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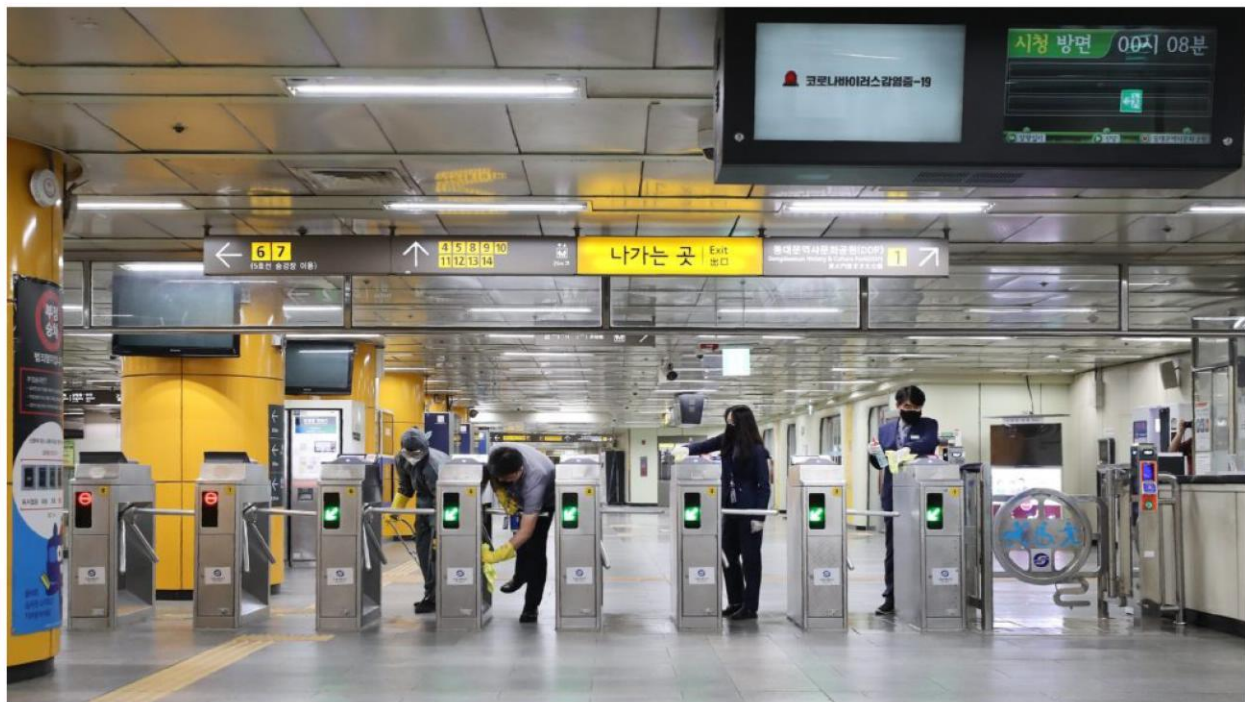
THE PENINSULA

10 Issues to Watch for on the Korean Peninsula in 2021

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We were reminded last year that it can be difficult to anticipate the events that will dominate any given year. As 2020 began, few people expected focus of the world or the Korean Peninsula to be on a global pandemic, but that is how the year unfolded.

South Korea has handled the pandemic relatively well with lower infection rates and deaths than most developed countries. In contrast, North Korea continues to claim that it has not had a case of COVID-19, but the lockdown required to prevent the spread of the coronavirus in North Korea has come with a heavy price for North Korea's trade with China

Despite the effort of scientists and government officials around the world to expedite the development and distribution of a vaccine, COVID-19 will remain the dominant issue in 2021.

But other changes will shape the new year as well. One clear break with 2020 will be the inauguration of Joe Biden as President in the United States. After years of an “America First” foreign policy, Biden’s presidency will alter the United States’ relationship with South Korea and the nature of ongoing talks with North Korea over its nuclear program. Other issues, such as climate change, will also receive heightened attention from the incoming administration in 2021.

With that in mind, here are 10 issues related to North Korea, South Korean politics, and U.S.-Korea relations to follow that will have an impact on the Korean peninsula in the year to come:

North Korea and COVID-19

While there is much speculation regarding the incoming Biden administration’s North Korea policy, the dominant issue for the regime in Pyongyang will be COVID-19, not nuclear negotiations with the United States.

In late January of 2020, North Korea shut its border with China and the rest of the world to prevent the spread of the coronavirus. The closure of the border has resulted in decline of North Korean exports and imports by over 75 percent from 2019. If Pyongyang maintains its border closure until the population has enough vaccines to reach herd immunity, trade numbers will likely look the same in 2021.

Despite the development of new vaccines to inoculate populations and North Korea’s participation in the COVAX program to provide vaccines to developing countries, Pyongyang is likely to continue to face a shortage of vaccines. COVAX is only designed to inoculate 20 percent of a country’s population by the end of 2021. If it is unable to obtain additional vaccines from China or Russia, Pyongyang will face the same conundrum it did in 2020 – open its borders to trade and risk the spread of COVID-19 or maintain their closure and deal with the economic consequences?

When U.S. president-elect Joe Biden assumes office later this month, he will be faced with a North Korean problem that has dogged U.S. presidents since the 1990's. While there has not been a North Korean nuclear or intercontinental ballistic missile (ICBM) test since 2017,

North Korea's nuclear armament is as robust as ever and remains a critical and unpredictable threat to the United States and its allies.

While specifics of the Biden administration's North Korea policy are expected to be ironed out in the coming months, Biden's extensive experience as U.S. Senator and Vice President entails a likely traditional diplomatic approach compared to President Trump's unorthodox personal engagement with North Korean leader Kim Jong-un. Biden himself called Trump's meetings with Kim a "vanity project" and one Biden advisor indicated "the era of love letters will be over" in speaking about the many flattering letters sent between Trump and Kim. Biden has expressed openness to the continued use of U.S. sanctions and has stated his commitment to North Korea's denuclearization. Biden's emphasis on restoring alliance trust also indicates a preference for a multilateral approach to North Korea, which differs from Trump's preference for direct bilateral talks.

South Korea's Efforts to Navigate U.S.-China Competition

While Joe Biden is poised to walk back much of Trump's foreign policy, the intensified rivalry with Beijing is here to stay. For South Korea, this means more of a sustained effort to find an equilibrium between its most important security partner in the U.S. and its largest trading partner as well as a player crucial to resolving the North Korea issue in China.

The upside with Biden, however, is that he has shown more of an interest in working with regional partners in areas outside of traditional security issues and appears to favor a more qualified competition with China. For South Korea – which has stressed cooperation along economic, climate, and more recently public health lines in its Indo-Pacific approach – this should be a welcomed change and help to ease some of the pressure from the U.S. to play a larger role militarily in areas such as the South China Sea.

Still, it's unlikely to all be smooth sailing ahead. Greater recognition from Washington could come with greater expectations for Seoul in endeavors that could be seen as containing China. Additionally, of particular concern is a U.S.-led effort among like-minded countries

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to decouple value chains in high tech industries with China, which would hit the bottom-line of major South Korean conglomerates.

Can South Korea and Japan Improve Relations?

Since 2018, the South Korea-Japan relationship has rapidly deteriorated as historical and trade issues marred past attempts towards reconciliation. Controversy over the Korean Supreme Court's ruling on Japanese compensation for Korean forced wartime labor in October 2018 spiraled into the economic and security spheres, including Japan's decision in 2019 to delist South Korea from its preferential trading partner "white list" and talks over terminating the South Korea-Japan military intelligence sharing agreement. The diplomatic impasse between the two countries has been especially concerning for the United States, which both countries share as an ally and frequently work together on trilateral issues.

With recent political changes in the region, including Yoshihide Suga becoming Japan's new prime minister and the incoming Biden administration's focus on restoring alliance trust, there is cautious optimism that 2021 may see improvements in South Korea-Japan relations. Several diplomatic overtures in recent months like Suga's meeting with a South Korean legislative delegation and South Korean President Moon Jae-in's appointment of former Korea-Japan Parliamentarians' Union chairman Kang Chang-il as ambassador to Japan have signaled a greater willingness by both countries to repair relations. However, underlying historical and trust issues still remain and requires further actions by both countries to breach the deep divide between them.

U.S.-South Korea Multilateral Cooperation

The incoming Biden Administration has already signaled that it will reverse course from the Trump Administration's disinterest in multilateral cooperation and international institutions. This shift will initially play out in Europe with a renewed U.S. commitment to NATO and to cooperation with the EU. But it will also be important in Asia as the United States seeks to reinforce its traditional bilateral alliances with South Korea, Japan, Australia, and others with reinvigorated networks of regional cooperation.

The Biden team will wish to hear from Seoul how South Korea will choose to involve itself in these new multilateral patterns and conversations. One example is the "Quad" of the United States, Japan, India, and Australia. It has said that it is open to future expansion.

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Some regional discussions will have the goal of nudging China towards more rules-based and cooperative behavior. Others will welcome China's involvement in dealing with common challenges such as climate change.

One difference from previous patterns of multilateralism is that the old distinction between security and economic cooperation is disappearing. With the realization by nations that supply chains, data protection, digital infrastructure, and high technology are as much a matter of national security as are ships, tanks, and military aircraft, the agendas for regional organizations are being rewritten.

South Korea's Economy and COVID-19

The success of South Korea's testing-led efforts to control the outbreak of COVID-19 led the country to be a model for others to follow last year, but the number of new cases shot up in mid-November and have yet to come down. The government has been reluctant to move to a full lockdown over concerns of how it will impact domestic consumption, already sluggish from existing social distancing measures. Vaccinations will certainly help when they start to roll out in February, though the pandemic will likely continue to drag on the economy through the first half of the year.

Despite this challenge at home, South Korea is projected to have one of the fastest economic recoveries among advanced economies this year. Most projections have GDP growing at around 3% this year, up from the about 1% drop in 2020. Much of this growth is expected to be driven by exports from high-tech industries such as semiconductors and other areas the Moon government is heavily investing in under the auspices of its New Deal. However, considering how Moon's welfare initiatives have struggled to find their feet, it may be too soon to expect dramatic returns on Fourth Industrial Revolution spending this year.

K-pop Surviving Through Pandemic

The pandemic devastated many industries, including the music and live entertainment industry. While COVID restrictions halted live concerts and world tours for the foreseeable future, K-pop artists found innovative ways to stay engaged with their fans and even expand their global reach.

Major Korean entertainment agencies, especially SM Entertainment and BigHit, quickly adapted to the virtual world and have set the bar high for at-home online concert experience. BTS, the world's biggest band and TIME's 2020 Entertainer of the Year, set a Guinness World Records for most viewers for a music concert live stream in June, only to break its own record a few months later. Their MAP OF THE SOUL ON:E. concert drew about a million concurrent viewers from 191 countries and generated over \$45 million in revenue. It was the world's first streaming concert to employ both multi-view and 4K/HD technology with augmented reality (AR) and extended reality (XR) technology. SM Entertainment's free New Year online concert featuring many of its artists, attracted a total of 35.83 million streams from 186 different countries across multiple platforms via YouTube, V LIVE, Twitter, TikTok, Facebook, and Japan's KNTV.

Without knowing when large gatherings will be allowed again, virtual concerts in various forms are likely to continue in 2021. Fans around the world enjoy the high quality performances for a fraction of the cost at the comfort of their homes. From online concerts to steady physical album sales, and topping major music charts, the pandemic hasn't slowed down K-pop and we will continue to see more of it in 2021.

Social Welfare and Economic Growth

South Korea's quick response to COVID-19 likely moderated some of the long-term economic impacts that the pandemic will impose on other countries. However, the country's future prospects are jeopardized by a fragile social safety net that prevents its people from effectively participating in the economy. Two big challenges stand out: elder poverty and female labor participation.

2017 data from the Organization for Economic Co-operation and Development (OECD) revealed that 43.8 percent of South Koreans over the age of 65 earn less than 50 percent of the median household income. This produces untold tragedies, including the highest elderly suicide rates among OECD countries. On the economic front, the neglect also curtails the government's capacity to promote innovative industries. The fear of displacing elderly workers in traditional occupations (like the taxi service) prevents the government from firmly supporting companies that are exploring promising technologies (like ride-sharing). Some of these socio-political barriers might be overcome if the elderly receive greater economic assurances.

Meanwhile, female labor force participation in South Korea is low. This is a major drag on the economy as both public and private sectors underutilize this highly-educated segment of the population. There are several push factors to this problem, including cultural norms and the gender wage gap (the highest among OECD nations). One of the biggest contributors is the high cost of childcare – which forces Korean women to choose full-time parenting over their careers. There are no simple solutions to this deep-rooted challenge, but a place to start would be to promote more affordable childcare services and lowering the cost of education.

South Korea's Battle with Digital Sex Crimes

According to Twitter Korea's 2020 Top Social Keywords in Korea, "Nth room" was the second most mentioned social story after "COVID." South Korean society was appalled by the sickening details of sexual exploitation and blackmailing of young women, including minors in the encrypted messenger app Telegram. Concurrently, the South Korean Ministry of Justice denied the U.S. Department of Justice's extradition request for Son Jung-woo, a man behind the largest darknet child pornography website in the world. Son had only served 18 months jail time for his crimes and the national attention on these scandals fueled criticism of the Korean judicial system for its weak legal punishments on sexual criminals.

In response to the public's outcry, the National Assembly passed revised legislation increasing the penalty for not only possessing but also viewing illegal sexual images. As of December 31, 2020, over 3,500 suspects were arrested and 245 were imprisoned related to the Telegram cases. The main ringleader of these cases, Cho Ju-bin was sentenced 40 years in prison and Moon Hyung-wook is waiting for his first trial in 2021. Even with the arrests, similar crimes under different platforms are reportedly still ongoing in digital space. As the various government agencies are devoted to eradicate digital sexual crimes, 2021 will be the test of how the Korean government implements its new policies and response to the persistent but evolving digital sexual crimes.

South Korea's Push to Become Carbon Neutral

Last fall, South Korean President Moon Jae-in pledged that South Korea would work to become carbon neutral by 2050. As one of the world's largest carbon emitters, achieving this goal will require South Korea to take significant steps to reduce its carbon emissions.

According to the International Energy Agency, South Korea emitted 605.78 million tons of carbon dioxide in 2018, while the Union of Concerned Scientists noted that South Korea is the world's 8th largest emitter of carbon dioxide. With 40 percent of South Korea's power generated by coal, transitioning to renewable energy will be a key part of reducing South Korea's emissions.

The Moon administration has taken steps to reduce South Korea's dependence on fossil fuels. South Korea plans on retiring 30 coal power plants by 2034 and significantly increasing the production of renewables to cut 193 million tons of carbon emissions by 2030. Key components of this effort include the Green New Deal and the Hydrogen Roadmap. With little more than year left in office for the Moon administration, 2021 will be an important year for putting South Korea on a sustainable path for reducing its carbon emissions.

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