



## **IFANS Forecast 2021: The Korean Peninsula and Northeast Asia**

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## I. Overview

First of all, the future of the US and China relations is the biggest independent variable that will determine future international order. The newly inaugurated Biden administration will remain confrontational with China based on bipartisan consensus. Unlike Trump, who preferred a unilateral approach, any offensives on China will be likely to be made through an international coalition of allies and partners.

Korea-US relations also face changes. First of all, expectations are high, as Biden promised to restore our alliance. Bilateral pressure is likely to decrease, and the bilateral issue of military cost-sharing bargaining will be subsequently resolved. As for Korea-Japan relations which seem to deteriorate further every day, unlike Trump who did not take interest, Biden will actively mediate and this can be a positive change. However, the situation will become very difficult for us if Biden sides with Japan and pressures Korea to make concessions. The key question is whether the US will ask Japan to restrain and make compromises or whether it will ask Korea to make concessions as it sees trilateral cooperation with regard to China more important.

Then comes North Korea-US relations. There are concerns about the Biden administration possibly returning to the 'strategic patience' of the Obama administration. During the eight years of 'strategic patience,' the US all but neglected the North Korean issue. However, a positive outlook is also possible. The promising aspect of the Biden administration is that it has a line-up of experts on the Korean Peninsula and Asia, and that Biden respects the opinions of experts. Above all, the Democratic Party traditionally prefers resolving issues through dialogue and negotiation, so the diplomatic philosophy shared by the progressive governments in both countries could possibly lead to active policy coordination. There is also hope for another initiative similar to the Perry Process of 1998. At the time, the Geneva Agreed Framework (1994) was in peril and North Korea-US relations were tense. President Kim Dae-jung and then Chief Foreign Affairs and Security Advisor Im Dong-won persuaded President Clinton to introduce a US version of the Sunshine Policy, which was called the Perry Process.

North Korea's actions are also a key. North Korea invariably carried out some sort of provocation during the US presidential transition in order to make its presence known and to secure a favorable position for future negotiations. This time, however, North Korea will probably be taking a more cautious approach, knowing that provocation will give the US a reason to take up a hard-line stance. Even in the case of a provocation, North Korea cannot afford to take it to the level of intensity that will destroy the basis for negotiations. With the US-China conflict expected to continue in the Biden administration, the only viable option for Korea is a stronger drive for the peace process on the Korean Peninsula. The way to prevent the Korean Peninsula from becoming the frontline for US-China conflict is the peaceful coexistence of the two Koreas. The Cold War ended 30 years ago, but the stand-off between the DPRK-China- Russia camp and ROK-US-Japan camp has not been completely resolved. Korea must try to provide a buffer in the contest for regional hegemony in Northeast Asia and gain stronger diplomatic latitude by advancing inter-Korean relations.

## II. Political Landscape of the Korean Peninsula

### 1. North Korea

#### **Increasing Dependence on the Korea People's Army (KPA)**

The most apparent change in North Korea's leadership structure in 2020 was the rapid rise of military figures. On the other hand, the status of economic bureaucrats comparatively lowered. It was a noteworthy change considering that the status of the Workers' Party and the cabinet clearly ranked above the military in recent years. This trend is deeply related to the fact that last year Pyongyang had to respond to the COVID-19 crisis in addition to flood damage. It is no exaggeration to say that the military remains the only labor force that the Kim Jong-un regime can quickly mobilize due to the growth of the unofficial economy (shadow economy) which made it common for workers to leave their workplaces. For this reason, most of the key flood damage control projects were left to the KPA soldiers, and throughout the second half of the year, major government media such as the Rodong Sinmun were busy highlighting the economic role of the KPA and praising its great work.

Furthermore, for Chairman Kim Jong-un who failed to achieve any significant accomplishments in internal or external affairs, the defense industry is the only area where he has succeeded with back-to-back development of new missiles and multiple rocket launchers (MRL). At first glance, this is reminiscent of the so-called 'Military First Policy' of Kim Jong-il and is very likely to continue in 2021, since the underlying factors discussed earlier have not changed very much. In addition, while still pondering on the future of nuclear negotiations after the inauguration of Biden administration, the demonstration of its military might, including the new weapon system, to the domestic and international audience gives North Korea a bargaining chip that is hard to relinquish.

#### **Increasing Economic Instability due to Lengthy Border Closure**

In contrast to the stabilized political power of the regime, the economic sector in 2020 experienced one failure after another. The border was virtually closed in the wake of the Coronavirus outbreak early this year, and after almost a year the effects are apparent in the form of price volatility in the *jangmadang* (black market), currency depreciation, and deteriorating public sentiment. Even after 2017 when North Korea was banned from exporting minerals and other leading export goods, Pyongyang continued to import consumer goods to appease its citizens. However, the resulting cumulative trade deficit led to a rapid decrease in foreign exchange reserves. Thus, the border closure in 2020 did have the unintended effect of minimizing the level of cumulating trade deficits.

It is particularly noteworthy that since October, the volume of trade between North Korea and China has fallen to a record low, and the import of daily necessities such as flour or cooking oil has almost stopped. The ban on the use of foreign currency at the state-run stores and the plummet of dollar and yuan exchange rates in the *jangmadang* since fall are indicative of aggressive policy intervention by the authorities. If the depletion of foreign

exchange reserves made border closure unavoidable in 2020, the same situation is likely to continue in 2021.

### **Greater Efforts to Promote the Official Economy**

The '80-day battle' which started last October had official goals for each factory, enterprise, and farm to achieve the originally assigned production quota with production ramp-up campaigns and resource mobilization. It was also an important policy effort to make ordinary citizens who had left for the unofficial economy to return to their official workplaces. In fact, since October, North Korea's state-run media, including the Rodong Shinmun, dedicated more than half of their reporting to the 80-day battle. The massive amount of messaging, which is against existing editorial rules, means that the regime is making a great effort to contain the unofficial economy and promote the official economy.

In order to increase production and productivity in the official economy, delegating power to the lower level is essential. However, if greater lower-level discretionary power and more incentive schemes are introduced to increase production, it could also weaken central control. Despite this dilemma, North Korea's official media has recently been consistently emphasizing the elevated status of the official economy. This suggests that in 2021, the mood is shifting and the regime will no longer tacitly allow the unofficial economy for the purpose of overcoming the lack of productivity.

## **2. Denuclearization/Peace Process**

### **Prospects of Biden Administration's 'Strategic Engagement' with North Korea**

As President Biden takes office in January 2021, the US policy toward North Korea and North Korea-US relations will face a major turning point. First, in the Biden administration, the North Korean nuclear issue is expected to be pushed down the priority list. The top priority of the Biden administration's governance will be given to domestic issues such as COVID-19 and economic recovery. Regarding diplomatic issues, Biden said that his first diplomatic and security goal was to restore US' international leadership, and toward that end, he would focus on strategic tasks such as restoring relations with allies, coalition of democracies, and international cooperation. No mention was made of the North Korean nuclear issue as a key agenda.

Second, despite the low priority, the Biden administration is expected to actively promote a "strategic engagement" policy to prevent North Korea's nuclear and missile provocations and to advance denuclearization. The reason for expecting active engagement with North Korea is because North Korea's nuclear and missile threats not only pose an existential threat to its allies, but also pose a significant national security threat to US mainland.

Third, the US' North Korea policy is also expected to return to conventional diplomacy characterized by working-level negotiation procedures, emphasis on sanctions as a means of diplomacy, refusal of dialogue with rogue countries, and upholding values and norms. President-elect Biden also criticized Trump, saying, "The North Korea-US summit only

legitimized North Korea,” and that “sanctions against North Korea were eased even when North Korea has not removed a single nuclear weapon or missile.”

Fourth, the Democratic administration’s traditional diplomatic principles that emphasize dialogue will have a positive effect on North Korea-US relations. For the Democratic Party’s platform, President-elect Biden proposed to reject military options and presented the principle of problem solving through dialogue. Moreover, the diplomatic team of the Biden administration and experts in the Democratic Party have a wealth of experience in North Korean and Iranian nuclear negotiations, and they generally support North Korea-US dialogue as well as a ‘phased approach.’ This will serve to facilitate the coordination between the US and Korea.

### **North Korea Refraining from Provocation and Opting for ‘Strategic Patience’**

North Korea’s potential response to the new Biden administration can be summarized in the following two scenarios. First, it could abandon North Korea-US and inter-Korean talks, focus on economic development and military strength internally, and continue the current policy stance of strengthening bilateral relations and expanding trade vis-à-vis China. Second, believing that the Biden administration will strengthen sanctions, it could resort to provocations as a way to get through the situation. In the first half of 2021, North Korea is expected to maintain the status quo as described in the former; in the second half of the year, it will resort to provocation if there is no sign that talks with the US will restart.

North Korea has sufficiently demonstrated its military deterrence capabilities against the US and South Korea through massive nuclear and missile tests in 2017 and the exhibition of new strategic weapons in 2020. But this time it will probably wait and see during the transition period of the US administration. Considering the economic crisis, food crisis, and health crisis of North Korea, there is no need to trigger stronger sanctions and confrontation with the US. The strong disapproval expected from China is another reason North Korea will refrain from provocation.

North Korea probably wishes the North Korea-US talks to continue in the Biden administration. Under the pretext of creating the atmosphere for the resumption of North Korea-US talks, North Korea is expected to demand that the US succeed the Singapore North Korea-US Joint Statement, partially ease sanctions in return for North Korea’s freeze of nuclear and missile programs, and suspend ROK-US combined military exercise.

### **Korea’s Efforts to Push Forward with Peace Process in the Korean Peninsula**

The current situation on the Korean peninsula and the North Korean nuclear Issue is a consequence of the failure to reach a nuclear agreement in Hanoi. Thus, it is difficult to expect for the current situation to improve until a new nuclear deal is made. The biggest variable in the situation on the Korean Peninsula in 2020 was the COVID-19 pandemic. As the pandemic continues in 2021, and North Korea continues with its border closure and places priority on pandemic control, talks with South Korea or the US will be difficult for some time.

In the first half of 2021, Korea and the US could begin to get out of the pandemic with the development of COVID-19 vaccines and treatment. When this happens, inter-Korean talks and North Korea-US could resume mid-year when medical and pandemic control assistance are provided to North Korea. At a time of governmental transition in the US, the Korean government is expected to focus on preventing North Korea's nuclear and missile provocation and advancing peace process in the Korean Peninsula.

### 3. Inter-Korean Relations

#### **Increased Uncertainty in the Short-term**

In 2021, it will not be easy for inter-Korean relations to improve in the short term. The short-term prospects for inter-Korean relations are not very bright, as North Korea will be focused on internal issues and national consolidation with the 8th Congress of the Peoples' Party in January. In addition, the scale and mode of ROK-US combined military exercise in March 2021 is expected to be an important determinant for the improvement of inter-Korean relations. If the March 2021 ROK-US combined exercise is conducted at a large scale, it could make any improvement of inter-Korean relations very difficult.

Another obstacle to improving inter-Korean relations could be our domestic political schedule. If issues of domestic politics such as the presidential election, which is scheduled in March 2020, come to the forefront, it may be difficult to find the momentum for improving inter-Korean relations. When domestic political events regarding the upcoming presidential elections take center stage in the second half of 2021, North Korea is unlikely to initiate a summit meeting, new negotiations or agreements regarding political and security issues with the Moon Jae-in government.

#### **Inter-Korean Exchanges Expected to Resume Once the COVID-19 Crisis Stabilizes**

The primary factor that stifled inter-Korean exchanges and cooperation in 2020 was the spread of COVID-19. From the time of the initial outbreak in China, North Korea was worried about contagion and implemented a strategy of sacrificing the economy for the sake of quarantine by closing down the border with China. Due to its poor healthcare system, North Korea took a strong virus containment policy from the beginning. This response from North Korea was close to a withdrawal from the outside world and had a negative effect on inter-Korean exchanges.

In the long term, once the pandemic in Korea and neighboring countries subsides in 2021, inter-Korean relations might improve, for example, through humanitarian assistance. It is worth noting that due to the COVID-19, on November 30, the UN Security Council approved fast-track procedures for obtaining exemptions to sanctions and extended the exemption period for humanitarian assistance to North Korea. Inter-Korean exchange and cooperation are expected to resume through humanitarian assistance, including medical and food assistance to North Korea.

Accordingly, the improvement of inter-Korean relations in 2021 is expected to begin with

humanitarian assistance such as medical and food aid. Considering the fact that Chairman Kim Jong-un said in his speech at the ceremony to commemorate the 75th anniversary of the Workers' Party foundation on October 10, 2020, "I hope that this crisis will be over as soon as possible, and the day comes when North and South will hold hands again." If COVID-19 stabilizes and other conditions are met, there is a high possibility that dialogue and cooperation between the two Koreas will resume.

### III. Political Landscape of Northeast Asia

#### 1. Northeast Asia

##### **Stronger US Engagement in the Region and Increasing Competition between US and China**

In 2020, the US continued to strengthen its military and diplomatic engagement in Asia. In accordance with the new military strategy adopted in 2018, the US started to develop its future military capabilities along with the concept of Joint All-Domain Operation (JADO) which targets China as the enemy of the future. The US has strengthened its military power in the Indo-Pacific region, focusing on its naval power and long-range strike capability. In addition, the US continued its efforts to strengthen regional alliances and partnerships, while attempting to develop Quad into a quasi-military alliance. The Biden administration will focus on solving domestic problems in the face of the economic crisis, but is expected to focus its national security strategy on strategic engagement in Asia aimed at countering the challenge coming from China. The intent is to eliminate any doubts about US' commitment through deeper engagement and consistent policies.

The US held a second Quad ministerial meeting with Japan, India, and Australia in 2020 and conducted their first 4-country naval exercise, gradually strengthening a sense of unity. In 2021, it is expected that the Quad will gradually develop into a quasi-military alliance by strengthening operational and military technical cooperation with Japan, India and Australia. Although Korea, Vietnam, and New Zealand participated in a vice-ministerial level virtual conference on COVID-19, considering the cautious attitude of Korea and others, for some time the US is likely to focus on strengthening internal solidarity rather than expanding the Quad. Additionally, the Biden administration will be strengthening security cooperation with regional allies and partners, emphasizing shared values in order to increase its diplomatic edge over China.

In 2021, the Biden administration is expected to pursue a competitive and strong China policy. While pushing ahead with military innovation, the US will continue to place priority on investment in future military capabilities, strengthen its military presence and alliances in Asia while maintaining the overwhelming superiority of US' military capabilities. The US-China relationship is expected to remain a competitive one due to the US' competitive China policy driven by a shifting balance of power, as well as the very strong responses from China.



## 2. United States

### **The Issue of Defense Cost-Sharing Expected To Be Resolved Quickly**

Based on the 'America First' approach, Trump administration regarded the ROK-US alliance as means for economic exploitation and put the alliance in a dismal state. After the DPRK-US Singapore summit, it unilaterally announced the suspension of the ROK-US combined exercises and mentioned that it could reduce US forces in Korea if South Korea does not increase its defense cost-sharing. In fact, the ROK and the United States signed a 1-year Special Measures Agreement (SMA) in 2019 in which Korea agreed to raise its share of the cost by approximately 8%. In the 11th round of negotiations, the Trump administration demanded an increase of about 400%, which was based on the argument that allies should bear the cost of the US military's global military presence. In the spring of 2020, the Korean government's offer to increase by 13% was rejected by the US which demanded a 50% increase.

The Biden administration will seek to restore and strengthen its alliance relations as a top foreign policy priority. The administration's position is that it would work with allies in areas such as 5G manufacturing as well as allies in establishing economic and trade rules in order to counter China. The US is expected to pursue a multilateral security alliance framework and will want Korea to join. Naturally, there are expectations that the US will not push Korea to the point of hurting the ROK-US alliance. As Biden begins his term, he will try to quickly conclude the SMA issue between Korea and the US. It is highly likely an agreement will be reached at the level that Korea proposed, and that the duration of the agreement will be extended to 4 or 5 years. Regarding the issue of transfer of wartime operational control, the basic position of the United States is that sufficient verification steps need to be taken in order to strengthen the ROK military's operational control capabilities before the transition of wartime operational control, and this is expected to remain unchanged in the Biden administration.

### **Denuclearization through Continued Sanctions against North Korea**

Trump's policy toward North Korea was unpredictable in the early days of his term. In 2017, Trump's North Korea policy was basically a "fire and fury" type of hard-line approach. He was also considering military options against North Korea, and even performed a secondary boycott against China in order to sanction North Korea. After 2018, this policy was replaced by top-down negotiations with North Korea leading to US-North Korea summit meetings in Singapore and in Hanoi. After the fall-out of the Hanoi summit, the Trump administration's policy toward North Korea shifted to managing the status quo with North Korea. In particular, in the face of the presidential election, the US focused on managing North Korea to prevent further provocations.

The Biden administration's policy toward North Korea is likely to be based on firm and principled diplomacy. The Biden administration emphasizes that it will pursue complete denuclearization of North Korea utilizing sanctions. At the same time, the administration is well aware that achieving complete denuclearization through a one-time big deal is not realistic and thus a phased approach is necessary. The Biden administration is likely to



apply an Iranian type of nuclear agreement to North Korea, but there are three obstacles for this approach.

First, it is not sure whether North Korea will agree to this kind of multilateral approach. As seen in the six-party talks, the goal of the September 19 Agreement was a verifiable denuclearization of North Korea and the Agreement left little room for North Korea to cut loose from a binding multilateral agreement and to maximize gains from the negotiations. Another issue is sanctions. In the case of North Korea, the effects of sanctions can have relatively less significance than Iran. Even if sanctions are imposed, it is unclear whether the US will be able to force North Korea to agree to working-level negotiations or to achieve a potential agreement. The last issue is verification. The nuclear deal with Iran has a working-level agreement that was over 150 pages long. The document contained very specific procedures on freezing, reducing and verifying Iran's enriched uranium program. But it is quite uncertain whether North Korea will agree to a nuclear deal that contains specific verification procedures such as Iranian nuclear agreement.

### 3. China

#### **Seeking an Alternative Order and Stronger Global Influence**

In 2020, China faced many difficulties and challenges externally. The strategic competition with the US went far beyond the existing areas of economy, military, and security. China was accused of being responsible for the global spread of the COVID-19 pandemic and debates over whether Chinese political system was superior also emerged. In addition, the 'Hong Kong Security Law' enacted on June 30 sparked controversial debates over human rights, values of democracy and ideologies. In response, utilizing its international status and economic weight, China began to expand its narratives and discourses about alternative economic model, political system, and global governance that were in contrast to the existing Western-style systems and values.

In response to accusations that China was responsible for the COVID-19, China conducted the 'wolf warrior(戰狼) diplomacy' which employed strong rhetoric to communicate China's position and arguments. However, the resulting negative image of China posed another challenge to its diplomatic efforts in 2020. China confronted the US and western countries who claimed that China was the source of the Coronavirus and thus responsible for the pandemic. At the same time, China provided assistance to African and Latin American countries that were hard-hit by the pandemic, including provision of quarantine support, healthcare service, medical supplies, and manpower. Through this COVID diplomacy, China attempted to gain a favorable image, expanded its scope of friends, as well as its global influence.

This trend is expected to be reinforced in 2021. Since he took office, Xi Jinping has tried to allay concerns about his country by promoting China's narrative and position to the international community. China, which has gained confidence through a relatively rapid economic recovery, is expected to try to expand its external influence more aggressively.

## Korea-China Relations in the Midst of US-China Competition

In 2020 both the Chinese and Korean governments were busy focusing on pandemic control and domestic stability. Korean-China bilateral relations were impacted by changes in the strategic competitive landscape and outstanding issues between US and China. China was sharply critical of the US regarding its stance on the South China Sea, human rights and democracy issues in Hong Kong, Taiwan, and Xinjiang Uyghur Autonomous Regions, and US's expressed intention to deploy medium-range missiles in China's neighboring countries after its withdrawal from INF (Intermediate-Range Nuclear Forces). For its part, Korea appeared to side-step sensitive issues between the US and China.

Efforts to strengthen cooperation between Korea and China are expected to continue in 2021. China will be closely monitoring how Biden's China policy unfolds, and at the same time will make efforts to strengthen cooperation and maintain good relations with neighboring countries in order to withstand any strategic pressure from the US. This will be a positive factor for Korea-China relations. In particular, in response to the US-led endeavor to reduce China's influence in several areas or eliminate it altogether, China is expected to emphasize the importance of Korea-China technological cooperation. Following the signing of RCEP in 2020, China will push for a trilateral FTA with Korea and Japan in 2021 and emphasize the importance of Korea-China cooperation for the vitality to the regional economic community. The fierce contest between the US and China over global standards and norms for advanced technology related to the Fourth Industrial Revolution will continue to be a challenging factor for Korea-China relations in 2021.

Tensions are expected to persist between Korea and China in the military, security and political areas. With President Biden coming into office, the US alliance policy is likely to change. This could mean greater trust in the ROK-US alliance and less friction over negotiations on defense burden-sharing. On the other hand, the Biden administration will expect more from allies. In particular, tensions will be mounting between the US and China over sensitive issues such as the South China Sea, Quad Plus, and additional deployment of THAAD, and this could spill over to make Korea-China relations tense.

In the political realm, the debate over human rights, political values and ideologies will continue to be a sensitive and challenging factor in Korea-China relations in 2021. On issues related to Taiwan, Hong Kong and Xinjiang Uyghur Autonomous Region, the US will probably mobilize nations of the free world by evoking values and ideology to collectively pressure China. China, on its side, is unlikely to back down, emphasizing its "sovereignty" and that it is China's "internal affair." Korea may once again be forced to choose between the US and China.

Meanwhile, Korea and China share a strategic interest in the stability of the Korean Peninsula and progress of North Korea-US talks. Thus, the two countries will strengthen cooperation regarding the situation of the Korean Peninsula. In particular, Korea and China are expected to cooperate with each other to make sure that North Korea will not commit a strategic miscalculation and resort to armed provocation during the period of US governmental transition in early 2021. Close cooperation is also expected in the fight against the pandemic at the regional level and humanitarian assistance to North Korea.

## 4. Japan

### **Seeking to Strengthen Alliance with the US, Managing Relations with China, and Improving Relations with Neighboring Countries**

The Abe government strengthened the US-Japan alliance as a way to counter the rise of China. The alliance served as a basis to link up with Australia, India, and ASEAN countries to pursue the 'Free and Open Indo-Pacific' initiative. The Suga government, which was launched in September 2020, stated that it would succeed Abe's foreign policies. In his first speech on October 26, Prime Minister Suga emphasized that the US-Japan alliance is the pillar of Japanese foreign policy and the foundation for peace, prosperity, and freedom in the Indo-Pacific region and the global community.

In 2021, Japan will continue to work with the US to strengthen the US-Japan alliance as a way to respond to a rising China. On November 12, 2020, Prime Minister Suga discussed with the US President-elect Biden over the phone that the US-Japan alliance should be further strengthened, and the alliance is indispensable for peace and prosperity of Japan, neighboring countries, and the international community. He also stressed that solidarity with allies and partners is needed to realize a 'Free and Open Indo-Pacific.' Japan will continue with its diplomatic and military efforts to make Biden administration remain committed to the region based on the principles of freedom and openness.

At the same time, Japan will manage its relations with China to prevent the relationship from deteriorating too much. Japan will seek cooperation in the fields of economy, pandemic control, and take measures to build military confidence so that the political conflict between China and Japan does not destroy the entire relationship. Against the backdrop of US-China competition, there are various outstanding issues between China and Japan, such as the Senkaku Islands and the South China Sea. However, since Prime Minister Abe visited China in October 2018, the two countries have been seeking cooperation centering on the economic field. The Suga cabinet also intends to maintain the atmosphere of easing tensions between China and Japan, which has continued since the closing months of the Abe regime. On November 24, 2020, Prime Minister Suga said in a meeting with Chinese Foreign Minister Wang Yi, who visited Japan, that a stable relationship between Japan and China is important to the international community. In 2021, the Suga government will try to keep China in check while simultaneously managing the relationship.

The relationship between North Korea and Japan is likely to remain confrontational, and many things will depend on the Tokyo Olympics. Prime Minister Abe's position was that the abduction issue was the top priority and that he was willing to meet with North Korea's leader without preconditions. However, North Korea did not respond to Japan's proposal, claiming that the abduction issue had already been resolved. Currently, the Suga government is taking the same position as the previous Abe government. Thus, confrontation between North Korea and Japan will continue in 2021. However, the Tokyo Olympics could change things. Prime Minister Suga said that the Tokyo Olympics would be a good opportunity for a North Korea-Japan summit. It is uncertain whether a summit will happen, but it remains to be seen what level of diplomatic contact will take place between

North Korea and Japan during the Tokyo Olympics.

### **Managing the Korea-Japan Conflict over Historical Issues**

In October of 2018, the Korean Supreme Court rendered the final decision on the case of restitution claims by forced wartime labor victims. In January 2019, tension between the two countries heightened when the 'Reconciliation and Healing Foundation' was dissolved. Even in 2020, the Korea-Japan relations remained stalemated without any chance of a breakthrough. Ironically, the Coronavirus pandemic forced an 'involuntary ceasefire' of the dispute over past history. However, from December 9, 2020, the day when the Court's order, served by public notice, for Nippon Steel (former Nippon Steel & Sumitomo Corporation) to pay KRW 100 million to each of the plaintiffs goes into effect, the Court can order the sale of Nippon Steel's shares. The Japanese government has reportedly prepared various retaliation measures in case the seized assets of Japanese companies in Korea are put to sale. These include retaliatory tariffs on Korean exports, stopping the supply of Japanese products, and restrictions on visa issuance. Therefore, if the assets are actually liquidated, Korea-Japan relations are expected to face a serious crisis once again.

In September 2020, the new Prime Minister Suga took office in Japan. Nevertheless, Prime Minister Suga has stated that he would succeed the foreign policies of Abe government, and this means that a dramatic resolution of the historical issues is not to be expected in the near future. Foreign Minister Motegi also said, "I will continue to strongly demand that the Korean side rectify its violation of international law as soon as possible." With regard to this issue, the Korean and Japanese governments are not budging from their existing positions, so it will take more time to find a solution.

The change of administration in the US is a critical factor for this issue. The foreign policy of the Biden administration is expected to return to prioritizing stronger alliances and multilateralism - from America First. Tony Blinken, who was appointed as Secretary of State, was deeply involved in the "Rebalancing toward Asia" policy of the Obama administration. Blinken will put greater importance on the traditional US-Japan-Korea trilateral security cooperation for the purpose of counterbalancing China and achieving the goal of denuclearizing the Korean peninsula. If the conflict between Korea and Japan over past history is viewed as a serious obstacle to the trilateral security cooperation, the Biden administration, unlike the former Trump administration, is likely to actively intervene. When this happens, each country will wage a fierce diplomatic tug-of-war targeting the US government and public opinion in an attempt to shape the US intervention more favorable to itself.

The Tokyo Olympics can also be a factor. In Korea, ideas have been proposed so that the Tokyo Olympics serve to improve relations with Japan and advance the peace process of the Korean Peninsula. Japan also needs Korea's cooperation in terms of pandemic control and people-to-people exchanges for the success of the Olympics, and Prime Minister Suga mentioned that the Olympics would be a good opportunity for the North Korea-Japan summit. It is, therefore, possible that Korea and Japan make moves to use the Tokyo Olympics as an opportunity to improve bilateral relations.

In view of these factors, internal and external, it is expected that both Korea and Japan could maintain an appearance of strong confrontation while making diplomatic efforts below the surface to manage the conflict. In this regard, the future of bilateral relations between Korea and Japan will hinge on whether we can restore a cooperative relationship to fight the pandemic and to hold the 2021 Tokyo Olympics and reach a compromise on the issues of compensation for wartime laborers and perceptions of past history.

## **5. Russia**

### **“Cooler but More Stable” Relations between the US and Russia**

Starting from the time when Biden’s victory was projected at the US presidential election, Russian media reported that “Kremlin is preparing for a new Cold War.” The Putin government was widely believed that it did not want Biden to be elected, and this is based on a combination of several factors: Biden’s anti-Russian sentiment was apparent in his campaign rhetoric since he used to call Russia as the biggest enemy and China as the biggest competitor. Also, it was the then vice-president Biden who led efforts to turn Ukraine pro-West and impose economic sanctions on Russia. Furthermore, the Democratic Party has strong anti-Russian sentiment caused by Russia’s interference in US presidential elections. Unlike the first cabinet members of the Trump administration, no one in Biden’s newly appointed diplomatic and national security team, including Secretary of State Blinken, is conciliatory toward Russia.

Therefore, future US-Russia relations will be rife with potential clashes as Biden administration is expected to pursue policies including strengthening NATO, intervening in the Russia-led CIS (Commonwealth of Independent States) region, working with the political opposition in Russia to pressure the Putin government, and returning to the Middle East and other regions that are under Russia’s heavy influence.

However, along with views that Biden will consistently and forcefully push the US’s position on key issues and press hard on Russia, there are also expectations in Russia that US-Russia relations will be managed in a more systemic way as diplomats of both countries are allowed to engage in negotiations and the Biden administration will not take unforeseen, provocative measures regarding regional conflicts where US and Russian interests clash. In this respect, the US-Russia relationship is expected to be “cooler but more stable.”

### **Possible Stand-off between ROK-US-Japan vs. DPRK-China-Russia**

As Biden publicly stated during his presidential campaign that China is the biggest competitor and Russia is the biggest threat, it is clear that the US will raise the level of pressure on Russia in the future. Also, if the US applies pressure on China, it could have the unintended effect of bringing China and Russia closer. The general perception in Russia is that the close Russia-China and North Korea-China relationships are consequences of US’s hostile policies against China and Russia.

The recent Russia-China joint military exercises conducted in East China Sea, South China Sea, and near Dokdo could be a measured response on the part of Russia and China to US's withdrawal from the INF Treaty. On top of this, if the Biden administration strengthens alliances and simultaneously applies pressure on Russia and China, Korea could fall into a situation of an unwanted conflict with Russia.

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