

## In the name of the Grandfather, the Grandson and the Unholy Geopolitical Ghost... a trinity of Kims - amen!

*...dynastic transition and the DPRK artillery assault on Yeonpyeong-do, RoK!*

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There had been concerns that the Democratic People's Republic of Korea (DPRK) may embark on some form of reckless military provocation, or at least offer a belligerent welcoming gesture in coincidence with Seoul's show-piece G20 summit that was held in South Korea from 11-12<sup>th</sup> November. An explosive cocktail celebration of the G20? Or a perverse chapter in the second generational dynastic transition of power from the ever-frailer Kim Jong-Il to his youthfully rotund and grand paternal look-a-like third son Kim Jung-Un... with a cherry twist of possible power shifts in the Military and the Communist Party?



Kim Jong-un, as a boy, teenager and recent party conference. Kim Il-sung

[www.foolocracy.com](http://www.foolocracy.com)

Like an excitable child (the successor is around 26-27 years old) the DPRK managed to hold its fire for all of 12 days until Tuesday 23<sup>rd</sup> of November at 1434hrs when it unleashed a torrent of shells on Yeonpyong-do (Yeonpyong Island) in the *So Hae* (West Sea), 11 kilometres off the shore of the DPRK. The barrage left a village and mountain in flames, charring 70% of the land, killed two soldiers and wounded 16 others, and killed two civilians. At least three civilians were wounded. The RoK returned fire.



[www.independent.co.uk](http://www.independent.co.uk)

The DPRK barrage occurred during a regular quarterly RoK live fire 9 day military exercise underway within RoK maritime territory with the DPRK duly notified in advance. The exercise drew objections from the DPRK at 0820hrs in the morning. Six hours later DPRK artillery opened up.

Yeonpyong-do is home to around 1,700 residents and there are 400 RoK marines stationed there. It is one of the North West Islands, a string of disputed islands, occupied by United Nations forces (for which read RoK forces) since the Korean War, but claimed by the DPRK. The RoK warship Cheonan was sunk next to another of these islands. The DMZ is the agreed land boundary between the two Koreas, however the DPRK does not recognise the Northern Limit Line (NLL), the maritime extension thereof, and does not recognize RoK ownership of the North West Islands. The DPRK claims the maritime border should run out to sea to the south perpendicular to the DMZ.

It is after all very fashionable in these parts to have disputed claims of sovereignty over strategic islands and the proximity of these islands to the DPRK mainland provides a strategic imperative.

## What is different this time with this provocation?

Simply, this was the worst instance of armed provocation in nearly 60 years! Concern and mounting risk.

It was the first direct shelling by the DPRK of RoK territory and the first DPRK attack on RoK civilians since the armistice led to the cessation of hostilities in Korean War. For the *potong saram*, the average RoK resident, this represents a significantly more serious ratchet up in tension than your average DPRK missile test, with or without a nasty warhead, which last time ended up in the Pacific Ocean somewhere beyond Japan.

There is evidence to support the contention that this attack was a planned move as part of a series of provocative acts. Several months ago a key General, Kim Kyuk-Shik, was “demoted” and transferred to command the 4<sup>th</sup> Corps, responsible for security in the area of these islands. General Kim is thought to be a key planner behind the Rangoon bombing of 1983, an attempted assassination of the RoK President and visiting delegation (more on this below). He is a trusted aide of Kim Jong-Il’s. This job transfer was followed by a visible build up in artillery capability in the area. The DPRK is thought to have as many as 1,000 artillery pieces deployed near the NLL, and up to 10,000 pieces along the DMZ and 18,000 pieces in total – the largest artillery force in the world.

There are also concerns that the DPRK has significantly upgraded its delivery capability from random and inaccurate shelling to discharging a near-precision attack. In this latest incident it is estimated by the RoK that the DPRK fired 170 shells of which 80 hit the island and 90 fell into the sea. This is a significant upgrade. The RoK fired 80 shells from its 6 K-9 self-propelled guns stationed on the island targeting two DPRK coastal batteries. It is not clear whether any damage was inflicted and there are questions in Seoul concerning the timeliness and nature of the retaliation.

It is the DPRK’s embedded artillery that is the real threat to the RoK. The city of Seoul is 50 kilometres south of the DMZ within comfortable range. The nuclear possibilities and proliferation catch the eye from afar in news headlines, but could only ever be used on the peninsula in a suicidal gesture of last resort. The process underway is one of intended dynastic preservation, not dynastic destruction. The artillery, embedded in caves in hillsides north of the DMZ, is capable of reducing much of Seoul and its significant surrounds to rubble. That is a most frightening prospect.



[www.koreatimes.co.kr](http://www.koreatimes.co.kr)



[www.theage.com.au](http://www.theage.com.au)

## Why now?

Rumours abound, the wildest even suggesting that the ever-frailer Kim Jong-Il may have died.

What is clear is that Kim Jong-Il is coming to terms with his own mortality, is in search of a legacy and is probably running out of time. Change of itself, even glacial, is a destabilising factor in a place such as the DPRK, and change rushed is only more so. This dynastic transfer is happening in a frightful hurry!

A precipitous event, the 7<sup>th</sup> Party Congress, the first in thirty years (they should happen every five), was convened in October (the party has not functioned under Kim Jong-Il's *Songun* "military first" leadership). From nowhere Kim Jong-Un was appointed a Vice Chairman of the Central Military Commission in the Workers' Party of Korea (WPK). He was also appointed to the National Defence Commission and promoted to the rank of four star general. Given his age and historic seclusion he will have little or no natural power base, so... keeping it in the family, his aunt, Kim Kyung-Hee, younger sister of Kim Jong-Il, joined the Politburo and has been promoted to four star general, as has her husband Jang Seong-Taek, who joined the Central Military Commission and is a Politburo alternate. Twelve stars between them is an impressive number to go round. Auntie Kim and Uncle Jang appear to be trusted, and now to be de facto regents!

Kim Jong-Il was 40 years old when anointed as successor to his father Kim Il-Sung in 1982. He legitimised his status by blowing up a significant portion of the South Korean government whilst on a visit to Rangoon in 1983. President Chun Doo-Hwan was spared as his car was delayed in traffic.

The artillery attack could be the same for Kim Jung-Un. He is already hailed as a genius of artillery...

...and perhaps the undue haste of the transition of power necessitates an external crisis to tighten internal control and to rally an unsettled populace. Distraction is needed from the absurdity of a second dynastic power transfer to a grand paternal look-a-like in his mid twenties, from the near total isolation of the country and from the dire state of the country's economy.

The regents-in-waiting



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## What next?

For one, the RoK military is on maximum alert and the anyway-dwindling aid shipments are suspended.

For two, general condemnation from the international community with a notable exception, and the despatch of the US nuclear powered aircraft carrier, the USS George Washington, and its battle group to the West Sea for a joint military exercise 28<sup>th</sup> November to 1<sup>st</sup> December.

For three, there is the prospect of more of the same from the DPRK. They have show-cased a new uranium enrichment plant with loads of centrifuges. There are also indications of preparations for another missile test and/or a nuclear test. They could continue to rattle their cage with increasing ferocity and regularity, and if they do, it may be a warning of intensifying problems internally and ultimately the advent of collapse.

## The notable exception... China

Well China is very much to the fore when it comes to claims to grab strategic islands in East Asia! They set a good example for the DPRK. Is there any long term China vision, or is it disguised as status quo?

Kim Jong-Il and Jang Seong-Taek have made two visits to China since the Cheonan incident and Kim Jung-Un accompanied them on the second one. President Hu Jin-Tao pledged on 2<sup>nd</sup> October “to promote and expand co-operation” and “strengthen communication” and on 9<sup>th</sup> October stated that “friendship between China and North Korea should be passed down generation to generation”. Doesn’t sound much like restraint! More like painting the buffers, and then DPRK is a buffer.

China could have leverage over the DPRK – it provides 90% of its fuel oil, most of its aid and US\$1.8bn in trade. China is the sole benefactor. Does China see any strategic benefit in reining in the DPRK? Cutting off aid would precipitate a collapse, bring floods of refugees across its borders, and possibly US troops up to those borders. Both unwelcome. China has experienced a 55 year status quo on its door step which costs China little in economic terms, and serves its wider geo-political ends. Is nuclear testing and proliferation of paramount importance to China, whatever the perceptions elsewhere?

Anyway politics is one thing and economics quite another – China can concentrate on its US\$180bn economic relationship with RoK, one hundred times more valuable than its US\$1.8bn relationship with the DPRK, such is the price of political baggage. Will China put US\$180bn at risk?

## The RoK market reaction...

Shelling started at 1434hrs just minutes before the close of the stock market which closed down only 0.8% to 1,928.94 – i.e. relatively unaffected. The currency was significantly more volatile with the 3 month NDF rate jumping to W1,181 and KOSPI futures falling 4.12%. GDRs/ADRs overnight suggested a market correction of up to 5%... in the event the market opened D+1 in line with other markets down 1.5%, but recovered to close at 1,925.98 down only 0.15%. The currency also firmed ending the day at W1,142.5.

## Conclusion

So... on the day the markets took events in their stride. There was after all the Ireland bail out... and the widening of Spanish government bond spreads!

The attack does however represent an escalation. Is it a perverse cry for help to shore up the economy and the succession? Maybe. It is also an increase in uncertainty and in risk. Any increase in ferocity and regularity of such attacks or tests will possibly signal an increasing likelihood of trouble back home and ultimately impending implosion and disaster. A reduction and that may be a sign of confidence in achieving the transition to the grand paternal look-a-like. All out war still not likely.

Is it good bye from me...  
...and hello from him?



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