

## ARE YOU READY FOR A CRISIS ON THE KOREAN PENINSULA?

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### TEN QUESTIONS EVERY COMPANY SHOULD BE ASKING ITSELF

Tensions have been rising on the Korean peninsula as North Korea increased its provocations with over twenty missile launches and an unprecedented two nuclear tests last year. The scope for frictions has been further heightened in recent weeks following US rhetoric about engaging in pre-emptive strikes against Pyongyang and the deployment of a US aircraft carrier to the region.

Given escalating tensions, the fluid nature of developments and a tremendous amount of speculation on “what’s next,” it is important for businesses that operate in the region to take these threats seriously as they could have significant impacts on local employees and families and severely disrupt short- or long-term manufacturing and distribution of both their products and those of their key suppliers. Control Risks is advising clients to assess their readiness to respond should a crisis erupt in and around North Korea and take actions needed to close any identified gaps. To aid companies in determining their level of readiness, we suggest they ask themselves the following ten questions:

1. Do your **risk assessment and monitoring** capabilities give you a comprehensive understanding of the current situation, the different types of conflict scenarios that could play out, and how each would impact your business, given your specific operational footprint?
2. Do you have access to both the expertise to interpret developments on the Korean peninsula, and a **systematic framework** to identify early warning triggers and escalation?
3. Does your **security program** include capabilities to **scale up protective services** and provide safe **mass evacuation and relocation** of your workforce and their families should the situation escalate?
4. Does your **communications strategy** focus on managing both **external media and customer inquiries** as well as **internal communications**, including **proactively** managing the expectations and concerns of expatriate and local employees and their families?
5. Do you have **baseline crisis management and business continuity capabilities**, teams and plans that are up to date and robust enough to respond to severely disruptive scenarios, such as infrastructure and supply chains that are inaccessible and communications that are disrupted?

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6. Are your plans, triggers and indicators **specifically adapted to be realistic in the unique Korean context** (e.g., accounting for employee conscription and the dilemma of calibrating triggers given the abnormal baseline security situation on the peninsula), where generic or regional plans may not suffice?
  7. When was the last time your crisis and business continuity teams were **trained** on their roles and responsibilities and in extremis decision making capabilities?
  8. Have you conducted a **crisis exercise** or war game using one of the possible North Korea-related crises as the scenario, including scenarios involving wider regional impacts beyond the Korean peninsula (e.g., implications for your business in and reactions from China and Japan), to evaluate your response capabilities and provide both local and global teams a safe environment to practice using response protocols?
  9. If your **key vendors** are disrupted by this crisis, do they have the level of contingency planning necessary to ensure your operations will not be significantly disrupted?
  10. Have you factored **jurisdictional compliance obligations** into response strategies and plans?

These questions highlight common areas where companies have traditionally underinvested despite their effectiveness in helping companies avoid, prepare for, and manage potential crises such as those that could arise out of the tensions on the Korean peninsula. The good news is that while some of the needed capabilities require significant planning (e.g., supply chain continuity), many of the baseline capabilities needed to withstand significant crises can be developed in simple and practical ways that focus on giving an organization the right mix of information, governance, planning, training, tools and practice necessary to enable it to feel confident that it can tackle any crisis.

Control Risks helps companies every day, all around the world, improve their readiness to respond to large-scale operational disruptions, security concerns and crises using proven methodologies. We leverage lessons learned and tap into our broad and deep base of subject matter expertise. For more information on any the ten questions listed above, or how we can help companies build or enhance these types of capabilities, please contact Matthew Hinton (United States) at [Matt.Hinton@controlrisks.com](mailto:Matt.Hinton@controlrisks.com) or Andrew Gilholm (South Korea) at [Andrew.Gilholm@controlrisks.com](mailto:Andrew.Gilholm@controlrisks.com).

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