March,<sup>45</sup> and again the launch of short-range missiles on 21 and 29 March.<sup>46</sup> In April, the regime focused on testing a longer-range missile, the Musudan, with two failed attempts on 15 and 28 April and one

43. Scott Snyder, 'North Korea: Will the New Sanctions Work?', *The Diplomat*, 6 March 2016.

44. 'S. Korea announces unilateral sanctions on Pyongyang', *USA Today*, 8 March 2016.

45. Choe Sang-hun, 'North Korea Fires Missile Into Sea, South Korea Says', *The New York Times*, 17 March 2016.

46. John Bacon & Jane Onyanga-Omara, 'North Korea fires another «projectile» amid threats', *USA Today*, 29 March 2016.

from a submarine, partly failed, on 23 April. During the summer, the series of launches continued unabated, with a new failed attempt on 31 May and one successful one on 22 June, during which the Musudan missile remained in flight for 250 miles. North Korea again tested a submarine-based missile on 9 July and three short and mid-range missiles on 19 July. On 3 August, a Rodong missile sank in the Japanese EEZ after a 620 mile flight, a launch which was repeated one month later. On 24 August, a medium-range missile launched from a submarine flew for 310 miles, a much better result than those obtained in April and July. This unprecedented series of tests continued with two unsuccessful attempts to launch a Musudan missile, just five days away from each other, on 15 and 20 October.<sup>47</sup>

This long series of tests and launches, which continued a trend already begun in 2014 and 2015, showed the regime's clear intention to pursue without delay the development of its missile programme, paired with its nuclear programme, in order to obtain reliable carriers capable of delivering a nuclear warhead, and with differentiated systems to be less vulnerable to possible pre-emptive strikes. The systematic pattern of the tests, a few weeks apart and therefore with a higher risk of failure, demonstrated a real commitment to a strategy aimed at improving the missile capabilities of the country, and not just the intention to give a demonstration of military force, which was present anyway. In this perspective, the short-range missile launches in March and July can be considered primarily as retaliation respectively to the approval of sanctions and the agreement to deploy THAAD; but the other tests can be considered as part of a broader missile development strategy, in line with Kim Jong Un's *Byungjin* policy.

The emphasis placed by Pyongyang on its missile programme in the aftermath of the fourth nuclear test continued to significantly affect inter-Korean relations. In a sort of self-sustaining vicious cycle, the growing intransigence of both sides made the easing of tension on the peninsula almost impossible.

Along with the problems created by the nuclear and missile programmes, the issue of defectors came back to the centre of inter-Korean relations. In addition to repeated statements by Seoul on the need to support the resettlement of defectors,<sup>48</sup> two events were particularly relevant during 2016. In early April, a group of North Korean workers at a restaurant in China decided to defect in a group. As many as 13 workers managed to escape and defect to South Korea, being the largest group to do so in the last 15 years.<sup>49</sup> The reaction of Pyongyang was almost immediate.

47. Amanda Macias, 'Timeline of North Korea missile tests', *Business Insider*, 29 October 2016.

48. Anna Fifield, 'Two more North Koreans said to defect, but don't hold your breath for the collapse', *The Washington Post*, 6 October 2016.

49. Jiwon Song, '13 N. Korean restaurant workers defect to S. Korea: Unification ministry', *NK News*, 8 April 2016.

Seoul was accused of kidnapping the 13 workers against their will and North Korea called for their immediate repatriation. The answer from Seoul was predictably negative, based on the fact that, according to the Ministry of Unification, the defectors fled voluntarily.<sup>50</sup> The week after, Pyongyang proposed to hold a meeting between the defectors and members of their families who were still in North Korea. The meeting was to be held through the Red Cross of the two countries in the border village of Panmunjom, or even in Seoul. However, this proposal was categorically rejected by South Korea and labelled as North Korean propaganda.<sup>51</sup>

During the summer, a new defection further shook relations between the two Koreas. On 17 August, Seoul announced that the number two diplomat at the North Korean embassy in London, Thae Yong Ho, had defected with his family to South Korea. The announcement gave rise to a great stir because of Thae's high-ranking diplomatic status. Thae's escape has been considered by some observers as a possible sign of a crumbling of the consensus for the leader in the highest ranks of the North Korean political elite.<sup>52</sup> However, it was an isolated episode and therefore hardly a real signal in this sense. Nevertheless, the symbolic value of the defection remains important, combined with its practical and strategic value. Thae could in fact become a significant source of information for South Korean intelligence, as he clearly stated his will to collaborate.<sup>53</sup>

### 3.3. *The fifth North Korean nuclear test*

As noted above, 2016 represented a turning point for the North Korean nuclear programme. For the first time, as previously noted, the regime carried out two underground nuclear tests in the same year. On the 68<sup>th</sup> anniversary of the founding of the state of North Korea, 9 September, Pyongyang detonated an atomic bomb for the fifth time in its history.

The course of events was identical to those of only eight months before. The first information came in the morning, with the detection of a 5.3 earthquake, located in the Punggye-ri area, by South Korean authorities. The first data estimated the power of the explosion to be around ten kilotons – not a substantial difference compared to the previous one, but still the most powerful bomb ever tested by North Korea. The reactions of the actors involved were also almost the same as in January: the firm and immediate condemnation of South Korea, followed closely by

50. Choe Sang-hun, 'North Korea Proposes Having 13 Defectors to the South Meet with Relatives', *The New York Times*, 21 April 2016.

51. 'Ranking N. Korean diplomat defects to S. Korea: Seoul', *Yonhap News Agency*, 17 August 2016.

52. Elise Hu, 'What Does it Mean when a North Korean Diplomat Defects?' *NPR*, 28 August 2016.

53. Kim Ga Young, 'Human rights community eagerly awaits Thae Yong Ho's public debut', *Daily NK*, 22 December 2016.

the US and Japan; the negative reaction of the Chinese government – this time less firm than in January, probably because of the THAAD issue that had emerged in the meantime; and, finally, the emergency meeting of the UN Security Council that condemned the test and proposed a tightening of sanctions.<sup>54</sup>

Besides the usual succession of actions and reactions between Pyongyang and the international community, the new test showed the dimension of ‘normality’ that the North Korean nuclear programme was acquiring and the failure of sanctions to curb Pyongyang’s nuclear policy. The condemnations appeared necessary but without any real political meaning, emptied by their own continuous repetition over the course of the years. Even the official statements from the North Korean regime, in addition to glorifying the new achievements, seemed to focus more on the standardisation, and on the production speed and miniaturisation, in a kind of process of ‘normalisation’ of the nuclear programme of a country which considers itself a rightful nuclear power.<sup>55</sup>

The effects of the fifth test on inter-Korean relations were therefore rather limited, if only because they were already at extremely low levels, especially after the South Korean decision to close the Kaesong park. A few days after the test, two US B-1B bombers flew again over the peninsula as a confirmation of US commitment to South Korea’s security, also through the use of the nuclear deterrent. In addition, the two governments pledged to approve new unilateral sanctions and to press for a new Security Council resolution, with new sanctions that could eliminate the loopholes of the previous one.<sup>56</sup> Finally, Seoul stated that it would not provide humanitarian aid to North Korea, hit hard by a flood in early September, reaffirming once more its hard line stance after North Korea’s fifth nuclear test.<sup>57</sup>

The new sanctions finally came in the last days of November and early December. On 30 November, the Security Council unanimously approved Resolution 2321, but without a real breakthrough compared to the previous one. To try to limit the loopholes in natural resources trade, especially coal, the resolution posed a limit of 7.5 million metric tons or US\$ 400 million; in addition, the resolution introduced the obligation to notify every coal import from North Korea, expanded the list of prohibited items, and imposed financial restrictions on North Korean diplomatic

54. Choe Sang-hun & Jane Perlez, ‘North Korea Tests a Mightier Nuclear Bomb, Raising Tension’, *The New York Times*, 8 September 2016.

55. Marco Milani, ‘Il fallimento di USA e Corea del Sud sul nucleare di Pyongyang’, *Limes Online*, 9 September 2016.

56. Choe Sang-hun, ‘U.S. and South Korea to Seek Strong Punishment over North’s Nuclear Test’, *The New York Times*, 13 September 2016.

57. Yu Shin-mo & Jeong Je-hyeok, ‘South Korea Ignores Humanitarian Aid for North Korean Residents because of Hostility over Nuclear Tests’, *The Kyunghyang Shinmun*, 19 September 2016.

missions.<sup>58</sup> All these measures, however, could hardly be considered as a major breakthrough. The limitations of the new measures reflected a time of political uncertainty for the powers involved: the United States was in fact in the midst of the transition between Obama and Trump; South Korea was shaken by Choi's scandal; finally, the issue of THAAD had cooled relations between Beijing on the one hand and Washington and Seoul on the other, with negative consequences for the chances of cooperation.

#### *4. International relations*

##### *4.1. The end of the honeymoon between Seoul and Beijing*

The nuclear crisis that had been triggered by North Korea's fourth and fifth nuclear tests during 2016 not only had repercussions in the development of North Korean foreign relations, but affected those of South Korea.

The first victim of the new wave of provocation coming from the North was the very good bilateral relations between South Korea and China. In fact, during Park Geun-hye's presidency, one of the main priorities—and one of the main achievements—of South Korean foreign policy had been the enhancement of positive relations with China, not only in traditional economic terms but also in the political realm.<sup>59</sup> This increasing rapprochement between Seoul and Beijing had gone so far as to cause serious concerns in Washington, risking the creation of friction in the alliance between South Korea and the US. The resurgence of the North Korean nuclear threat, however, reinforced the military alliance with the American ally and drove a wedge between Seoul and China.

One of the main sources of disagreement between Seoul and Beijing was how to react to the North Korean nuclear programme. Although the two countries both agreed on the danger of the programme and on the necessity of intervention, the strategies on how to cope with the problem seemed to be different. While South Korea invoked a tough reaction from the whole international community, using isolation and sanctions as the main instruments to force Pyongyang to withdraw from its nuclear ambition, China's position was to conciliate sanctions and condemnation with dialogue and negotiations. This situation led Seoul to criticise what it considered a lukewarm stance from Beijing towards the North Korean nuclear programme.<sup>60</sup> From Seoul's – and

58. Michelle Nichols, 'U.N. slaps new sanctions on North Korea to slash cash from exports', *Reuters*, 1 December 2016.

59. Barbara Onnis & Marco Milani, 'Korean Peninsula 2015: One step forward and two steps back', *Asia Maior* 2015, pp. 72-75.

60. Choe Sang-hun, 'After Nuclear Test, South Korea Urges China to Rein in North', *The New York Times*, 13 January 2016.

Washington's – perspective, China is the only actor that can directly influence Pyongyang's behaviour, because of the economic and political ties that link the two banks of the Yalu River. The lack of decision and effectiveness in implementing the several rounds of sanctions against North Korea had created in South Korea a frustration that materialised at the first real test. In a sort of zero-sum game, Seoul, right after North Korea's fourth nuclear test, started to divert its attention from Beijing and to refocus on the so-called Southern Alliance with Washington, but also with Japan.

The turning point in South Korea-China relations during 2016 was Seoul's decision – bound to have broad strategic and diplomatic consequences in the region – to deploy the American anti-missile system THAAD. The deployment of the advanced anti-missile system on the peninsula had been a strategic objective for the US for a long time. In the aftermath of the fourth nuclear test, and even more after the launch of the satellite in early February, talks over the deployment of THAAD started to gain momentum in South Korea.

China was worried that the system had a radar range capable of reaching deep into its territory from South Korea, threatening its own missile deterrent system. In its view, the deployment of THAAD would change the existing arms balance in the region, undermining its stability and creating a new source of tension. Despite reassurances from Seoul and Washington that the system was aimed only at counteracting the North Korean threat, many in China considered the move as a further effort to solidify America's position in Northeast Asia at the expense of China and Russia. Furthermore, China was afraid that the deployment of THAAD would bring Japan and South Korea closer to the US and its security complex, creating a sort of military bloc that might target China and Russia<sup>61</sup> in a sort of revival of the Cold War era Southern Alliance.

The first real friction on this issue between Seoul and Beijing started in late February, when the Chinese ambassador to South Korea, Qiu Guohong, during a meeting with the leader of the South Korean main opposition party, warned that the decision to deploy THAAD would destroy the relationship between the two countries. The reaction of South Korea's government was almost immediate and very firm. The spokesman for President Park stated that China must refrain from intervening in the issue, which concerned only South Korean security and its national interests.<sup>62</sup>

The situation worsened during the summer when Seoul and Washington announced the final agreement on THAAD on 8 July. In addition to the domestic opposition inside South Korea, the decision triggered an immediate negative reaction from China. Beijing considered

61. Kang Seung-woo, 'Korea-China relations turning sour', *The Korea Times*, 15 February 2016.

62. Choe Sang-hun, 'South Korea Tells China Not to Intervene in Missile-Defense System Talks', *The New York Times*, 24 February 2016.

the deal a major setback, particularly considering that President Xi Jinping had spent significant political capital trying to convince Park Geun-hye to reject the American push for the deployment.<sup>63</sup>

After the announcement and the formal protests from Beijing, there was no direct retaliation from China. Nonetheless, in the following months, several moves specifically targeting South Korean firms operating in China started to fit into a broader picture of retaliatory measures against THAAD, mainly in business and cultural areas. For example, Korean pop artists and entertainers were virtually banned from appearing on Chinese TV shows; and, in December, after the South Korean government announced a deal with Lotte industrial conglomerate to locate the anti-missile system at one of the firm's golf courses, the company had to face tax, safety and fire investigations into 150 stores and factories located in China.<sup>64</sup> What started to appear was a sort of retaliatory scheme against South Korean private companies in order to influence the government. Obviously, this situation negatively affected the relationship between China and South Korea, even if it did not result in an open crisis. President Park's impeachment also contributed to this, opening the possibility of new elections and victory for a progressive candidate, most likely Moon Jae-in. This, in turn, could lead to a revision of the decision over THAAD and, consequently, to a rapprochement with China.

#### *4.2. Strengthening the alliance with the US and reapproaching Japan*

If, on the one hand, relations with China cooled – but did not freeze to death – in 2016, on the other hand, South Korea reinforced its traditional alliance with the US and continued the rapprochement with Japan, started the year before.<sup>65</sup> North Korea's nuclear weapons tests and missile launches in 2016 appeared to have eased differences between Seoul and Washington, not only regarding North Korea but also China. North Korea's actions during 2016 also pushed for an expanded strategic cooperation between Seoul and Tokyo, which the US had long desired.

The relationship between Seoul and Washington followed an opposite path compared to that of Sino-South Korean relations. As previously noted, the two allies coordinated their political moves in order to deal with the new nuclear and missile threats from North Korea. A few days after the fourth nuclear test, two American B-52 bombers flew over South Korea to demonstrate commitment to defending its ally; during January, both

63. Shinhye Kang, 'China Blasts U.S., South Korea Missile Defense Deployment', *Bloomberg*, 8 July 2016.

64. 'China's retaliation against S. Korean firms over THAAD', *The Dong-A Ilbo English Edition*, 3 December 2016.

65. Barbara Onnis & Marco Milani, 'Korean Peninsula 2015: One step forward and two steps back', *Asia Maior 2015*, pp. 75-79.

Washington and Seoul kept pressure on China to act in a more decisive way in order to curb North Korean nuclear ambitions; finally, in March, both countries approved a set of unilateral sanctions against Pyongyang. After the fifth nuclear test, the two allies demonstrated once more their will to face the North Korean threat in a coordinated way, with the goal of creating a united and solid bloc. A few days after the test, two American B-1B bombers again flew over South Korea and the two countries reaffirmed their intention of tightening the sanctions, both unilaterally and through a new resolution of the Security Council, and demanded that China play a more active role. These commitments were also emphasised during the ‘two plus two’ meeting in October, with the participation of the two Foreign Ministers, Yun Byun-se and John Kerry, and the two Ministers of Defence, Han Min-koo and Ashton Carter. During the meeting, the parties decided to establish the Extended Deterrence Strategy and Consultation Group, with the specific goal of creating a permanent body of consultation for the protection of the Asian ally.<sup>66</sup> This enhanced policy coordination demonstrated a clear will to address the North Korean issue through an unambiguous common strategy.

Despite the controversies emerging within South Korea and in the region, the agreement on the deployment of THAAD, in July, represented a major success for American foreign policy in Northeast Asia and a further sign of the solidity of the security alliance between Washington and Seoul.

The positive relations between the US and South Korea during 2016 might, however, be challenged by the election of Donald Trump as President of the United States. During the electoral campaign, in fact, Trump threatened to withdraw US troops from the country unless Seoul started to pay a higher share of the costs. He also proposed that American allies should consider the idea of developing their own nuclear deterrent. Finally, he repeatedly criticised US free trade agreements, including the so-called KORUS-FTA between South Korea and the United States. These statements raised concerns over a possible revival of an American isolationist foreign policy and a weakening of Washington’s commitment to defending its Asian allies.

The strengthening of the alliance with the US and the growing threat from North Korea also had positive effects on relations between South Korea and Japan. After the conclusion of the comfort women agreement at the end of December 2015, the policy coordination efforts against North Korea in the first months of 2016 involved also Japan. Right after the fourth test, Prime Minister Abe condemned North Korea and talked on the phone with President Park to agree on a common response. Japan was also at the forefront in pushing for harsher sanctions by the UN and approved

66. Chang Jae-soon, ‘S. Korea, U.S. agree to launch high-level «extended deterrence» dialogue’, *Yonhap News Agency*, 20 October 2016.



its own set of unilateral sanctions, just like South Korea and the US.<sup>67</sup> On the sidelines of the multilateral Nuclear Security Summit in Washington, in March and April 2016, Park joined a trilateral meeting with President Obama and Prime Minister Abe, their first trilateral summit since 2014. The three leaders agreed to strengthen trilateral cooperation on North Korea policy at all levels of government, focusing on ensuring the denuclearisation of the Korean peninsula, restoring peace and stability to the region, and shining a spotlight on human rights conditions in North Korea.<sup>68</sup> Park and Abe met again in early September, on the sidelines of the ASEAN-related summits in Laos, for the third time in less than a year; discussions were dominated again by consultations on implementing a common and efficient response to counter North Korean threats.<sup>69</sup> The same policy coordination pattern was followed in the autumn after the fifth North Korean nuclear test.<sup>70</sup>

Probably the most relevant achievement in the relations between South Korea and Japan during 2016 has been the signing of the so-called GSOMIA (General Security of Military Information Agreement) on 22 November, an important pact on the sharing of military intelligence information. The negotiation process for the agreement had started in early 2011, but its final ratification had been put on hold by President Lee Myung-bak, in June 2012 because of domestic political and social opposition, including within his own party.<sup>71</sup> During the first three years of Park Geun-hye's presidency, the negative state of relations between Seoul and Tokyo virtually froze every possibility of restoring the process. The rapprochement started in the final weeks of 2015, and the rediscovered cooperation in 2016 gave new momentum to negotiations. On 27 October, Seoul announced its plan to reopen the process and, after less than one month, the final agreement was signed and ratified.<sup>72</sup> On 16 December, the agreement yielded its first practical results when the two parties directly

67. 'Japan's Cabinet authorizes fresh sanctions on North Korea', *The Japan Times*, 19 February 2016.

68. The White House, 'Remarks by President Obama, President Park Geun-Hye of the Republic of Korea, and Prime Minister Shinzo Abe of Japan After Trilateral Meeting', Walter E. Washington Convention Center, Washington DC, 31 March 2016 (<https://obamawhitehouse.archives.gov/the-press-office/2016/12/28/remarks-president-obama-and-prime-minister-abe-japan-pearl-harbor>).

69. Ministry of Foreign Affairs, Republic of Korea, 'Korea-Japan Summit Held on Sidelines of ASEAN-related Summits', 7 September 2016 ([http://www.mofat.go.kr/ENG/policy/kpen/nknuclear/pressreleases/index.jsp?menu=m\\_20\\_20\\_10&tabmenu=t\\_2&sp=/webmodule/htsboard/template/read/engreadboard.jsp%3FtypeID=12%26boardid=314%26seqno=317123](http://www.mofat.go.kr/ENG/policy/kpen/nknuclear/pressreleases/index.jsp?menu=m_20_20_10&tabmenu=t_2&sp=/webmodule/htsboard/template/read/engreadboard.jsp%3FtypeID=12%26boardid=314%26seqno=317123)).

70. 'Japan, US, South Korea present united front to North Korea', *Nikkei Asian Review*, 3 December 2016.

71. Barbara Onnis, 'La penisola coreana nell'anno della transizione', *Asia Maior* 2012, pp. 412-413.

72. Jung In-hwan, Lee Jung-ae & Choi Hye-jung, 'Despite criticism, South Korea signs GSOMIA with Japan', *The Hankyoreh – English Edition*, 23 November 2016.

exchanged classified information on North Korean nuclear and missile programmes for the first time.<sup>73</sup>

The improvements in relations between South Korea and Japan during 2016 is certainly an important development for Seoul's foreign policy, but one can legitimately ask if it will be a long-lasting one. The growing provocations from Pyongyang, the cooling of relations with Beijing and, above all, the pressure from Washington, which considers the creation of a united front of allies in East Asia as a top priority, combined to enhance the rapprochement between Seoul and Tokyo.<sup>74</sup> Unfortunately, within the country, historical memories of the brutal Japanese occupation still linger, making a consensus on the chance of friendly relations with Japan unreliable. The solution of the domestic political crisis and the election of a new President, together with possible changes in regional dynamics, might challenge this rapprochement in the near future.

#### 4.3. *The consequences of nuclear tests for North Korean foreign policy*

The events that characterised 2016 also had a strong impact on North Korea's foreign relations. On the one hand, their main result has been an increase in the country's isolation following condemnation of the tests and the new rounds of sanctions approved by the UN Security Council. At the same time, however, 2016 can be considered a positive year for relations between Pyongyang and Beijing.

As previously noted, the US, together with South Korea, put a lot of effort into trying to tighten sanctions against North Korea, both in unilateral and multilateral terms. In addition to the sanctions against nuclear and missile tests, Washington decided in July to impose its own unilateral sanctions against Kim Jong Un for being responsible for human rights abuses and violations, together with 14 high officials. The restrictive measures were mainly financial.<sup>75</sup> The move from the American government was probably related to the fact that, in February, the UN Human Rights Council officially stated that Kim could have been personally accused and prosecuted for human rights abuses;<sup>76</sup> the following month, the same Council set up a group of independent experts to study how to bring to justice perpetrators of crimes against humanity in North Korea.<sup>77</sup> The immediate retaliation from Pyongyang

73. 'S. Korea, Japan militaries directly exchange intelligence on N.K. for first time', *Yonhap News Agency*, 16 December 2016.

74. Scott Snyder, 'Japan-South Korea Relations in 2016: A Return to the Old Normal', *Council on Foreign Relations – Asia Unbound*, 23 September 2016.

75. Nahal Toosi, 'U.S. sanctions North Korea leader Kim Jong Un for human rights abuses', *Politico*, 6 July 2016.

76. Lizzie Dearden, 'Kim Jong-un could be investigated for crimes against humanity after 'unspeakable atrocities' uncovered', *The Independent*, 17 February 2016.

77. Stephanie Nebehay, 'U.N. rights forum sets up group to pursue crimes by North Korea', *Reuters*, 23 March 2016.

to the American decision was to «totally cut off» any communication between the North Korean and the US mission in the UN, closing the only diplomatic channel still open between the two countries.<sup>78</sup>

The final step in the return of the ‘old normal’ in relations between the two Koreas and the external powers concerns North Korea and China. The nuclear and missile tests of 2016 also raised concerns and condemnation in Beijing, which considers the stability of its border on the Yalu River a security priority. China joined the rest of the members of the Security Council in approving the two resolutions – 2270 and 2321 – after the fourth and fifth nuclear tests, but at the same time emphasised the need to address the issue not only through sanctions, but also through dialogue and negotiations. On 1 June, President Xi Jinping met the North Korean delegation led by Ri Su Yong. Ri delivered a message from Kim Jong Un to Xi in which the North Korean leader expressed his hope of working with China and strengthening the bilateral traditional friendship.<sup>79</sup> The meeting represented a slight thaw in relations between the two neighbours.

But even more than the traditional friendship and alliance or the formal common ideology, the factor that could improve relations between Beijing and Pyongyang came in July, with the agreement to deploy THAAD. As noted above, besides the military and strategic risks which the agreement implied for China, it represented a clear signal that South Korea was fully realigning with the US. Moreover, the agreement with Japan, in November, reinforced the idea of a resurgence of a Cold War-style Southern Alliance.

## 5. *The economy*

### 5.1. *South Korean economy: between slow growth and crisis*

The crisis that hit South Korea during 2016 also had repercussions for the economy of the country. One of the main sources of concern for Park Geun-hye’s government since its inauguration in 2013 had been to cope with the slowing growth of the country. During her first three years in office, the South Korean economy grew between 2.6% and 3.3%, well below the 4/5% levels of the previous decade. The export-oriented model that led South Korea out of poverty during the Seventies and Eighties started to appear inadequate for the sustained growth of a fully developed industrial country.

After recovering from the 1997 economic and financial crisis, the development model of South Korea began to be challenged from both outside and inside. The over-reliance on exports for economic growth became a liability because of the growth of global competition, especially

78. John Hudson, ‘North Korea Just Cut Its Last Diplomatic Channel to the U.S.’, *Foreign Policy*, 11 July 2016.

79. ‘President Xi meets DPRK delegation’, *Xinhua News Agency*, 1 June 2016.

from China, in sectors such as electronic, cars and shipbuilding, which had been the most prominent Korean exports in the last two decades. In 2015, 45.9% of South Korea's GDP was due to exports, down from a peak of 56% in 2012 but still much higher than other countries in the region, such as Japan and China.<sup>80</sup> At the same time, the industrial system based on a small number of big conglomerates – *chaebols* – with enormous economic power started to create economic problems and social frictions. The South Korean public started to question the role of these conglomerates because of the constant corruption and bribery scandals that involved economic and political power.

Both these challenges to the economic model of the country came to the forefront in 2016. Three of the most important industrial conglomerates suffered a major crisis in the second half of the year. Between late August and early September, one of the most important shipping companies worldwide and the biggest in South Korea, Hanjin Shipping, went bankrupt and filed for court protection to get permission to dock its ships and unload its cargos. After several days of uncertainty and confusion, the vessels were finally allowed access to ports in the US, China, Singapore and other countries, thanks to the intervention of the South Korean government.<sup>81</sup> The Hanjin Group mobilised around US\$ 100 million, combining the personal wealth of Hanjin Shipping chairmen and a loan from Korean Air, part of the same conglomerate, while the state-owned Korean Development Bank offered a credit line of US\$ 45 million to help in the emergency situation.<sup>82</sup> The Hanjin crisis reflects most of the recent problems of South Korean family-owned large conglomerates. The problems in the industrial sector, squeezed between over-capacity problems and growing global competition, caught Hanjin Shipping management, dominated by the founder's heirs and family without any specific expertise or understanding of the industry, totally unprepared and led to the outbreak of the crisis.

In September, the two biggest South Korean conglomerates, Hyundai and Samsung, faced serious problems that caused a further slowdown of the national economy. During the summer, unionised workers at Hyundai Motors – the carmaker branch of the conglomerate – started a series of partial strikes in a long and complicated negotiation with the company's management over wages. On 26 September, the workers staged the first full time nationwide strike in the last 12 years, clearly signalling their discontent over the issue and

80. Justin Fendos, 'South Korea is Poised for Economic Disaster', *The Diplomat*, 24 December 2016.

81. 'Finance minister vows all efforts to solve Hanjin crisis', *Yonhap News Agency*, 7 September 2016.

82. 'Hanjin Shipping to get more funds to resolve cargo crisis', *Daily Mail*, 22 September 2016.

causing a serious loss of production for Hyundai.<sup>83</sup> The situation was partially resolved during October, when the company reached a tentative wage pact with labour unions after 24 rounds of strikes;<sup>84</sup> but the months of turmoil among its workers caused a significant loss of output and profit.<sup>85</sup>

Also Samsung, the biggest *chaebol* and the symbol of South Korean economic growth in recent years, faced very serious problems in the last months of 2016. At the beginning of August, Samsung Electronics presented the new smartphone Galaxy Note 7, which went on sale on 19 August. Soon after the launch, the first reports of battery explosions emerged, forcing the company to recall 2.5 million phones. Meanwhile, the US Federal Aviation Administration and Consumer Product Safety Commission started to advise passengers and customers about the risks of using the Galaxy Note 7.<sup>86</sup> Samsung tried to cope with this global image damage by replacing the batteries in the recalled phones and temporarily suspending sales. After several reassurances on the safety of the new batteries by the company, the new phones returned for sale on 1 October. Unfortunately for Samsung, however, the explosions continued with the new devices and, on 6 October, a Southwest Airlines plane in the US was evacuated due to smoke on board from a Galaxy Note 7. After these additional accidents, the company decided to permanently halt sales and production and asked customers to stop using the phones.<sup>87</sup> The Galaxy Note 7 crisis hit the most lucrative branch of the Samsung group hard, in terms of both profit and image. The total cost for the recall and for discontinuing the product has been estimated to be around US\$ 5.3 billion, greatly affecting the company's profit for the last part of the year.<sup>88</sup> In addition to the financial costs, the crisis affected the image of Samsung and of South Korean products in general, due to the role that the company has achieved in recent years as a symbol of the country's export products and the success of its industrial production.<sup>89</sup>

These serious crises, involving three of the most important players in the South Korean economy, clearly show the impact of *chaebols* on the

83. Hyunjoo Jin, 'Hyundai Motor union stages first full strike in 12 years', *Reuters*, 26 September 2016.

84. Hyunjoo Jin, 'Hyundai Motor reaches tentative wage deal with South Korean union', *Reuters*, 12 October 2016.

85. Sohee Kim, 'Hyundai Motor Profit Declines 29% as Strikes Cut Production', *Bloomberg*, 26 October 2016.

86. 'Timeline: Samsung Electronics' Galaxy Note 7 recall crisis', *Reuters*, 18 October 2016.

87. 'Samsung permanently stops Galaxy Note 7 production', *BBC World News*, 11 October 2016.

88. Jonathan Cheng & Jeong Eun-young, 'Galaxy Note 7 Recall Sinks Samsung Profit', *The Wall Street Journal*, 27 October 2016.

89. Choe Sang-hun, 'Galaxy Note 7 Recall Dismays South Korea, the 'Republic of Samsung'', *The New York Times*, 22 October 2016.

overall status of the country's economy and how it still depends on them for growth. In addition to the economic aspects, the probable involvement of the country's leading industrial conglomerates in the scandal that led to the impeachment of President Park has also undermined South Korean public opinion and trust in the *chaebol*-based system as a vehicle not only for the country's growth, but also for the upward social mobility of the population.

### 5.2. North Korean economy: stable despite sanctions

During 2016, several events could have had a strong impact on the North Korean economy. The two nuclear tests and the long series of missile launches led to the approval of two new rounds of sanctions from the United Nations Security Council, while many other countries worldwide launched new and harsher unilateral sanctions. Despite these efforts to punish the regime for its provocative behaviour, the North Korean economy remained in a fairly stable condition during 2016 compared to previous years.<sup>90</sup>

The estimated growth rate of the country during Kim Jong Un's first five years, according to the Bank of Korea, has ranged around 1%, with the exception of 2015 when it fell by 1.1%.<sup>91</sup> Given the total lack of economic statistics by the government, these estimates are often uncertain. Many analysts consider the data from the Bank of Korea often too conservative and estimate the real growth rate for 2015 to be between 3 and 4%.<sup>92</sup> According to the Hyundai Research Institute, for example, in 2015 North Korea per capita GDP surpassed US\$ 1000 for the first time, reaching US\$ 1013, with an increase of more than US\$ 80 per capita compared to the previous year.<sup>93</sup> The difficulties in finding reliable data and processing them in order to obtain statistical indicators that can give an idea of the overall situation of the country is one of the main obstacles in the evaluation of the North Korean economy. Nonetheless, the relative stability of the foreign exchange market and of the prices of basic food supplies suggests that the sanctions did not have a major impact on the country's economy. Also, trade with China remained at similar levels compared to previous years.<sup>94</sup> Beijing's decision to ban imports of coal from North Korea for the last three weeks of 2016, from 11 December to the end of the year, did not have a real effect on

90. 'Five years of Kim Jong Un: How has North Korea's economy fared?' *NK News*, 20 December 2016.

91. The Bank of Korea, 'Gross Domestic Product Estimates for North Korea in 2015', 23 July 2016.

92. Andrei Lankov, 'The limits of North Korea's meager economic growth', *NK News*, 6 February 2016.

93. 'N. Korea's per-capita GDP tops US\$1,000 in 2015: report', *Yonhap News Agency*, 29 September 2016.

94. Kang Mi Jin, 'How sanctions affected North Korea's economy in 2016', *Daily NK*, 26 December 2016.