USAWC STRATEGY RESEARCH PROJECT

STRATEGY ON STILTS: THE U.S. RESPONSE
TO THE NORTH KOREA NUCLEAR ISSUE

by

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Arthur F. Lykke’s theory of strategy articulates a three-legged stool which illustrates that strategy = ends (objectives) + ways (concepts) + means (resources). If these are not in balance the strategy is at risk. The current U.S. strategy on the North Korea nuclear issue is in jeopardy because of an imbalance between ends, ways, and means. Instead of solving the nuclear issue successfully, the U.S. strategic imbalance has actually led to the unintended consequence of North Korea reinforcing its nuclear capabilities. This paper examines North Korea’s motivation to develop nuclear weapons, the perspectives of regional countries, and the U.S. strategy on the North Korea nuclear program in order to assess the imbalance between ends, ways, and means. As a conclusion, it recommends a new strategy to implement in the future.
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PREFACE

Building an independent, unified, democratic, economically developed, and secure Korea is the Koreans' long-cherished goal. Peaceful solution of the North Korea nuclear issue will be the next essential step to reach this goal. I hope this study can usefully contribute to a cooperative ROK-U.S. pursuit of this objective.

I especially appreciate COL Allen Dwight Raymond, my Project Advisor, not only because of his helpful reviews and thoughtful comments, but also for his understanding of and contributions to my country, Korea. He encouraged me to continue to develop my ideas during frequent reviews and he always also gave me insightful advice. Words cannot express my thanks.
STRATEGY ON STILTS: THE U.S. RESPONSE TO THE NORTH KOREA NUCLEAR ISSUE

The current U.S. strategy on the North Korea nuclear issue is in danger of failure because of an imbalance between ends, ways, and means. When the 6-party talks (the two Koreas, the U.S., China, Russia, and Japan) on the North Korea nuclear issue was first held in 2003, most observers had high expectations. China’s initiative to host the talks and a multilateral framework, as continuously insisted upon by the U.S. government, seemed to provide a formula that would solve the nuclear issue successfully. Two years and three rounds later, optimism is harder to maintain. In fact, it was shattered after Pyongyang’s announcement on February 10, 2005 that it has nuclear weapons and is indefinitely suspending the talks.1

Arthur F. Lykke’s theory of strategy articulates a three-legged stool which illustrates that strategy = ends + ways + means. If these are not in balance the strategy is at risk. In Lykke’s model the ends are “objectives,” the ways are the “concepts” for accomplishing the objectives, and the means are the “resources” for supporting the concepts. If any of the stool’s legs is too short, the strategy could collapse.2

During the ongoing nuclear crisis on the Korean Peninsula, which began in October 2002, the Bush administration has adopted two basic principles for resolving the issue. James Kelly, then-Assistant Secretary of State for East Asian and Pacific Affairs, explained that “First, we cannot accept anything less than the complete, verifiable, and irreversible dismantlement of the North’s nuclear programs. Second, the diplomatic format for achieving that outcome must be a multiparty framework.”3

The Bush administration has identified “the complete, verifiable, and irreversible dismantlement of the North’s nuclear programs” as the strategic objective (end) and “a multiparty diplomatic framework” as the main strategic concept (way). To achieve its objective, the U.S. has used “diplomatic pressure” as its resources (means), pinning high hopes on Chinese efforts to intercede with North Korea. However, the imbalance between ends, ways, and means has led to the unintended consequence of North Korea reinforcing its nuclear capabilities rather than solving the North Korea nuclear issue successfully.

This paper examines North Korea’s motivation to develop nuclear weapons, the perspectives of regional countries, and the U.S. strategy on the North Korea nuclear program in order to assess the imbalance between ends, ways, and means. As a conclusion, it recommends a new proposed strategy to implement in the future.
NORTH KOREA’S MOTIVATION TO POSSESS NUCLEAR WEAPONS

North Korea’s motivation to possess nuclear weapons has evolved in accordance with the changing situations it has faced. The current intention to possess nuclear weapons seems to come from the fear of the U.S. threats against its regime survival.

In the early 1990s, Kim Il-sung decided that he should end his regime’s lifelong enmity with the United States, South Korea, and Japan to provide for better security for his country. Pyongyang decided to trade in its nuclear arms program in return for rapprochement with these countries by signing the Agreed Framework in 1994.

Even after the signing of the 1994 Agreed Framework, any serious North Korean decision-maker would have wanted to have options in the case the agreement failed and his country’s security was once again threatened. Considering the delayed implementation of the Agreed Framework due to criticism by U.S. Republican political leaders and the Clinton administration’s passive attitude regarding the Agreed Framework implementation, it seems reasonable to assume that North Korea was trying to leave itself options in case the Agreed Framework failed and the security situation on the peninsula took a turn for the worse.

One option would be to restart the nuclear weapons program, coupled with a more advanced missile effort, to develop the possible capability to deliver weapons of mass destruction. A second option would be to pursue a uranium enrichment program as a new nuclear tool to ensure regime survival, and as another potential bargaining chip. The Bush administration’s failure during its first year to respond to Pyongyang’s diplomatic feelers, combined with Washington’s periodic hostile statements, may have further reinforced the North’s perceived need for a strategic hedge.

Pyongyang’s penchant for current nuclear brinkmanship may have been further reinforced after Operation Iraqi Freedom, in order to convince Washington that North Korea would not be turned into another Iraq. It is hardly surprising if Pyongyang concluded that it might be next on Washington’s hit list unless it could effectively deter an attack. Considering its conventional military would be inadequate to match the U.S. capabilities, North Korea may have concluded that the most reliable deterrent—perhaps the only reliable deterrent—is to have nuclear weapons. North Korean officials told a visiting delegation of U.S. congressmen in June 2003 that they were building nuclear weapons precisely so their country would not suffer the same fate as had Saddam Hussein’s Iraq.

Exactly where Pyongyang is heading remains unclear, but North Korean leaders seem to feel threatened by U.S. talk about regime change and pre-emptive strikes. They seem to have concluded that nuclear weapons are the only way of guaranteeing their regime’s survival.
PERSPECTIVES OF COUNTRIES IN THE REGION

CHINA

Before 11 September 2001, trade was the main form of cooperation between the United States and China. After the terrorist attack, cooperation in counter-terrorism strengthened the ties between the two states. Although the United States and China have more common interests than in the past, it is premature to say that they have become close strategic allies. Regarding the North Korean issues, both states share some common interests; however, they do have some differences.

China realizes that North Korean nuclear weapons could provoke an arms race in the region, which is not desired by China. China also realizes that North Korean ballistic missiles are an important justification for U.S. ballistic missile defenses, which is neither desired by China.

On the other hand, China’s interests are not identical to those of the U.S. According to a researcher at China’s National Defense University, “Preserving peace and stability on the peninsula is China’s number one and most important strategic interest.” Although Washington’s aim is preventing Pyongyang from possessing and proliferating Weapons of Mass Destruction (WMD), Beijing’s top priority is maintaining stability on the Korean Peninsula by ensuring Pyongyang’s survival.

Furthermore, China has long tended to view North Korea as a “buffer” between its continental power and rival maritime powers. Korea was the route of Japan’s military invasion of China in the early 20th century and of a possible invasion by the U.S. in late 1950. Chinese leaders and analysts continue to refer to the relationship between China and North Korea as being one of “lips and teeth:” if the Korean “lips” are gone, then China’s “teeth” will get cold. Therefore, Beijing will not push Pyongyang too hard to comply with Washington’s demands, because these may cause Pyongyang’s collapse.

Many experts contend that if North Korea possesses nuclear weapons it will trigger an arms race in North East Asia. China, however, may think that the tacit extension of the U.S. nuclear umbrella would dissuade South Korea and Japan from acquiring nuclear weapons even if North Korea ultimately demonstrates a confirmed nuclear capability.

THE REPUBLIC OF KOREA (ROK)

Similarly, the ROK’s interests overlap in significant ways with those of the U.S., but they are not identical. Although the ROK recognizes that nuclear weapons in the North Korea would destabilize the Korean Peninsula as well as the North East Asian region, it is reluctant to
support the Bush administration's hard-line policy, which could lead either to a conflict or the collapse of Kim regime.

Because of its experience between 1950 and 1953, the ROK fears another Korean War and its likely devastating effects. The economic consequences of collapse also cause much concern, particularly since Seoul is very familiar with the German example of reunification. The National Unification Board has estimated that the cost of Korean reunification could be between $200-500 billion over 10 years. The board predicts that, of this amount, the ROK would have to pay between 70-85%.\textsuperscript{13} In part because of these factors, the ROK adopted an engagement policy in order to lead North Korea to a "soft-landing" rather than a "hard-landing."

There had been some previous efforts to reduce tensions between the two Koreas;\textsuperscript{14} however, former President Kim Dae-jung's Engagement Policy on North Korea, known as the "Sunshine Policy," marked a fundamental policy shift toward North Korea. Under the Kim formulation, the ROK forswore any intent to undermine or absorb the North and pursued increased official and unofficial North-South contact.\textsuperscript{15} This engagement policy was continued when the Roh Moo-hyun administration assumed office in February 2003. The Roh administration designated "pursuit of peace and prosperity with North Korea" as the first priority in executing its national security strategy, by describing that "the priority goal of the government's policy of peace and prosperity is to achieve stable inter-Korean relations based on peaceful coexistence, reconciliation, and cooperation.\textsuperscript{16}

The ROK has consistently termed a nuclear North Korea as unacceptable. However, because of the aforementioned concern about conflict or collapse of the Kim regime, the ROK is very cautious about forceful actions including settlement through the U.N. Security Council, economic sanctions or blockade, the Proliferation Security Initiative (PSI), or military actions.

JAPAN

Shortly after the Koizumi-Kim summit in September 2002, Japan-North Korea normalization talks stalled due to two developments. The first was North Korea’s October 2002 reported admission to U.S. officials that it has a secret uranium enrichment program. The second issue was popular outrage in Japan at Kim Jong-il’s admission that North Korea had kidnapped thirteen Japanese in the 1970s and 1980s, and the revelation that eight had died since their abductions.\textsuperscript{17}

To resolve these issues, Japan would prefer a gradual diplomatic approach that avoids a military confrontation. Japan’s objective is not to overturn the regime in North Korea but to gradually change the nature of its political and economic systems.\textsuperscript{18} Most important, Japan has
told North Korea that if North Korea abandons its nuclear programs and cooperates on the abduction issue, it would offer a large-scale economic aid package to compensate for the Japanese occupation of the Korean Peninsula from 1910 to 1945.19

On the other hand, Japan arguably has been North East Asia’s strongest supporter of the Bush Administration’s policy of pressing North Korea to abandon its nuclear program. Although Japan shares the objections of other regional states to the use of preemptive military force, it is more willing than the ROK, China, and Russia to support coercive diplomatic measures against Pyongyang.20

Although the Korean Peninsula has historically been critical to Japanese national interests due to the peninsula’s geographical position, Japan’s recent Korea policy has been characterized as a mix of “strategic caution” and “opportunistic policy.”21 Japan’s future policy toward North Korea will also most likely combine dialogue and coercive diplomatic measures, with a decided tilt to the former.

RUSSIA

As a close ally of North Korea for 45 years and a country now enjoying good relations with both Koreas, Russia has significant economic, political, and strategic interests on the Korean Peninsula. There are thousands of North Korean workers in the Russian Far East, Russo-North Korean trade relations are improving, and there are ambitious projects to establish economic links with South Korea using North Korean territory to transship natural gas southward and to connect Asia with Europe through the Trans-Siberian railroad. Russia is therefore highly concerned about the recent turn of events on the Korean Peninsula.22

As a senior Russian officer noted, “We have to think of preventive measures to defend our interests and … to defend our populations in territories contiguous to Korea in case of a serious conflict in that region.”23 A key motive behind Russia’s approach, similar to those of China and South Korea, is to prevent hundreds of thousands of starving North Korean refugees from flooding into its territory as a result a sudden collapse of North Korean government or the initiation of military hostilities. President Vladimir Putin has repeatedly reiterated Russia’s “steadfast and unchangeable” opposition to North Korea having nuclear weapons.24 However, Moscow favors negotiations to settle issues with North Korea.
UNITED STATES’ STRATEGIES ON THE NORTH KOREA NUCLEAR ISSUE

THE AGREED FRAMEWORK

Early in his first term in office, President Clinton grappled with North Korea’s nuclear weapons program. After many months of tedious negotiations, the first U.S.-North Korea political agreement was signed in October 1994. The Clinton Administration hailed the Agreed Framework as an historic opportunity to end the state of war that has lasted on the Peninsula since the 1953 Korean War cease-fire.25

This agreement basically called for a three-phased resolution of the North Korean nuclear program. In the first phase, which could take as long as five years, North Korea would pledge not to refuel its 5MW reactor at Yongbyon and stop building the two larger reactors. North Korea also agreed to keep the 8,000 spent fuel rods in their cooling ponds and allow the International Atomic Energy Agency (IAEA) to inspect them. In return, the U.S. and its allies indicated they would begin constructing two Light-Water Reactors (LWRs) at a cost of approximately $4 billion. During the time the LWRs were under construction, the U.S. would provide 50,000 metric tons of heavy oil for heating and electricity annually. During the second phase, predicted to begin in about five years, North Korea would allow IAEA inspections of the two suspected nuclear waste sites at Yongbyon and Taechon in order to clarify how much plutonium North Korea had processed previously. In return, the U.S. and its allies would complete work on the first LWR and bring it on-line. In the final phase, which would take several more years, North Korea would dismantle the 5MW, 50MW, and 200MW reactors as well as the radiochemical laboratory and the fuel fabrication plant. In return, the second LWR would be completed and brought on-line.26

During talks with the North in 1993 and 1994, many U.S. policymakers spoke of an alternative “package deal” under which Pyongyang would reap substantial rewards for giving up its nuclear weapons ambitions. The key to this proposal was real linkage between North Korea’s actions and reciprocal incentives including a generous trade and aid package from the U.S., ROK, Japan, and other concerned parties. This would resolve the most critical issue and enable the pursuit of a lasting peace on the Peninsula. Instead of emphasizing this comprehensive economic solution, the Clinton administration advanced its plan to construct power plants. What the North desperately needed was financial assistance and economic reform, not the prospect of enhanced electric power capabilities ten years hence. What the U.S. urgently needed was an unambiguous end to the North’s nuclear threat and rapid tension reduction in Korea.27
If the U.S. and its allies had provided a reasonable package while encouraging North Korea’s economic and political reforms following China’s example, the possibility of success of the Agreed Framework might have been enhanced. Although the nuclear issue was the most acute problem on the Korean peninsula at the time, the solution should have covered not only the nuclear issue but also North Korea’s political and economic reforms and conventional arms reductions.

BUSH ADMINISTRATION’S STRATEGY AND 6-PARTY TALKS

As discussed earlier, the Bush administration has maintained two basic principles to resolve North Korea nuclear issue; the first is the complete, verifiable, and irreversible dismantlement of the North Korea’s nuclear programs and, second, that the diplomatic format for achieving that outcome must be a multiparty framework.

Three rounds of 6-party talks have been held since August 2003. During the first two sessions, in August 2003 and February 2004, the U.S. maintained a hard-line policy, demanding that North Korea accept “complete, verifiable, irreversible dismantlement” first. However, there was a change in the U.S. policy toward North Korea during the third round of 6-party talks in June 2004. The Bush administration laid out its first detailed step-by-step proposal for resolving the nuclear issue since taking office.

Under the U.S. proposal, as a first step, North Korea would provide a complete listing of all its nuclear activities, freeze all of its nuclear activities, permit the securing of all fissile material and the monitoring of all fuel rods, and permit the publicly disclosed and observable disablement of all nuclear weapons/ weapons components and key centrifuge parts within three months. As North Korea carries out its commitments, some corresponding steps by the other parties would occur. These would include: the provision of heavy fuel oil to North Korea by the non-U.S. parties; provisional multilateral security assurance; the commencement of a study to determine North Korea’s energy requirements and how to meet them with non-nuclear energy programs; and the beginning of discussions to lift remaining economic sanctions on North Korea and to remove North Korea from the List of State Sponsors of Terrorism.28

Even though there was a moderation of the U.S. policy toward North Korea at the third round of the 6-party talks, the U.S. proposal was not attractive enough to persuade North Korean leaders to choose it as an alternative.29
ASSESSMENTS

Narrowly Defined Ends

What U.S. officials do not wish to admit is that Pyongyang’s nuclear program is a logical, perhaps even inevitable, response to the U.S. foreign policy. The Bush administration has identified “the complete, verifiable, and irreversible dismantlement of North Korean nuclear programs” as the strategic objective (end). This narrowly defined end has led U.S. leaders to push Pyongyang to abandon its nuclear programs. In contrast to the U.S. intention, U.S. behavior may have inadvertently created a powerful incentive for nuclear weapons proliferation. As discussed earlier, North Korea seems to have concluded that nuclear weapons are the only way of guaranteeing its regime survival as long as the U.S. continues its hard-line policy.

Ineffective Ways

The Bush administration has preferred a multiparty diplomatic framework and expected China to play a leading role to solve the North Korea nuclear issue successfully. This expectation is grounded in the assumption that Beijing actually has significant influence with Pyongyang, is willing to use it, and shares the same policy priorities on Pyongyang as does Washington. However, China’s interests are not identical to those of the U.S. Although Washington’s aim is to prevent Pyongyang from possessing and proliferating nuclear weapons, Beijing’s top priority is ensuring Pyongyang’s survival. As long as this is the case, Beijing’s influence seems to be merely latent because it will not apply direct pressure on Pyongyang.

Furthermore, all surrounding countries (the ROK, China, Japan, and Russia) are averse to supporting the Bush administration’s hard-line policy because of each country’s different interests from the United States.

Inadequate Means

As a method of complete, verifiable and irreversible dismantlement of North Korean nuclear programs, the Bush administration has advocated an emulation of the Libya case—a fundamental decision to abandon its nuclear programs. In the third round of the 6-party talks, the U.S. suggested some incentives. However, the U.S. proposal was not attractive enough to persuade North Korean leaders to choose it as an alternative to their present risky path.

As analyzed above, the current U.S. strategy on the North Korea nuclear issue is in danger of failure because of the imbalance between ends, ways, and means. A fundamental reassessment of these elements is required, and must be based upon a realistic appraisal of the situation in North East Asia and the interests of the six parties.
A NEW PROPOSED STRATEGY FOR NORTH KOREA

What options are available for the U.S. to solve the North Korea nuclear issue?

A precision military strike, emulating Israel’s successful 1981 raid on Iraq’s Osirak reactor, can be an option. However, the successful locating and targeting of all nuclear weapons, facilities, and fissile material stocks are unlikely because all of North Korea’s nuclear facilities are not identified and some of them are located in underground facilities. Also, the risk is too high that war would erupt on the Korean Peninsula; such a conflict could also escalate to other countries including the U.S.

Containment married with diplomatic pressure can be another option. To contain North Korea, a number of measures are available to the U.S. and the international community including a UN Security Council resolution, imposing economic sanctions, and increasing counter-proliferation actives aimed at Pyongyang. However, it is unclear whether China, Russia, and the ROK would support such efforts.

The only realistic option is negotiation. A firm and tough strategy matched with concrete incentives is needed to change Pyongyang. The right incentives are not bribes; they are catalysts to reform.\textsuperscript{33}

To pursue the new strategy the U.S. needs to reestablish its strategic ends, ways, and means as a first step. Once the U.S. sets up its new strategic ends, ways, and means, it needs to build a consensus among the other parties (the ROK, China, Japan, and Russia) and lead them to execute the new strategy collectively in order to persuade North Korea to accept it. Considering the complexity, requirements, and duration required to solve the North Korea nuclear issue, it would be prudent to solve this issue in step-by-step manner.

REESTABLISH STRATEGIC ENDS, WAYS, AND MEANS

The narrowly defined ends brought unintended consequences, thus providing North Korea a powerful incentive to pursue nuclear weapons. What should be the desired end-state of the U.S. and its allies’ strategy toward North Korea?

North Korea has insisted that as long as the U.S. continues its hostile policy toward North Korea the nuclear question cannot ever be resolved.\textsuperscript{34} Considering North Korea’s insistence and long-term U.S. interests in maintaining regional stability, the desired end-state of the strategy on North Korea should be to prevent it from acquiring nuclear arms as well as inducing it to become a responsible member of international society.

To accomplish these ends which ways should the U.S. and its allies adopt? The U.S., in concert with the ROK, China, Japan, and Russia, should propose a conditional comprehensive
package deal to North Korea, including a broad and long-term road map for future relations. North Korean leaders are not likely to find the vision or courage to make significant changes on their own. If there is to be progress, Washington has to convince North Korea to change its ways, instead of relying upon Pyongyang’s unilateral reform or effective Beijing pressure on the Kim regime.

To induce Pyongyang successfully, the means must be attractive enough to convince the North Korean leaders there is an alternative to their present risky path. The package would also include a number of demands on Pyongyang.

DEVELOP AND NEGOTIATE A CONDITIONAL COMPREHENSIVE PACKAGE

Based on the reestablished strategic ends, ways, and means, the U.S., in concert with the ROK, China, Japan, and Russia, would develop a conditional comprehensive package to negotiate with North Korea. North Korea would: completely, verifiably, and irreversibly dismantle its nuclear programs; dismantle its ballistic missile programs; cooperate to solve the Japanese abductees issue successfully; reduce its conventional forces in a step-by-step manner; and reform its economy by following China’s example.

In return, the five parties would: implement a “6-to-12 month provisional security guarantee,” which would become more enduring as the process proceeded; state and demonstrate their willingness to accept the continued existence of the Kim Jong-Il regime; establish normalization of diplomatic relations between North Korea and the U.S., ROK, and Japan; provide economic support for North Korea including food and energy assistance through an international consortium; and facilitate North Korea’s access to international financial institutions.

If the U.S. explains the new conditional comprehensive package deal to the regional countries, it would most likely receive their support and cooperation because the idea is basically identical to the regional countries’ approach. Negotiation with North Korea will be conditional and executed in a limited period of time (6-12 months) to hedge against North Korea’s delaying tactics and to limit its ability to increase its nuclear capabilities while negotiations proceed.

RECIPROCAL STEP-BY-STEP EXECUTION

Security Guarantee and Nuclear Freeze

North Korea has demanded a security guarantee as a precondition for solving the North Korea nuclear issue. As the first step, the U.S., in concert with the ROK, Japan, China, and
Russia, would provide a 6~12 month “provisional security guarantee” as well as immediate energy and food assistance. During this time, under the verification and supervision of international inspectors, North Korea would freeze its nuclear programs and ship nuclear weapons as well as nuclear materials to one of the five nuclear-weapons states by following the Ukraine or Kazakhstan example. For political and geographical reasons, either Russia or China might be a good destination for the North Korean weapons and fissile material.

After removing the nuclear weapons, the next priority is to ship the spent fuel rods out of North Korea. Since it takes a relatively short period of time to transform spent fuel into weapon-useable fissile material, the spent fuel rods provide a powerful means of blackmail as long as Pyongyang holds them. Again, either Russia or China would be a good destination because both countries have facilities to reprocess spent fuel removed from the graphite-moderated reactors.

**Diplomatic Normalization and Nuclear Facility Closure**

Once the transfer of nuclear weapons and materials to Russia or China has begun, the U.S. would normalize diplomatic relations, remove North Korea from the list of state sponsors of terrorism, and lift trade sanctions. Similarly, the ROK and Japan would establish diplomatic relations with North Korea. Simultaneously, in return, North Korea would close all nuclear facilities under international supervision.

In order to decommission the North’s graphite-moderated reactors and related facilities, three stages of decommissioning process can be applied. Stage 1 (safe storage with surveillance) requires the removal of all spent fuel rods, the blocking and sealing of selected mechanical and hydraulic systems, and full-time surveillance of the nuclear reactors or facilities. Stage 2 (cocooning) is accomplished by reinforcing the contamination barrier after dismantling all parts except the core and shields. Stage 3 (unrestricted site use) is completed when all materials, equipments, and parts of the plant are removed and contamination is reduced to an acceptable level for unrestricted usage of the site.

Given the enormous costs and time-consuming nature of the Stage 2 and 3 processes, one reasonable option is to store the North’s graphite-moderated reactors and related facilities with surveillance (i.e., Stage 1) for an extended period. For nonproliferation purposes alone, Stage 1 is sufficient, and Stage 2 and 3 could be delayed until conditions are appropriate.

Technically, North Korea and the U.S., as a leading nation of the United Nations Forces during the Korean War, are in a state of war. To end a state of warfare and normalize
relations between two countries, a peace treaty is the most common method. However, there is a complicating legal issue in that there was no official declaration of war between the two countries. To address this issue, the U.S. and North Korea can use the ROK and China normalization example. When South Korea and China normalized relations in August 1992, China’s position was that it had battled against the United Nations, not South Korea.\(^{41}\) The ROK and China ended an implicit state of war between them with a joint statement that the two sides “agree to develop a lasting good-neighbor and friendly relationship,” thus implying that the state of undeclared war between South Korea and China was terminated.\(^{42}\)

To normalize diplomatic relations between the two Koreas, a new peace regime which replaces the 1953 Military Armistice Agreement (MAA) would be needed. The ROK and U.S. governments would jointly propose four-party peace agreement talks among the two Koreas, China, and the U.S. The two Koreas, as principal parties, would sign the peace treaty and the U.S. and China would support and endorse it. At the same time, the two Koreas would normalize their relations.

**Economic Aid and Conventional Force Reduction**

Once diplomatic relations have been normalized, the U.S. and its allies would demand the dismantlement of North Korea’s ballistic missile programs and reduction of conventional forces on the peninsula in a step-by-step and reciprocal fashion. Conventional arms control has been an important issue on the Korean Peninsula for decades. The border between North and South Korea is the most heavily fortified in the world, with nearly two million troops along both sides of the 155-mile Demilitarized Zone (DMZ). North Korean forces deployed near the DMZ not only have the potential to cause massive destruction in the event of war, but also give Pyongyang inordinate bargaining leverage in any crisis or negotiation.\(^{43}\)

North Korea is the most militarized country in the world. Pyongyang has 1.17 million active personnel with a reserve force of over 7.45 million, making it the world’s fifth-largest military force.\(^{44}\) Although estimates vary, North Korean military spending equals at least 25 percent of its Gross Domestic Product (GDP), higher than any other country.\(^{45}\) North Korea’s high level of military spending is a misallocation of resources that blocks meaningful economic reform and prevents the regime from meeting the needs of the North Korean people.

In order to reduce tension between the two Koreas, and to correct the misallocation of North Korea’s resources, the ROK and U.S. would model the NATO-Warsaw Pact Conventional Forces in Europe Treaty and propose fifty-percent cuts in heavy weaponry on the Korean Peninsula including missiles and chemical and biological weapons programs.
The U.S. military presence in Korea issue would also be included in the negotiation. North Korean positions in the conventional arms control area have traditionally called both for reductions in South and North forces and for the withdrawal of U.S. forces from the peninsula. However, it is unclear where North Korea genuinely stands on the question of U.S. military presence in Korea. In a number of private conversations, including during President Kim Dae-jung’s visit to North Korea in June 2000, Kim Jong-il has indicated that U.S. troops might play a future stabilizing role on the peninsula, even after unification. North Korea may be willing to accept the presence of U.S. Forces in Korea (USFK) if there is a fundamental improvement in U.S.-North Korea relations and if basic changes are made in the size, composition, and role of those forces.\(^46\) Once diplomatic relations are established as the result of the successful execution of this package deal, and once a USFK reduction plan is explained to North Korea (e.g., reduction to 25,000 by 2008; 12,000 by 2010), the possibility of North Korea’s acceptance would be raised.

As the dismantlement of North Korea’s ballistic missile programs and the reduction of both sides’ conventional forces begin, the allies would also begin to provide considerable amounts of economic support. This economic aid should be viewed as a development program following the example of the U.S.-led effort to help the ROK and Taiwan decades ago. Annual aid level would be roughly $2 billion (not counting aid for humanitarian purposes, energy projects, or arms control activities) for a decade.\(^47\) The majority of this aid would be provided by Japan, the ROK, China and, conceivably, other international actors such as the European Union, the United Nations, the World Bank, and some additional countries.

During the August 2003 6-party talks in Beijing, Japan expressed its intention to offer a large-scale economic aid package to compensate for the Japanese occupation of the Korean Peninsula from 1910 to 1945. When the ROK and Japan normalized its relations in 1965, Japan provided $800 million to the ROK as a compensation for the damages suffered during colonial era.\(^48\) This compensation money greatly contributed to the First Five-Year Economic Development Plan (1962-1966) as well as the Second Five-Year Economic Development Plan (1967-1971).\(^49\)

The ROK Government has been very actively engaged in expanding economic exchanges with North Korea since the 2000 summit. A groundbreaking ceremony was held at the Kaesong industrial park on 20 October 2004. The complex is on schedule to open in 2005, with a pilot project of nineteen South Korean companies.\(^50\) Once the investment conditions are set, other similar industrial projects would be easily expanded throughout North Korea because there is an emerging consensus that North-South economic cooperation can be mutually beneficial.
China’s help would include not only materials but also technical support and assistance based upon China’s experiences in such matters as creating special economic zones and gradually liberalizing within the context of a command economy and a communist political system. Even though the majority of the aid would be provided by Japan, the ROK, and China, the U.S. should also help North Korea largely as a sign of its sincerity. Most of the economic aid from the outside countries would not be provided in the form of cash; additionally, funding would be disbursed annually according to an economic reform master plan in order to retain leverage over Pyongyang.

CONCLUSION

Some insist that any further offer of aid to North Korea is a reward for blackmail. However, as discussed earlier, a conditional comprehensive package deal is the only viable option, and this option would demand that North Korea comply with stringent conditions in a reciprocal manner.

There are some expected risks in implementing this strategy. First, North Korean leaders have decided that nuclear weapons are essential to their security. If this is the case, North Korea will use delay tactics while asking for more incentives or denying negotiations until it secures enough nuclear capability to deter.

To mitigate this, as discussed earlier, the U.S. would develop the comprehensive package in concert with the ROK, China, Russia, and Japan which would place more pressure on North Korea to cooperate. Within six-to-twelve months, negotiations would be completed, North Korea’s nuclear program will be frozen, and control will be gained over its nuclear weapons and materials. If the U.S. and remaining parties are unable to reach an agreement with North Korea within the time specified, the U.S. would lead sanctions, with the support of the neighboring countries, starting with modest steps for a limited period of time before the imposition of stricter sanctions. This would allow North Korea to see the collective will of its neighbors and reconsider its negotiating position.

A second concern is that the package deal could be perceived as a bad example that rewards nuclear blackmail and inspires future nuclear proliferation. To overcome this perception, Japan, the ROK, and China would provide the majority of the economic aid and emphasize that, instead of being a payoff for extortion, the aid is primarily targeted at North Korea’s humanitarian needs and positive economic reform.

Third, there is a considerable possibility that the execution of the package deal could generate instability in North Korea, either because it is opposed by North Korean hardliners
because it eventually results in rising expectations among the North Korean people. It would be necessary for all six parties, including North Korea, to coordinate closely to prevent and prepare for this kind of instability by adjusting both the speed of North Korea’s reforms and the amount of annual aid that is provided.

The above three risks appear to be acceptable and manageable for the U.S., especially when one considers the larger risks that are posed by its current strategy. By muddling along on the North Korea nuclear issue, the U.S. has embarked on a game of “chicken” that has let this deadly problem become increasingly acute. Moreover, this crisis has contributed to the weakening of an America’s global leadership that is already in question from the clumsiness of Operation Iraqi Freedom. With the prosecution of the war in Iraq, the Bush administration created the perception of an imperialist bully wielding power unilaterally to pursue self-interests, and severely hurt America’s long-standing image as a nation that wants to create a better world.51 The U.S. can use the North Korean nuclear challenge to enhance its credibility as the world’s leader. If the U.S., in close partnership with the countries of North East Asia, resolves North Korea issue successfully, it will greatly contribute to the recovery of its global leadership role.

WORD COUNT = 5,938
ENDNOTES


4 With Soviet help, the North Korea nuclear program began in the 1960s. Analysis reveals that North Korea’s initial purpose in starting strategic weapon development was to deter a Republic of Korea-U.S. attack against it and secure a “final weapon” to maximize its national status and prevent the U.S. from reinforcing its troops if war broke out. During the Korean War (1950-1953), the United States threatened several times to use nuclear weapons. The fact that North Korea was threatened with nuclear weapons during the Korean War, and that for decades afterwards U.S. nuclear weapons were deployed in the South Korea, may have helped to motivate former North Korea President Kim Il-sung to launch a nuclear weapons program of his own.

In the late 1980s and early 1990s, North Korea’s intention to pursue strategic weapons was reinforced because of its extended economic depression. The overall economic depression in North Korea in the late 1980s and early 1990s had considerable impact on the defense sector. As North Korea endured more than a 40% reduction of its Gross National Product (GNP) since the late 1980s reduction in the military budget was inevitable. The military budget cutback was accomplished by substituting strategic weapons development for conventional force increases, reducing the number and scale of military exercises, and delaying the military build-up and equipment replacement. Although North Korea’s armed forces were still twice the size of South Korea’s, the long-standing North Korean military superiority in conventional forces was gradually being eroded. As the military balance slowly shifted against North Korea it appeared “going nuclear” as a way of keeping a military edge. North Korea had accelerated the pace of development of strategic weapons such as nuclear arms and missiles in this period. Choo-suk Suh, "North Korea’s "Military-First" Policy and Inter-Korean Relations," The Korean Journal of Defense Analysis, Vol. 14, No.2 (Fall 2002): 178-180.

5 The United States was slow to implement its commitments under the Agreed Framework. The Clinton administration was so intimidated by Congressional opposition to the Agreed Framework, the President never asked Congress for even a token U.S. financial contribution to the reactor project. Not until August 1977 were there firm plans for construction of the light-water reactors, and it was not until December 1999 that the final contract was signed by the Korea Energy Development Organization (KEDO). That meant that the first reactor could not be completed until at least 2007-- some four years behind schedule. These types of delays may have intensified North Korean suspicions about U.S. duplicity. Ted Galen Carpenter and Doug Bandow, The Korean Conundrum--America’s Troubled Relations with North and South Korea (New York: Palgrave Macmillan, December 2004), 49-50.

7 In his 2002 State of the Union address, President Bush explicitly condemned North Korea as part of an “axis of evil.” Moreover, Bush subsequently stated, “I loathe Kim Jong-il. I have a visceral reaction to this guy because he is starving his people.” Although he did not explicitly call for forcible regime change, Bush added that he did not understand how the world continued to “coddle” Kim’s regime. Carpenter and Bandow, 73.

8 Ibid.

9 The current situation presents Pyongyang with a number of interesting opportunities. Not only can it explore the possibility of reaching a diplomatic solution or going nuclear and then returning to the negotiating table, Pyongyang can also use the current tensions to drive a wedge between Washington and Seoul. Wit, 6.

10 If North Korea possesses nuclear weapons it would justify South Korea’s and Japan’s development of nuclear weapons. Furthermore, it could stimulate Taiwan to develop nuclear weapon—the last thing in the world Beijing wants to occur.

11 Xu Weidi, “Resolving the Korean Peninsula Nuclear Crisis and Moving the Korean Peninsula Out of the Cold War,” Shijie Jingjiyu Zhengzhi, 16 September 2003, in FBIS-CHI.


14 Before President Kim’s Engagement Policy, there had been some movement between South and North Korea to reduce tension between the two Koreas. When all of the world’s communist countries besides Cuba refused to honor North Korea’s call to boycott the Seoul Olympics in 1988, President Roh Tae-woo (Feb1987-Feb1993) seized on the opening to pursue détente with the Communist bloc. Roh launched a series of moves collectively known as “Nordpolitik.” By the end of his term, he had established diplomatic relations with both the Soviet Union and China, achieved joint admission for both Koreas into the United Nations, and signed the first-ever direct agreement between North and South Korea in 1992, although its terms have never been implemented. The cumulative effect was to make “peaceful coexistence” with the North politically acceptable within South Korea for the first time.

15 This is not a two-Korea policy. The engagement policy is a method to achieve a peaceful reunification of the Korean Peninsula (one-Korea policy) in the long term. To accomplish a peaceful reunification, the two Koreas must first develop inter-Korean relations with peaceful coexistence and later achieve national unification.


19 During the August 2003 6-party talks in Beijing the Japanese delegation reportedly reiterated its position that significant aid would be forthcoming if North Korea abandoned its nuclear program and cooperated on the issue of Japanese citizens kidnapped by North Korean agents in the 1970s and 1980s. Manyin, 1.

20 Ibid.


23 Ibid., 3.


26 Berry, Jr., 30-31.

27 Plunk, 6.


29 North Korea reacted to the U.S. proposal by characteristically demanding more energy assistance, more time for implementation, greater security assurances, and more incentives of other kinds. However, it expressed willingness to “compromise” and “show flexibility” on the U.S. proposal if the Bush administration increases the incentives and specifically gives energy aid of its own. Donald G. Gross, “U.S.-Korea Relations: Strains in the Alliance, and the U.S.

30 Carpenter and Bandow, 72.

31 Scobell, 25.

32 Kelly, “Ensuring a Korean Peninsula Free of Nuclear Weapons.”


35 In the mid-1990s, Ukraine, Belarus, and Kazakhstan transferred about 8,000 former Soviet nuclear warheads deployed in their territories to Russia. In return, the three countries received security assurances from Russia, the United Kingdom, and the United States. Duk-ho Moon, “North Korea’s Nuclear Weapons Program: Verification Priorities and New Challenges,” *Cooperative Monitoring Center Occasional Paper*, no. 32 (December 2003): 20-21.


38 KAERI, *op. cit.*, estimates that completing 3 stages of one reactor would require more than $100 million. Moreover, because North Korea has no facilities, a third country should be involved in disposition program of radioactive wastes.

39 Moon, 26.

40 At the end of the Korean War the Korea Military Armistice Agreement (KMAA) was signed on July 27, 1953 by General Mark W. Clark, Commander in Chief of the United Nations Command, and military representatives from North Korea and China. The KMAA is still effective today.


On June 22, 1965, Japan and South Korea signed a Treaty of Basic Relations, normalizing relations between the two countries for the first time since Japan annexed the Korean peninsula in 1910. As part of the final settlement, Japan agreed to provide South Korea with a total sum of $800 million, which consisted of: (a) an outright grant of $300 million, to be distributed over a 10-year period; (b) a $200 million loan to be distributed over a 10-year period and repaid over 29 years at 3.5% interest; and (c) $300 million in private credits over 10 years from Japanese banks and financial institutions. Manyin, 16.

The Republic of Korea’s economy grew rapidly under President Park. President Park launched four five-year economic development plans: the First Five-Year Economic Development Plan (1962-66), the Second (1967-71), Third (1972-76), and Fourth (1977-81).
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