The Obama Administration's Korea Policy and the Prospects for the Denuclearization of North Korea

Larry A. Niksch, Ph.D.¹
Georgetown University

Abstract

Since early 2009, North Korea's several provocations and the hardening of its negotiation position on the nuclear issue have made Obama Administration officials pessimistic about the prospect of achieving progress toward the denuclearization of North Korea. The Administration has conditioned a return to six party nuclear talks (which North Korea broke off in April 2009) on North Korea taking prior steps to demonstrate a commitment to carry out past nuclear agreements of 2005 and 2007. However, North Korean military provocations against South Korea in 2010 and pressure from China have created sentiment in the State Department that negotiations should be resumed. If six party talks do resume, the United States and South Korea will need to test immediately North Korean intentions on two issues: verification-inspections and nuclear proliferation (especially with Iran). The reality, nevertheless, is that time is running out for negotiations on denuclearization. North Korea is close to developing nuclear warheads that it could mount on its missiles. Once Pyongyang has achieved that fundamental strategic-military goal, it never will give up its nuclear weapons capabilities. The United States will have to fashion a new strategy toward North Korea, emphasizing stepped-up military deterrence, increased communications with North Korea in order to manage nuclear crises, and attempting to change North Korean policies on non-nuclear issues.

Keywords: strategy for regime survival; economic crisis; reject economic reforms; forced poverty; military first policy; nuclear collaboration; Iran; nuclear warheads; uranium enrichment; China's cooperation; verification and inspections; non-nuclear strategies; Chinese-style; economic reforms; enhanced deterrence
Since the beginning of 2009, a series of North Korean provocative acts have led to growing doubts about the ability of the United States and other members of the six party nuclear talks to achieve a negotiated end to Pyongyang's nuclear programs. Such doubts are held by the great majority of U.S. experts on North Korea. As this article points out, the doubts also are embodied in the Obama Administration "strategic patience policy" toward North Korea. This pessimism is shared by many experts in Japan and South Korea. Even some Chinese experts on North Korea have expressed similar doubts. Nevertheless, in the wake of the North Korean artillery shelling of a South Korean island in the Yellow Sea in late November 2010, some Korean experts and political commentators have called on the Obama Administration to activate nuclear negotiations with North Korea, apparently believing that renewed talks will soften North Korea's bellicose behavior and actions. Several top officials within the Obama Administrations also argue that the Administration should make a heightened effort to resume nuclear talks, and China continues to call for a resumption of these six party talks.

The context of resuming nuclear negotiations, however, is different from the situation at the end of 2008 when the six party talks ceased. North Korea's negotiating positions have hardened considerably since then. North Korea revealed the existence of a 2,000 centrifuge uranium enrichment plant to U.S. nuclear expert Sigfried Hecker; Hecker described the plant as modern and sophisticated and close to capable of producing enough highly enriched uranium for one atomic weapon annually. U.S. officials reportedly concluded that North Korea's uranium enrichment program was more advanced than the Iranian program. Relatedly, U.S. and South Korean officials stated in 2010 that North Korea was nearing the achievement of a major military-strategic objective: producing a nuclear warhead that could be mounted on North Korean missiles; in short, a real nuclear weapons delivery capability.

In 2010, North Korea committed major provocations against South Korea. The sinking of the Cheonan and the shelling of Yeonpyeoung Island brought North and South Korea to the brink of war on December 20 and 21. The provocations also have heightened South Korean diplomacy on the issue of resuming nuclear talks. In addition, these events showed China to be uncooperative toward U.S. and South Korean diplomatic efforts to have the United Nations Security Council censure North Korea. In late 2010 and again in 2011, North Korea has waged a
major diplomatic and propaganda campaign to persuade and pressure the United States and South Korea to extend a new round of food aid to North Korea. Finally, a succession process now is in place in North Korea with a regime transition likely in the next few years.

This new context raises several issues which U.S. policymakers ought to prioritize in their analyses and policy formulation. One is the need for a new U.S. negotiating agenda and strategy in any future nuclear talks. A second is the need to reassess the structure of nuclear talks, whether the six party structure is the best structure to produce the highest chance of progress in the future. A third is to realize that a North Korean achievement of a nuclear warhead capability will alter the nuclear issue in fundamental ways and will necessitate a total reshaping of U.S. policy toward North Korea. A fourth is to examine the tensions between North and South Korea and the food aid issue from the perspective that these issues necessitate a shift in the U.S. policy priority of concentrating almost solely on the nuclear issue.

These issues have added relevance due to the heightened doubts as to whether there are realistic prospects for negotiating a cessation of North Korea's nuclear programs. Is North Korean denuclearization "a bridge to far" for the United States and its allies? But even if this is so, would the act of negotiating with North Korea change Pyongyang's behavior for the better for a meaningful length of time?

The Formidable Obstacles to North Korean Denuclearization

Four factors in North Korean policy which present formidable, probably insurmountable, obstacles to the United States and its allies in realizing their objective of negotiating an abandonment by North Korea of its nuclear weapons programs. They are: (1) the importance of nuclear programs in Kim Jong-il's regime survival strategy; (2) the powerful hold the North Korean military has over the nuclear programs; (3) the multiple nature of Pyongyang's nuclear programs; and, (4) North Korea's hardening negotiating positions, especially since January 2009.

The Regime Survival Strategy

Nuclear programs play multiple roles in Kim Jong-il's strategy for maintaining the North Korean regime. Maintaining the regime has a specific definition in Kim's thinking: continuing the regime in the Stalinist mode created by his father after World War II. This goes beyond the value of nuclear weapons for military power. Increasing
military power clearly was Kim Il-sung's rationale for beginning the nuclear program. By the time of his death in 1994, plutonium production was in place. The Central Intelligence Agency estimated in 1993 that North Korea had produced enough plutonium for one or two atomic bombs. Kim Il-sung's motives and policy objectives for the nuclear program appear to have been primarily: to give North Korea greater flexibility to pursue options for using military force against South Korea and to deter and limit the U.S. military response to a North Korean attack on South Korea. An important context for his motives and policy objectives was the still strong North Korean armed forces of over one million with a continued supply of arms and military technology from the Soviet Union.

A crucial change in these motives and policy objectives occurred when Kim Jong-il succeeded his father in 1994. Nuclear weapons became a central element in Kim Jong-il's strategy to realize key non-military goals. These goals were crucial to Kim in response to the acute economic crisis which he faced after 1994, the political dangers to his rule as a result of the economic crisis, and the haunting specter of the collapse of communist regimes in the Soviet Union and Eastern Europe. It could be accurately described as a regime survival strategy.

Kim Jong-il's strategy and policies have been cynical but effective as a regime survival strategy. They began with his decision to reject the kind of economic reforms that China and Vietnam had instituted. In the 1996-1998 period, he turned aside proposals to begin economic reforms. A number of officials in favor of reforms reportedly were purged. Kim opted to preserve the Stalinist economic system that he inherited from his father, one based on government control over industry and agriculture, a state rationing system as the main means of distributing goods, and controls over wages and prices. And like the Soviet system, Stalinist economic controls were important in maintaining the absolutist communist political system.

The economic policy changes of the 2002-2005 period, called by some the "Reformative Phase," could have been an opening to reforms, but the regime's allowance of quasi-private consumer markets and use of foreign currency proved to be a tactical adjustment rather than a move toward real reform. Market practices were never legalized. After 2005, the government began a concerted campaign to roll back the tactical "reforms." It placed new restrictions on the quasi-private markets, which resulted in closing down many of them. Outright confiscation of food
from farmers on the collective farms increased, often carried out by the North Korean military. In late 2009, the regime revaluated the North Korean currency, ordered confiscation of people's savings, and imposed new controls over the use of foreign currency.

Even during this "Reformative Phase," Kim Jong-il retained his fundamental opposition to economic reforms. His policies were similar to the "Khruschevism" of the Soviet Union in the late 1950s when Nikita Khruschev lessened some of Stalin's controls but never crossed the bridge to dismantling the system.

Kim's rejection of real economic reforms has been crucial in setting the context for his other policy decisions. Rejection of Chinese-style economic reforms removed the best option for overcoming the economic crisis. Kim created other options to reshape economic priorities and gain needed income thus ensuring the maintenance and survival of the regime.

Kim's re-shaping of economic priorities focused on directing economic and financial resources to benefit the North Korean elite: members of the Workers (Communist) Party, officials of the central governmental bureaucracy, and the military officer corps. His primary objectives were to ensure a certain level of livelihood for members of the elite and thus to secure their loyalty. The elite received a substantial priority in the allocation of food and consumer goods, including imported luxury goods.

The other end of Kim's pro-elite policy was a forced poverty policy toward the masses of North Koreans. As economic resources dwindled and were concentrated on the elite, the non-elite North Koreans increasingly were deprived of basic necessities: food, medicines, and basic consumer goods. Of course, the most dramatic manifestation of this was widespread starvation and malnutrition, which continues to this day.

**Nuclear Weapons in Kim Jong-il's Military First Policy**

Kim Jong-il's prioritization of the elite in the allocation of economic resources was part of his widely proclaimed "military first policy." Kim initially acted at least partly in response to an attempted coup against him, one plotted within a command of the North Korean army in the northeast in 1996. Kim saw in the plot a potential unrest in the military that the economic crisis could exacerbate. His response was an extensive distribution of promotions and consumer-luxury gifts to members of the officer corps. The military first policy, however, went beyond this.
Military leaders were put in more powerful positions within the government and the Workers Party. The National Defense Commission eventually was created as the chief policy-making body of the regime, and military membership in it grew steadily.

In addition to signs of military unrest amidst the failing economy, Kim Jong-il also faced the serious problem of the deterioration of North Korea's conventional military forces. With the demise of the Soviet Union in 1990-91, North Korea lost its chief sources of weapons and military equipment. The economic crisis had a profound weakening of North Korea's own military industries, cutting production substantially. As foreign exchange resources dwindled, the government's ability to supply the military with petroleum reserves dropped. Military exercises and training suffered accordingly. Food shortages affected rank and file soldiers. Widespread malnutrition meant that a large proportion of the 16-year old draftees in the North Korean army suffered from stunted physical growth and probably stunted mental abilities.

The deterioration of North Korea's conventional forces presented Kim Jong-il with two problems. One was political—to satisfy the need of the military leadership for a military capability of sufficient quality. The other was military—to maintain military power in relation to South Korea and the United States. Nuclear programs were Kim's solution to both problems. The military was to have a distinct and growing nuclear capability to compensate for continued conventional force deterioration in the 21\textsuperscript{st} Century. The nuclear programs became a prized possession of the military leadership. In the 2000s, the role of the military leadership in setting nuclear policies grew steadily and now appears to be dominant. A statement by the North Korean military General Staff on April 18, 2009, strongly suggested that the military leadership had played a lead role in the decision to withdraw from the six party talks (announced just five days earlier) and that, in the future, the military leadership would control decisions on the nuclear program.\textsuperscript{2} Thus, any serious move by the North Korean Government toward abandoning nuclear weapons programs would necessitate a dramatic change of priorities and attitudes of the North Korean military leadership from its strong commitment to nuclear weapons.

**Regime Survival Economic and Financial Strategies: The Iran Connection**

Kim Jong-il's rejection of economic reforms and his concentration of
economic resources on the elite and the military leadership led him to devise three new strategies to secure the economic and financial resources needed to sustain his regime. The most visible was the securing of large-scale food aid from the United Nations, the United States, South Korea, and China. Kim Jong-il was highly successful until 2008, and it allowed him to divert a high portion of the overall food resources to the elite and the military. This was symbolized by the photographs taken by the South Korean military in early 2008; showing North Korean military trucks unloading bags of rice with South Korean Red Cross markings at North Korean front line military positions on the demilitarized zone. Outside food aid dwindled after 2008 because of a combination of foreign disillusion over North Korea's nuclear activities and the advent of the Lee Myung-bak administration in South Korea. However, Kim Jong-il continued to make overtures and demands to China and South Korea for increased food aid.

The second strategy was a major expansion of illicit economic, financial, and smuggling activities overseas. These have been widely publicized and were symbolized by the $25 million account that North Korean trading companies had in Banco Delta Asia. Chief among these illicit activities has been the counterfeiting of products under foreign labels (cigarettes, pharmaceuticals) and the counterfeiting of U.S. currency. The production and smuggling of illegal narcotics has been a second significant activity. In recent years, information indicates that North Korea has earned close to $1 billion annually through illicit counterfeiting and smuggling. Counterfeit cigarettes alone reportedly earn North Korea several hundred million dollars annually. Bureau 39 of the Workers Party, directly under Kim Jong-il, is widely reported to control this program through a global network of North Korean "trading companies" that have access to foreign banks and contacts with allied criminal syndicates in other countries.

The third strategy includes the nuclear programs and North Korea's connection to Iran. The strategy has been to expand North Korean arms sales to other countries, particularly other anti-U.S. states, and move from arms sales into military collaborative arrangements with several of these states. These collaborative arrangements include joint development of nuclear facilities and nuclear weapons. The Syrian nuclear reactor bombed by Israel has become the symbol of this effort, but Iran is the key country. Nuclear collaboration with Iran is an important component of multifaceted North Korean military assistance.
The other components are North Korean arms and training to Hezbollah and Hamas through Iran and Syria and the joint development of missiles with Iran (and Syria). \(^3\) Much of following discussion of North Korean-Iranian nuclear collaboration is drawn from my two reports written at the Congressional Research Service, *North Korea’s Nuclear Weapons Development and Diplomacy* (chapter on Nuclear Collaboration with Iran and Syria) and *North Korea: Terrorism List Removal* (chapter on New Reports of Support of Terrorist Groups).

North Korean nuclear collaboration with Iran is an extension of collaboration in the development of Iranian missiles modeled on North Korean missiles or encompassing North Korean missile technology. Missile collaboration accelerated after 1993; since then, North Korean assistance has been vital in the development of several Iranian missiles. A cross-over of collaboration into the development of nuclear warheads that could be mounted on these missiles was a logical extension of cooperation between the two countries. Early reports of North Korean-Iranian agreements for nuclear collaboration, often citing Central Intelligence Agency sources, began in 1993-1994. A key cross-over point came in the early 2000s, triggered by the successful joint development of the Iranian Shahab 3 and Shahab 4 missile; the Shahab-3 is a model of the North Korean Nodong intermediate range missile. \(^4\) A reported North Korean-Iranian agreement, probably in 2003, either initiated or accelerated work to develop nuclear warheads that could be fitted on the Nodong-Shahab-3 missile. Subsequent reports, citing German intelligence sources, other western intelligence sources, and Iranian sources, focused on North Korean nuclear experts in Iran. The National Council of Resistance of Iran, an exiled opposition group that correctly revealed secret Iranian nuclear facilities in 2002, issued a report in February 2008 that gave details of North Korean-Iranian collaboration in nuclear warhead development, including the location of facilities where this work was ongoing. \(^5\) Since 2007, the International Atomic Energy Agency has presented Iran on several occasions with evidence pointing to an Iranian program to development nuclear warheads for the Shahab-3 missile.

Iranian nuclear experts reportedly have been on-site observers of North Korean nuclear tests. European and Israeli defense and government officials stated in 2007 and 2008 that North Korea and Iran had concluded a new agreement for North Korea to share with Iran data from its October 2006 nuclear test. \(^6\)
Most recently, two new reports have emerged from Japan concerning a heightened level of collaboration. In May 2011, the Japanese newspaper, *Mainichi Shimbun*, reported that more than 200 North Korean technicians were working in Iran on nuclear weapons and missiles. The North Koreans, according to the report, were in 12 locations, including Natanz, the site of a major Iranian complex of centrifuges used to produce enriched uranium. A second report of deepening North Korean-Iranian collaboration in developing enriched uranium came from the Japanese newspaper, *Sankei Shimbun*, in February 2011. Correspondent Takashi Arimoto, who followed North Korean-Iranian relations while stationed in Washington until 2009, reported a secret Iran-North Korea agreement under which North Korea would ship to Iran part of its future production of enriched uranium if Iran's own uranium enrichment facilities were retarded or rendered unusable because of cyber attacks or aerial bombing by the United States or Israel.\(^7\)

In April 2008, the Bush administration, under pressure from Congress, reluctantly disclosed information concerning North Korean involvement in the construction of the nuclear reactor in Syria, which Israel had bombed. However, the administration's disclosure omitted the rest of the story--Iran's involvement in the Syrian reactor with North Korea. European intelligence documents--apparently German--reported that North Korean and Iranian scientists were working together at the reactor site at the time of the Israeli bombing. The Japanese newspaper, *Sankei Shimbun*, carried several articles on North Korean-Iranian collaboration on the Syrian reactor by its diligent correspondent, Takashi Arimoto. These included Arimoto's report of July 12, 2008, which named Iranian officials who had visited the reactor. In March 2009, a Swiss newspaper report cited "a former German defense ministry official" as saying that Iran had financed the construction of the Syrian nuclear reactor.\(^8\)

Another form of nuclear collaboration has involved the highly reported Iranian program to develop underground bunkers and tunnels for elements of Iran's nuclear program. The project, estimated to have cost hundreds of millions of dollars, reportedly included the construction of 10,000 meters of underground halls for nuclear equipment connected by extensive tunnels measuring hundreds of meters branching off from each hall. Specifications reportedly called for reinforced concrete tunnel ceiling, walls, and doors resistant to explosions and penetrating
munitions. Under agreements with the Iranian Revolutionary Guards, North Korea reportedly participated in the design and construction of these bunkers and tunnels. In early 2005, Myong Lyu-do, a leading North Korean expert on underground facilities, reportedly traveled to Tehran to run the program. North Korea has been cited by South Korean and U.S. intelligence officials as having several thousand underground military facilities in its own territory—thus, the expertise shared with Iran.

When one considers how the multifaceted collaboration strengthens Iran's role in the Middle East, there can be no doubt that the financial benefits to the North Korean government from its collaboration with Iran are huge. Iran finances the joint projects and pays North Korea handsomely for its assistance. I have estimated that the Pyongyang regime earns between $1.5 billion and $2.0 billion annually from this collaboration. Takashi Arimoto's report of a North Korean-Iranian agreement to share North Korean enriched uranium included payments by Iran of about $2 billion to North Korea during the 2008-2010 period. In short, Iranian money is a fundamentally important part of Kim Jong-il's strategy of subsidizing the North Korean leadership and elite and to maintaining his.

The subsidization of the elite continues to work. Despite reports in 2009 and 2010 of growing food shortages and hardships among the North Korean masses, North Korea reportedly continues to import large quantities of luxury goods, including 200 automobiles from China prior to April 2010. Recent visitors to Pyongyang have reported that the elite citizenry there appear to be reasonably well off.

It is in this broad context of Kim Jong-il's regime survival strategy that we should view the benefits to North Korea of nuclear programs and nuclear weapons. Kim Jong-il and his regime have much more to lose than military options if they give up nuclear programs. The livelihood and stability of the regime would be threatened. Abandoning nuclear programs likely would rupture Kim Jong-il's relations with North Korean military leaders, given their vested interest in the programs. In the aftermath of Kim's stroke in 2008 and the subsequent rise of the military's role in the power structure, it now seems highly doubtful that Kim and his civilian advisers could make a decision to negotiate a genuine denuclearization agreement with the United States and the other six parties.
The Multiple Nature of North Korea's Nuclear Weapons Capabilities

The role of nuclear programs and weapons in Kim Jong-il's regime maintenance strategy and the power of the North Korean military over the nuclear programs are two obstacles to U.S.-Japanese-South Korean denuclearization goals. A third obstacle is that the United States and its allies have three North Korean nuclear weapons programs to deal with, not just one. The three are: (1) the plutonium program; (2) the highly enriched uranium program; and, (3) nuclear collaboration with Iran. These give North Korea a choice of paths toward expanding nuclear weapons production in the future in quantity and quality. Real denuclearization would have to eliminate all three. Apparent progress toward eliminating one program would be a facade if North Korea accelerated one or both of the other programs. The success in disabling the plutonium facilities at Yongbyon in 2008 has been offset by North Korea's now revealed uranium enrichment plant at Yongbyon and the probability that there are additional hidden uranium enrichment installations.

U.S. officials and nuclear experts have stated that the amount of plutonium produced at Yongbyon since the early 1990s, and especially since 2003, would give North Korea the potential to produce between four to eight atomic bombs. David Albright of the Institute for Science and International Security estimated in February 2007 that North Korea had a stockpile of reprocessed plutonium of 28-50 kilograms, enough for between five and twelve nuclear weapons. South Korea's Defense Minister stated on November 3, 2010, that North Korea has about 40 kilograms of plutonium.

After years of denials, North Korea on June 13, 2009, admitted that it had a nuclear program based on the development of enriched uranium. On September 4, North Korea claimed that "experimental uranium enrichment has successfully been conducted to enter into completion phase." North Korea demonstrated the accuracy of its 2009 claims by showing U.S. scientist Sigfried Hecker a major uranium enrichment centrifuge facility at Yongbyon. Hecker described a modern, technically advanced plant. He saw "more than 1,000 centrifuges." North Korean officials told him that the facility contained 2,000 centrifuges. Hecker said that the uranium enrichment facility "could be readily converted to produce highly enriched uranium bomb fuel." Hecker's report quickly produced warnings from U.S. officials that North Korea likely has at
least one other undisclosed uranium enrichment plant. U.S. officials also concluded that North Korea's uranium enrichment program was more advanced than Iran's.\textsuperscript{12} All of this leads to the conclusion that North Korea has shifted the emphasis of its nuclear programs from plutonium to uranium enrichment.

The more important comparison of North Korea and Iran is that North Korea's progress toward highly enriched uranium parallels Iran's potential path toward nuclear weapons. It increases the rationale for the third component of North Korea's nuclear programs: nuclear collaboration with Iran to develop and share weapons grade uranium and to develop jointly a nuclear warhead that could be mounted on a North Korean missile. Such a warhead would be a uranium warhead. Intelligence findings, including a CIA assessment in 2004, and an array of nuclear experts lead to believe that North Korea and Iran both received from Pakistan's A.Q. Khan designs for a uranium-based nuclear warhead that had been developed by Khan for the Pakistan Ghauri missile, also modeled on the Nodong missile.\textsuperscript{13} This likelihood means that the final step for North Korea and Iran will be to produce the highly-enriched uranium and incorporate it into Khan's warhead design. Thus, development of the needed centrifuge infrastructure would appear to be further component of the North Korean-Iranian nuclear collaboration--the third leg of North Korea's nuclear weapons programs.

**North Korea's Hardening of Its Negotiating Positions**

A resumption of nuclear negotiations with North Korea would confront the Obama Administration with the systematic hardening of North Korea's negotiating positions on the nuclear issue, discussions which began in January 2009--one month after the failed December 2008 six party meeting and three months before North Korea declared that it was rejecting six party talks. This hardening of negotiating positions probably was impacted by the growing influence of the North Korean military in the aftermath of Kim Jong-il's stroke in August 2008. These negotiating positions can be summarized as follows:

- As a precondition of North Korea’s returning to the six party talks, the Obama administration must agree to lift United Nations sanctions and must agree to begin bilateral negotiations with North Korea over a Korean peace treaty. North Korea's demand for a bilateral peace treaty negotiation (an old proposal going back to 1974) appears aimed at
moving the negotiating of nuclear issues, including North Korea's demand for an end to "the U.S. nuclear threat," into this bilateral negotiation. This would have the effect of scuttling the six party talks. Despite inaccurate press reports that North Korea has agreed to return to six party talks, North Korean officials have continued to raise with visiting Americans the demand for a bilateral Korean peace treaty negotiation.

- North Korea will not give up its nuclear programs and weapons in return for normalization of diplomatic relations with the United States and economic aid from the United States. Normalization of relations must come before denuclearization as a preliminary step toward denuclearization.

- North Korea wants to be recognized as a nuclear weapons state. At meetings in Germany in April 2011 between North Korean officials and non-government U.S. experts, North Korea reportedly stressed the theme that the United States should recognize North Korea as a full-fledged nuclear weapons power.14

- North Korea no longer has a plutonium stockpile of 31 kilograms that it revealed in June 2008 because North Korea has "weaponized" all of its plutonium.

- Denuclearization must include the entire Korean peninsula and must include the elimination of the "U.S. nuclear threat" to North Korea. North Korea repeatedly has defined the "U.S. nuclear threat" to include the composition and major operations of U.S. military forces in South Korea and around the Korean peninsula and the U.S. "nuclear umbrella" over South Korea, embodied in the U.S.-South Korea Mutual Defense Treaty. *Nodong Sinmun*, the official Communist Party journal, stated bluntly on April 17, 2010, "all the issues that are required to resolve the nuclear issue": "the pullout of U.S. troops [from South Korea], end of joint military exercises and a peace treaty between the DPRK and the U.S., all at the same time."
• Any system of verification and inspections must include inspections inside South Korea, including U.S. bases in South Korea.

The Structure of Nuclear Negotiations

A key consideration at the moment centers on the question of whether nuclear negotiations can be resumed under the same structure and procedures that prevailed until the end of 2008, or whether the United States should create an alternative structure? The determining factor in this issue is China's role. China's record in the six party talks until the end of 2008 was a mixed one. China, indeed, worked to keep negotiations going and influenced North Korea to end its two lengthy boycotts of the talks. China also deserves some the credit for the disabling of the plutonium facilities.

However, China supported several of North Korea's most duplicitous positions during the talks. Beijing, for example, consistently voiced skepticism toward the Bush administration's contention that North Korea had a secret uranium enrichment program (which Pyongyang denied). China maintained this position despite being given access to U.S. intelligence information by the Bush administration. In 2008, China urged the U.S. to withdraw its demands that a declaration of North Korean nuclear programs, under a February 2007 six party agreement, must disclose North Korea's uranium enrichment program and North Korea's proliferation activities in the Middle East.

China defended North Korea in the United Nations Security Council from March 2010 to February 2011, first on the sinking of the Cheonan, and, second, on the artillery shelling of Yeongpyeong island, and, third, on North Korea's uranium program. The recently disclosed report to the U.N. Security Council of a "third country" facilitating the traffic of missiles and missile experts between North Korea and Iran clearly implicated China as the facilitator.

More negative were the disclosures in the October 2010 report of the Institute of Science and International Security (ISIS) that the North Korean Nam Chongang Trading Company had operated in China throughout most of the first decade of the 21st Century as the leading agent of North Korea's procurement of components and equipment from overseas for the uranium enrichment program. Nam Chongang operated a main office in Beijing's main business district, literally under the nose of the Chinese Government. The ISIS report asserted that the
company is believed to remain active in China, despite being sanctioned by the U.N. Security Council. This story raises serious questions about China's commitment to the denuclearization of North Korea. It suggests that China's commitment is soft and possibly that key Chinese official see benefits for North Korea's stability if it maintains a nuclear weapons program--as long as Pyongyang does not use it in a brazen and overly aggressive manner.

It would seem wise, before agreeing to a return to six party talks, that the Obama administration enter into consultations with China regarding a new round of nuclear negotiations. Washington should query China on what Beijing believes a new round of nuclear talks could accomplish and what the United States and other six party governments should do to reach these goals. Chinese officials may resist engaging in specifics, but the administration should press for answers. The Obama government needs to make a careful judgment of whether China's views of a new round of nuclear talks have sufficient similarity to U.S. views to merit a likelihood of success.

If China's views do accord with U.S. priorities, the Obama administration should develop an early stage negotiating strategy designed to gain Chinese cooperation. If China's views contrast too greatly from U.S. priorities, Washington ought to lower the level of consultations with China and de-emphasize the six party meetings in Beijing. As an alternative, the administration could consider proposing three-party meetings, including South Korea, or U.S.-North Korean bilateral meetings with Seoul as the meeting site.

North Korea might try to turn bilateral meetings into the bilateral negotiation of a Korean peace treaty, which it has pressed for since December 2009. The Obama administration would need to react with a strong pushback. Before nuclear talks resumed, the U.S. ought to detail its position on peace treaty negotiations to North Korea and in public statements. It seems to me that the U.S. should place great emphasis on the following components:

- A rejection of bilateral negotiations. Peace treaty negotiations must include South Korea as a full participant.
- An insistence that the U.S. does not reject China's participation in peace treaty negotiations, but this issue should be settled between China and North Korea.
• A declaration that any Korean peace treaty must include a settlement of issues between South Korea and North Korea and the normalization of their relations.

• A statement that the United States would be willing to negotiate U.S. troop levels in South Korea, but this must be linked to North Korean conventional forces and missiles. And such a negotiation must run parallel to and be linked to successful negotiations over North Korean nuclear programs.

• Assurance that if North Korea agrees to the above terms, the United States and South Korea will consider bringing the nuclear issue into peace treaty negotiations.

**The Agenda for Nuclear Negotiations**

Priority issues for the United States in negotiations should begin with revisiting the verification-inspections issue. This is all the more important because of the revelation of a uranium enrichment infrastructure. North Korea's willingness to accept a thorough system of inspections should be a litmus test for whether negotiations have any chance of success. This should be ascertained early in any new round of talks. Little can be accomplished in new talks if North Korea is allowed to operate secret facilities for weapons-grade plutonium and plutonium bombs, and, as U.S. officials now are warning, secret uranium enrichment facilities. Other initial negotiating objectives, a full dismantling of the Yongbyon plutonium facilities or securing a North Korean moratorium on nuclear testing, will have little value in comparison with a full-scale verification system. North Korea has shifted its priorities from plutonium to uranium enrichment. A nuclear testing moratorium will have little value if Iran (with North Korean assistance) tests a nuclear warhead that can be mounted on North Korean-Iranian missiles.

If the Obama administration settles on a resumption of six party talks along the lines of the pre-2009 period, then another reason to place verification at the top of the U.S. agenda will be to test the willingness of China and Russia to support proposals for the establishment of an intrusive inspections mechanism. China and Russia in the past have indicated support for this. At the December 2008 six party meeting, China proposed a verification plan that the other non-North Korean participants reportedly accepted. North Korea rejected China's proposal.
It should be reviewed early in any nuclear negotiation. In December 2010, the Chinese government stated that North Korea had a right to a peaceful nuclear power program but that it should be "subject to International Atomic Energy Agency inspection." Russia also has issued statements that North Korea should return to the Nuclear Non-Proliferation Treaty and be subject to IAEA inspections.

**Would a Nuclear Negotiation Itself Soften North Korean Behavior?**

Calls for a major U.S. initiative to resume talks with North Korea appear to be motivated primarily by a belief that a new negotiation, by itself, will soften North Korea's bellicose behavior toward South Korea. Resumed negotiations could have that effect but only for a short time. Unless North Korea obtains the benefits it will seek in a new negotiation, its patience will dissipate probably within a few months. Symbolic benefits, like visits by high-ranking U.S. officials, could extend a more peaceful period. In the end, however, North Korea would demand material benefits—money and food. Pyongyang might offer limited, easily reversible concessions as part of its demands for money and food. If it does not receive these in satisfactory amounts, it will likely turn against the negotiation in the form of another boycott, and the possibility will increase of new military provocations against South Korea. In short, a new negotiation will have to result in a substantial payoff to North Korea in order for the negotiation to soften Pyongyang for an indefinite period.

North Korea will not allow negotiations with the United States to govern its policy toward South Korea for any length of time. Pyongyang separates its strategy toward South Korea from its strategy toward the United States. Its strategy toward South Korea seems intent on humiliating the South Korean government through military provocations and forcing either it or the broader South Korean body politic back into the former "sunshine" policy of extending unconditional financial and food aid to North Korea. If South Korea participates in financial and food payoffs to North Korea through nuclear negotiations, that might soften North Korean behavior for a longer period of time. However, it is South Korea's response to North Korea's payoff demands that North Korea judges in North-South relations, not any U.S. response in nuclear negotiations.
Non-Nuclear Strategies

It seems clear that negotiations with North Korea should no longer ignore the missile issue. U.S. proposals should include North Korean’s joining the international Missile Control Technology Regime (MCTR) and the establishment of a verification-inspections system for missiles. Negotiations over missiles probably will be separate from nuclear talks. A four-party negotiation involving Japan and South Korea will be appropriate, given the North Korean missile threat. If North Korea refuses to join the MCTR, South Korea should remove itself from MCTR restrictions on its missile program and develop longer-range missiles able to reach targets throughout North Korea.

The South Korean Condition

This article began by setting forth the new context for decisions related to the nuclear issues. Two of these are North Korean provocations against South Korea and the food aid issue. North-South relations have always been connected to the nuclear issue but during the period of South Korea's "sunshine policy," there seemed to be a tacit agreement between the South Korean and U.S. governments to keep North-South relations and the nuclear issue separate. This changed with the 2010 provocations. Then, the Lee Myung-bak administration demanded that North Korea acknowledge responsibility and apologize for the sinking of the Cheonan and the artillery shelling before nuclear talks could be resumed and before South Korea would consider resuming food aid to North Korea. The Obama administration has supported South Korea to the extent of asserting that North Korea should conduct serious negotiations with South Korea as a condition for resuming six party talks.

The seriousness and the danger of the 2010 provocations make these positions credible in a general sense. However, South Korea's demand for an apology is a specifically weak condition with little substance and little prospect of being sustained. The histories of North Korean "apologies" for the 1976 "axing killings" at Panmunjom and the 1996 infiltration of submarine-borne agents into South Korea show that those apologies were facades and represented no change in North Korean behavior toward South Korea. Aggressive provocations soon followed. If North Korea were to issue an "apology" for the 2010 provocations, the apology would not restrain North Korea's claims regarding the South Korean islands in the Yellow Sea. It only would preserve the ground for
future North Korean aggressive actions. Moreover, the Obama administration likely will not support the apology condition indefinitely, especially as a condition for resuming nuclear talks.

North Korea's revelations regarding the secret May 9, 2011, North-South meeting demonstrated the weakness and ineffectiveness of the apology demand. Pyongyang no doubt distorted the actual content of the meeting in its description, but its account of South Korea's seeking a "water-downed" statement to satisfy the apology condition appears credible. South Korea needs to gain control of the substantive agenda of future North-South talks. It will not do so with unsubstantive calls for North Korean apologies.

South Korea's conditionality would be strengthened by an agenda toward North Korea that had greater substance, permanence as a condition, and stronger restraints on North Korea in its policies toward South Korea. One such condition would be to call on North Korea to negotiate an agreement with South Korea that would recognize the Northern Limit Line (NLL) as a legitimate, legal extension of the military demarcation line established by the 1953 Korean Armistice Agreement. North Korea's chief justification for its provocations is that the NLL was imposed by the United Nations Command unilaterally in 1953 and therefore is illegitimate. An agreement recognizing the NLL would neutralize Pyongyang's position and would be a second Korean armistice agreement. Such a second Korean armistice agreement would reject North Korea's long-standing position that South Korea has no right to participate in the negotiation of a future Korean peace treaty because it did not sign the 1953 armistice agreement. It would restrain North Korea just as the demarcation line on land has restrained Pyongyang since 1953. If South Korea took the initiative on the NLL in proposing talks with North Korea, the Obama administration no doubt would have to support Seoul, despite the State Department's current policy of avoiding a defense of the NLL.

This kind of South Korean conditionality regarding a resumption of nuclear negotiations would be a credible position. The situation last December 20 and 21, in which North Korea threatened another shelling of Yeongpyeong island and South Korea had its Air Force on alert to launch retaliatory strikes and brought the Korean peninsula closer to an all-out war than the North Korean nuclear issue has over the last 20 years. Partly because of the poor prospects of renewed nuclear talks, conditioning nuclear talks on a settlement of the conflict off Korea's west
coast would be worth a delay, even a lengthy delay, in resuming negotiations. It also would be a credible pre-condition for opening negotiations for a Korean peace treaty.

Food Aid and Economic Reform Conditionality

The United States and its allies need to develop a new negotiating agenda with North Korea, one that focuses on economic reforms. Such an agenda would link any new offers of economic or financial aid to the North Korean government's willingness to undertake economic reforms along the lines of Deng Xiao-ping's Chinese reforms. Offers of food aid would be conditioned on North Korea's agreeing to institute Chinese-style agricultural reforms. Offers of aid could include a role for the International Monetary Fund and the World Bank in developing a program of reforms with North Korea.

There are good rationales for developing an economic reform agenda in future talks with North Korea. One is that the economy is North Korea's most vulnerable weakness, as currently shown by Pyongyang's "full court press" for food aid from South Korea, the United States, and a host of other countries. The regime might well be more susceptible to pressure on its economy than on its nuclear weapons. In 2010, there has been a clear debate on economic policies within the North Korean leadership. The regime withdrew its plans for currency revaluation and confiscation and termination of the quasi-private markets in the face of bad results and open opposition, thus again revealing vulnerability.

A second rationale is that China escalated pressure on North Korea in 2009 and 2010 for economic reforms. Hu Jin-tao reportedly pressed Kim Jong-il for economic reforms during Kim's August 2010 visit to China. China has also reportedly denied North Korea's repeated requests for increased food and financial aid. Thus, there may be greater potential for U.S.-Chinese cooperation on economic reform than there is on denuclearization. A U.S.-South Korean-Japanese economic reform agenda--calling for "Chinese-style" economic reforms--would create a policy line parallel with China's and could establish a line of cooperation with China. At a minimum, it would influence favorably the important strata of Chinese officials and scholars who believe that China should reduce its support of North Korea.

A third rationale is that an economic reform agenda and conditionality for aid would give South Korea a strong argument to resist mounting domestic pressure and pressure from North Korea to resume
unconditional financial and food aid to North Korea. In November 2010, President Lee Myung-bak stated that future international economic aid to North Korea should be conditioned on economic reforms. President Lee and other South Korean officials have called on North Korea to adopt "Chinese-style reforms and open its markets." These statements should be the first step in the adoption of an economic reform agenda by South Korea, the United States, and Japan.

A fourth rationale is that economic reform conditionality as expressed in offers of aid to North Korea would complete the circle made up of U.S. efforts to enforce United Nations and U.S. sanctions against North Korea. U.S. and allied success in sharply reducing the money flow into the North Korean regime from arms sales, counterfeiting, and illegal drugs might force the North Korean leadership to consider other options. Achieving that sharp reduction in the money flow will be difficult and will require stronger U.S. pressure against third countries that allow the Bureau 39 network to operate within their borders.

A fifth rationale goes back to the original thesis of this article: that North Korea's rationale for its nuclear programs is their place in Kim Jong-il's multi-faceted strategy for regime survival--a strategy that begins with his unwillingness to adopt Chinese-style economic reforms. With a succession regime in North Korea likely in the near future, there may be an opportunity to turn new North Korean leaders toward economic reforms. China reportedly hopes to turn young Kim Jong-un into an advocate of Chinese-style economic reforms. The timing is right for such a strategy.

The sixth rationale again returns us to the central rationale for all of Kim Jong-il's negative policies, including nuclear weapons development and proliferation: his rejection of Chinese-style economic reforms as the central solution to North Korea's economic and financial difficulties. It seems probable that the key to getting North Korea eventually to abandon nuclear weapons is to influence North Korea to change its internal policies away from those of Kim Jong-il to those espoused by Deng Xiao-ping in exchanges with both Kim Il-sung and Kim Jong-il. The prospect of near-term regime succession and leadership transformation opens up this opportunity more than at any previous time.

**When North Korea Achieves Its Central Strategic-Military Goal**

The "leaked" United Nations report of May 2011 on North Korean-Iranian missile collaboration made the following observation: that North
Korea in October 2010 displayed a new warhead for the Nodong missile that has "a strong design similarity with the Iranian Shahab-3 triconic warhead." This hint of collaboration in developing warheads for the twin Nodong and Shahab-3 missiles comes amidst numerous reports over the past few years that North Korea and Iran are collaborating in developing a nuclear warhead that could be mounted on the twin missiles.

North Korea's progress toward developing a nuclear warhead for its missiles is uncertain, but South Korean and U.S. government statements over the past year have been more alarmist. The head of South Korea's National Intelligence Service reportedly told the Korean National Assembly's Intelligence Committee on June 27, 2010, that North Korea could develop nuclear warheads within two years. Kim Tae-hyo, President Lee's Secretary for National Strategy, stated on October 6, 2010, that North Korea's nuclear threat has reached an "alarming level," one "evolving even now at a very fast pace." He described North Korea as seeking to develop nuclear warheads and deploying them.

According to the widely read Nelson Report and South Korea's Yonhap News Agency, both issued on March 11, 2011, the Director of the U.S. Defense Intelligence Agency (DIA) testified to the Senate Armed Services Committee that the DIA believes that North Korea may have "weaponized" missiles through producing nuclear warheads. He reportedly asserted that North Korea may have several nuclear warheads based on plutonium.

The demonstrated sophistication of North Korea's uranium enrichment program and its reported collaboration with Iran leads to a reasonable conclusion that Pyongyang indeed has made considerable progress toward producing nuclear warheads. Kim Jong-il has proclaimed that 2012 will be the year when North Korea will become a powerful, modern state. Many analysts believe he is talking about achieving an economic renaissance by that year. It seems more likely that his goal is to achieve one or both of two fundamental strategic-military goals: to test successfully a missile that can reach U.S. territory and to develop nuclear warheads and mount them on missiles. Kim Jong-il apparently calculates that achievement of a nuclear warhead capability will alter the military balance in Northeast Asia to such a degree that the United States, South Korea, and Japan will have to acknowledge North Korea as a nuclear weapons state and deal with it in more accommodating concessionary ways, including financial
concessions.

If this is Kim's calculation, he is correct that a nuclear warhead capability would alter the nuclear issue in fundamental ways. North Korea would have a true nuclear delivery capability against South Korea, Japan, and some U.S. territories (at least Guam and the Northern Marianas Commonwealth). Until now, the North Korean nuclear threat has been more hypothetical; possession of nuclear warheads would make the threat real. North Korea would become a genuine nuclear weapons power.

Once it possesses nuclear warheads mounted on missiles, the current Pyongyang regime will never give up such an achievement. Its priority will be to expand its nuclear warhead arsenal and mount them on longer range missiles. Nuclear negotiations will have no possibility of limiting a North Korean nuclear warhead capability.

U.S. policy will have to change in significant ways if it is to retain relevancy. It seems to me that it will have to contain three elements: military containment, recognition of North Korea's new status, and a strategy to influence changes in North Korea's internal policies toward reform and openness.

Containment, to be effective, will have to combine concrete military measures and pointed verbal warnings to North Korea:

- A more direct U.S. role in possible North Korean provocations against South Korea. This already is happening with the Obama administration's sending of U.S. Marine observers to South Korean military exercises in the Yellow Sea islands.
- A more visible U.S. naval presence in the Sea of Japan and the Yellow Sea.
- A buildup of U.S. airpower, including rotation of advanced aircraft into South Korea and the permanent deployment of U.S. heavy bombers to Guam. Nothing impressed North Korea more about U.S. military power in the 1970s and 1980s than the B-52 bombers based on Guam and their frequent exercises near the Korean peninsula.
- A South Korean withdrawal from the Missile Control Technology Regime in order to develop missiles that can reach targets throughout North Korea.
• Regular, public warnings by U.S. officials of the U.S. intent to destroy North Korea if North Korea uses nuclear weapons against the United States or U.S. allies.

North Korea's deployment of nuclear warheads would necessitate that U.S. diplomacy shift objectives from denuclearization to managing future nuclear crises with North Korea. This would require a more sustained diplomatic interchange with North Korea, one that Pyongyang and possibly others would interpret as U.S. recognition of North Korea's status as a nuclear weapons state. Recognition of North Korea's new status would be the hardest pill for the United States to swallow; but swallow it must. The irrelevance of nuclear negotiations would make irrelevant the U.S. strategy of conditioning U.S. diplomatic relations with North Korea on denuclearization. Diplomatic relations with a U.S. ambassador in Pyongyang would be best suited for fuller communication with this full-fledged nuclear weapons state. The current "New York channel" of communication would be inadequate in a nuclear crisis with North Korea.

A U.S. ambassador in Pyongyang in this scenario would also help fill the need for more information about the North Korean Government and its policies. And an ambassador would be the point man in exercising the third element in U.S. strategy: influencing internal change within North Korea. This article has already laid out the need for a strategy to press North Korea for economic reforms. In dealing with North Korea as a full-fledged nuclear weapons power with nuclear warheads, the often repeated slogan of the 1992 Clinton campaign for President should be the guide: "It's the Economy Stupid!"

Notes:

1 The author is a Senior Associate with the Center for Strategic and International Studies in Washington, D.C., and an Adjunct Fellow with the Institute of National Security Strategy in Seoul, Korea. He also is a Professor of East Asian History at George Washington University and former Specialist in Asian Affairs with the U.S. Congressional Research Service.

2 Korean Central Broadcasting Station, April 18, 2009. The General Staff declared that "our army from the beginning had no expectation for the six-party talks" and that the North Korean military now was "not being confined by the agreement of six-party talks." The military, in the future, "will advance on a
road of reinforcing the country’s defense power, including nuclear deterrent, in every way."

3 Since 2007, the U.S. State Department has cynically refused to address questions of whether North Korea was providing arms and training to Hezbollah, despite research by the myself and others revealing extensive information of such North Korean assistance. Finally, on August 12, 2010, Secretary of Defense Gates stated in San Francisco that "North Korea continues to smuggle missiles and weapons to other countries around the world--Burma, Iran, Hezbollah, Hamas. . . ."


5 Marc Champion, “Iran arms claim is lodged--Tehran is developing nuclear warheads, exile group tells U.N.,” Wall Street Journal Asia, February 21, 2008, p. 9. Ironically, despite this report and other reports of North Korean-Iranian collaboration in developing nuclear warheads, the International Atomic Energy Agency has made no attempt to investigate the reports; and the United States and other members of the IAEA have not proposed that the Agency conduct investigations.


7 Mainichi Shimbun, May 15, 2011; Sankei Shimbun, February 9, 2011.


9 “Nukes too deep to hit,” Newsweek, November 3, 2008, 8, 10.

10 Robin Hughes, “Tehran takes steps to protect nuclear facilities,” Jane's Defence Weekly, January 25, 2006, 4-5


20 Reported by *Chosun Ilbo*, June 28, 2010.