

PROSPECTS FOR PEACE ON THE KOREAN PENINSULA*

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INTRODUCTION

Despite the standoff over North Korea's nuclear weapons development program, inter-Korean relations have improved measurably in recent months. How do you explain the seeming anomaly of ever-expanding inter-Korean exchanges and cooperation in the midst of the nuclear standoff?

What are the roots of the standoff? What are North Korea's aims in pursuing its nuclear weapons development program? Is there room for compromise between the positions of North Korea and the United States? Will the six-party talks prove to be a turning point in the evolution of the nuclear crisis? How shall we assess the overall security situation on the Korean Peninsula? What are the prospects for durable peace there?

INTER-KOREAN RELATIONS AND THE JUNE 2000 SUMMIT

Notwithstanding its controversial background, notably the covert transfer of huge amounts of cash (\$500 million) to the North to pave its way, the first-ever summit meeting since the emergence of the two Korean states, held in Pyongyang in June 2000, was not only historic but also singularly productive.

Its most important result, namely the Pyongyang Declaration of June 15, 2000, was a genuine accomplishment for two reasons. First, it is the first inter-Korean agreement

based on direct negotiations by the top leaders of the two Koreas and bearing their signatures. Second, it is the first inter-Korean agreement that has remained in effect for more than three years. With a few exceptions, moreover, its main provisions have been and are being implemented. Additionally, although the Pyongyang Declaration does not deal explicitly with the issues of peace and security, the summit meeting that produced it had a notable effect on Kim Jong Il's thinking: Kim Dae-Jung emphatically assured the North Korean leader that Seoul truly lacks any intention to pursue unification by absorption. Unlike West Germany on the eve of German reunification, the South Korean leader stressed, the South had neither desire nor ability to absorb the North. The alleviation of his fear of absorption by the South, in my opinion, played an important role in Kim Jong Il's subsequent adoption of measures aimed at partially opening up Pyongyang's economy to market forces.

In short, it is the inter-Korean summit that has made possible the phenomenal increase in multifaceted exchanges and cooperation between the North and the South during the past three years. To cite just a few examples, over 38,000 South Korean citizens have visited the North during this period, which does not include 630,000 others who have visited Geumgang (Diamond) Mountain as tourists. Inter-Korean trade has steadily grown, reaching \$640 million last year; in 2001 South Korea replaced Japan as North Korea's second largest trading partner (with China keeping its number one position).

Minister-level meetings, in which I had the privilege of representing my government, have been held twelve times, and other types of inter-governmental meetings have been held countless times. Reunion of separated family members has occurred seven times, and numerous projects, such as reconnecting the roads and railways on both the East and West coasts, the construction of an industrial park in Gaesong, have either been completed or are under way.

Let me note just two of the most important effects of the change, both quantitative and qualitative, that has occurred in inter-Korean relations. First, the North's dependence

on the South has grown exponentially. As already noted, the South is the North's number two trading partner but in the quantity of food and fertilizer aid to the North, the South is unsurpassed. Second, in the South one can see a steady diminution in threat perception. That is to say, a growing number of people there appear not to be overly concerned about the threat to their security emanating from the North. This may help explain the subtle difference between the U.S. and the Republic of Korea in their respective assessments of the North Korean nuclear weapons development program.

Even though the vitality of inter-Korean exchanges can be construed as a legacy of the inter-Korean summit, we must not overlook the principal North Korean motives for keeping the exchanges going and, more important, growing. In a word, it is economic benefit. Economic transactions and personnel exchanges between the North and the South are markedly asymmetric. The North gains more than does the South. The South actually pays an "entrance" fee to the North for every tourist and every cultural event. The costs of North Korean visitors to the South, such as North Korean athletes and cheerleaders participating in international sporting events, are borne by the South to a large extent.

The North's desperate economic situation is also an important factor in the equation. Economic reform measures introduced in July last year have thus far produced mixed results, of which skyrocketing prices of consumer goods are a major concern to ordinary citizens. The foreign exchange rate, which was realistically adjusted from 2.2 won per U.S.\$1 to 153 won per dollar last year, has jumped to 1,000 won per dollar. The North's chronic shortage of food continues unabated; despite a slight increase in grain production last year, it fell short of the demand by over 2 million metric tons. The North's shortage of fertilizer also persists; whereas it needs 1.5 million tons a year, its production hovers around 600,000 tons. As will be noted shortly, the North's dire economic situation has implications for the nuclear issue.

ROOTS OF THE NUCLEAR STANDOFF

The current standoff between the U.S. and North Korea over the latter's nuclear weapons development program, which began last October, is the second of its kind. For the first standoff occurred in 1993-1994. At its height, the two sides had come dangerously close to a war but the crisis was averted by former U.S. President Jimmy Carter's visit to Pyongyang and meeting with the North Korean President Kim Il Sung in June 1994. That paved the way for the resumption of the stalled U.S.-DPRK high-level talks, which in turn produced the Agreed Framework, signed in Geneva on October 21, 1994.

Last October, however, U.S. Assistant Secretary of State James Kelly went to Pyongyang as President George W. Bush's special envoy and confronted North Korea with Washington's assessment that the North had been covertly pursuing a nuclear weapons development program utilizing highly enriched uranium (HEU). According to the U.S. State Department, North Korean First Deputy Foreign Minister Kang Sok Ju admitted the existence of such program but tried to blame the U.S. for violating the Agreed Framework and effectively nullifying it. Thus began the second nuclear standoff between the U.S. and North Korea.

This raises the question, why has the North continued to pursue a nuclear weapons development program? Of the many possible reasons, the most important is security. North Korea's sense of insecurity was fueled by the collapse of socialism in Eastern Europe and the former Soviet Union; German reunification, in particular, increased the fear of unification by absorption and the fall of the Ceausescu regime was a shocking reminder that a similar implosion in the North could not be ruled out. Under these circumstances, Kim Jong Il, who was the *de facto* ruler of North Korea during the last years of his father's reign, decided to develop nuclear weapons in order to enhance North Korea's security; they would serve as a deterrent against external attack and other forms of challenge to its survival.

The North's fear of possible U.S. attack multiplied considerably after the advent of the Bush administration, which included North Korea not only in the "axis of evil" but also in the list of potential targets of pre-emptive nuclear attack. The Bush administration's proclamation of a new "National Security Strategy" and the strategy to combat Weapons of Mass Destruction in the aftermath of September 11, 2001 terrorist attacks and, especially, the conduct of the Iraq War underscored to the North the importance of a potent deterrent in the form of nuclear weapons.

Second, the North may have learned during its first nuclear standoff with the U.S. in the early 1990s that pursuit of nuclear weapons can enhance its bargaining leverage in the international arena. Hence, in Pyongyang's view, a nuclear weapons program can produce economic benefits—by helping to generate economic concessions in negotiations and, if necessary, by being sold to the highest bidders in the global black market.

Third, possession of nuclear weapons, the North may reason, will be an emblem of the *gangsong daeguk* (powerful and prosperous country) North Korea is striving to become. In a word, it may buttress the Kim Jong Il regime's legitimacy and international prestige.

Finally, the principal reason why the North did not really freeze all of its nuclear activities after October 1994 may have been its apprehension that the Agreed Framework may not be implemented faithfully. Distrustful of the U.S., North Korea chose a hedging strategy by starting a quest for a HEU program, which the Agreed Framework bans not explicitly but only indirectly.

Against this background, the Bush administration's hard-line—that to accede to the North's demand for direct negotiations would be tantamount to rewarding bad behavior and that the North must dismantle its nuclear program first before any substantive negotiation can occur—was bound to prolong the standoff. To its credit, however, the Bush administration has softened its position incrementally, thus paving the way for six-

party talks.

SIX-PARTY TALKS: AN ASSESSMENT

Although it was Chinese intervention that helped to break the impasse and start the process of multilateral negotiations on the nuclear issue, what had set the stage for that development was a subtle change in Washington's stance, namely its willingness to talk with the North in a multilateral setting even before the latter takes any action toward scrapping its nuclear weapons program. Washington did prevail over Pyongyang with regard to the format of negotiations, for the latter ultimately accepted multilateral talks.

A key objective of the Bush administration in insisting upon multilateral talks was to demonstrate to North Korea that the countries that are most closely linked to its fate were united in a determination to bring an end to the North's nuclear threat. Washington's assessment, in my view, is that its objective was fulfilled in the six-party talks. Neither the three-party talks that were held in Beijing in April nor the six-party talks that took place in the same city in August, however, saw negotiations in a true sense of the term. On both occasions the participating states merely presented their respective positions, and no real negotiations materialized.

The most noteworthy development during the three-party talks occurred, moreover, not at their regular sessions but during a break, when North Korea's chief representative, Li Geun, reportedly told his U.S. counterpart, James Kelly, that North Korea already possessed nuclear weapons, that it was prepared to transfer or sell them to third parties, and that it had nearly completed reprocessing spent fuel rods (totaling 8,000).

During the six-party talks, unofficial bilateral contacts occurred between Kelly and his North Korean counterpart, Kim Yong Il, on the sidelines of the official sessions. Kim reportedly made three "threats" to Kelly: "the Bush administration's hostile policy was compelling North Korea to declare it had nuclear weapons, to show the world that it

possessed them by conducting a nuclear test, and to show the world that it could deliver those weapons by testing a weapons delivery system such as a missile.” Kim later included these remarks in a speech at the official session.

If the North had hoped to detect some sign of the U.S.’s willingness to abandon its “hostile” policy toward Pyongyang, however, the North must have been disappointed. The North, in fact, complained that even its modest expectation that there would at least occur an exchange of reciprocal verbal commitments, namely a U.S. commitment to abandon its “hostile” policy in exchange for the North’s commitment to renounce its nuclear weapons program, had been dashed.

Since, as Chinese Deputy Foreign Minister Wang Yi summed up, all the participating states had agreed to embrace the principles of “simultaneous or parallel action,” however, the possibility that an exchange of reciprocal verbal commitments may occur during the next round of the six-party talks cannot be ruled out. The key question, then, becomes: Will there be a second round of the talks?

As I will mention shortly, two recent developments have vastly increased the chances that six-party talks will continue. China is playing a major role in this process. If any country has some leverage over North Korea, it is China. The PRC happens to be the only country with which the DPRK has a military alliance; a 1961 “treaty of friendship, cooperation, and mutual assistance” calls for assisting each other “with all means at its disposal” in the event of external attack. Additionally, as the supplier of over a half of the food and fuel the North consumes, China is Pyongyang’s virtual “life-line.”

Second, China has a huge stake in preventing the North from becoming a nuclear weapons state. Among other things, such a development can trigger a domino effect, providing incentives or pretexts to other Asian states, notably, Japan, South Korea, and Taiwan, to follow suit. It is a nightmare scenario for Beijing.

Third, should an armed conflict occur on the Korean peninsula, China would be forced to make a decision on whether to honor its treaty commitments to the North. Even if China should decide not to do so, it is certain to pay a high price in the form of disrupted economic development.

Finally, having invested considerable energy and reputation in the six-party talks, for the successful hosting of which China has received high marks and earned the gratitude of the U.S., the ROK, and Japan, China has a high stake in ensuring that they continue and eventually succeed. Hence China will leave no stone unturned in its efforts to persuade North Korea to accept a second round of the talks.

Wu Bangguo's visit to Pyongyang from October 29 to 31 should be viewed in this context. As the chairman of the Standing Committee of the National People's Congress and number two in the Communist party hierarchy, Wu became the highest-ranking Chinese leader to visit North Korea in more than two years. Following Wu's meeting with Kim Jong Il on October 30, both China and North Korea announced that they had agreed "in principle to continue six party talks." North Korea, however, underscored that its decision was predicated on the assumption that the U.S. would accept "a package solution based on the principle of simultaneous actions." I will explain what this means in a minute.

North Korea's announcement on October 25 that it would consider President Bush's proposal, unveiled in Bangkok on October 19, for a multilateral security guarantee is another encouraging development. These two developments have improved the chances that the second round of the six-party talks will be held in the near future.

In order for the six-party talks to make headway, however, both the DPRK and the U.S. must show more flexibility than they have done thus far. Pyongyang's October 25 announcement, it must be stressed, made it clear that the North would consider the Bush proposal on condition, among other things, that the U.S. was willing to accept the

principle of “simultaneous actions.” This means that the U.S. must agree to a sequence of simultaneous actions even before the ultimate goal of a “complete, verifiable, and irreversible dismantling” of the North’s nuclear weapons program is attained. For its part, the North must be prepared to accept not merely a freezing but a complete dismantling of all of its nuclear facilities and materials, including any nuclear weapons it may already have produced.

The process is most likely to begin with an exchange of verbal commitments, followed by a sequence in which concrete actions occur either simultaneously or in parallel. They may include an exchange of the restoration of the freeze on Yongbyon nuclear facilities, coupled with the return of IAEA inspectors to the site, for the resumption of heavy fuel oil supply to the North as well as an expanded food aid through the World Food Program. The final destination will be North Korea’s complete denuclearization in exchange for a multilateral security guarantee, economic and political measures that will help the North stabilize its economy and join the international community as a “normal state.”

CONCLUSION

The Bush proposal marks a significant shift in his administration’s approach to the North Korean nuclear problem but more pragmatic adjustment will be required in the coming months should the six-party talks resume. The possibility that that may occur is bolstered by the following considerations.

First, coercive measures, such as economic sanctions and, especially, interdiction of North Korean ships and airplanes in international waters and air space as part of Proliferation Security Initiative (PSI), have the potential to trigger forcible counter-measures by the North. This means that the Bush administration needs to exercise extreme caution lest it may end up sparking a second Korean war at a time when it is mired in Afghanistan and, especially, Iraq.

Second, domestic political calendar, namely, the upcoming Presidential election next year, dictates that an escalation of the standoff with the North be avoided as much as possible.

Third, both of the U.S. allies, the ROK and Japan, strongly prefer avoidance of the military option on the Korean peninsula. In the case of South Korea, it is perceived by many, including the top leaders in the Roh Moo Hyun government, as a non-option, something to be avoided at all costs.

North Korea, too, has more to gain than lose from a peaceful resolution of the standoff. Its dire economic situation means that it is actually in no condition to risk a war. Economic “cooperation” with the South, Japan, and China will hinge on the absence of a major disturbance, let alone a war.

Given all this, not only the principal adversaries but all of the participants in the six-party talks have a vital stake in resolving the nuclear standoff in a peaceful manner. This is why I believe that the prospects for peace on the Korean peninsula are much brighter than is widely assumed.

* Based on a keynote speech delivered at “Theme Conferences” hosted by Samsung Securities for the benefit of overseas invested interest in Korea, in Hong Kong and New York from November 17 to 19, 2003.