

Multilateral Workshop Summary
& Project Report



**Building
Multi-Party
Capacity
for a
WMD-Free
Korean Peninsula**

August 2006

A Publication by
The Institute for Foreign Policy Analysis, Inc.
In Association with The Fletcher School, Tufts University

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& Project Report

**Building
Multi-Party Capacity
for a
WMD-Free Korean Peninsula**

August 2006

*Project Report and Summary of a
Multilateral Workshop*

Cosponsored by
The Institute for Foreign Policy Analysis and
The Shanghai Institute for International Studies
Graduate School of International Studies,
Yonsei University

With the Support of
The Carnegie Corporation of New York

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Overview

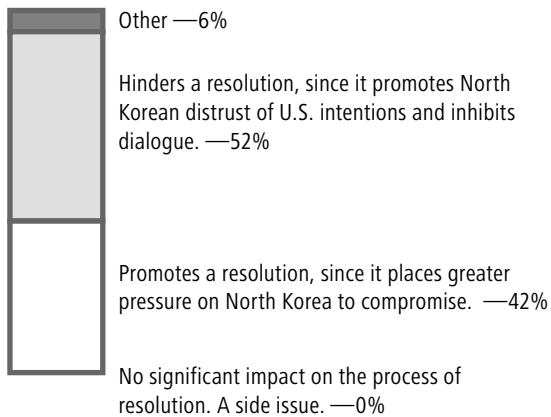
The idea of a nuclear-free Korean peninsula increasingly resembles the proverbial pot of gold at the end of a rainbow: a long-desired reward at a describable location, but not something that most actually believe is obtainable. Those few who pursue it, despite often having an end in sight, never seem to get any closer to their destination. After a promising joint statement in September 2005 at the fourth round of the six-party talks laid out the basic framework for a negotiated settlement, the countries immediately argued about the meaning of key provisions, and more than ten months have passed without substantive follow-up negotiations.¹ Moreover, North Korea (the Democratic People’s Republic of Korea, or DPRK) ratcheted up tensions further by launching seven missiles of various ranges into the Sea of Japan/East Sea on July 5, 2006 (including a three-stage rocket), despite appeals for restraint by the other five parties, the United Nations (UN), and others. This was soon followed by a breakdown in bilateral talks between North and South Korea (the Republic of Korea, or ROK), putting a stop to North-South family reunions and a cessation of ROK aid to the DPRK for the time being. To some, the September joint statement now seems like little more than a collective agreement that a pot of gold at the end of a rainbow would be a wonderful thing.

But the situation in Northeast Asia is obviously more serious and complex than the above paragraph suggests, and it prompted the Institute for Foreign Policy Analysis (IFPA) to undertake a multi-year project to strengthen regional capacity to manage the DPRK nuclear challenge. As a part of this project, government officials and foreign policy experts from the United States, China, Russia, Japan, South Korea, and

¹ The Joint Statement of the Fourth Round of the Six-Party Talks (see appendix C) called for the denuclearization of the Korean peninsula and announced that North Korea and the United States intended “to respect each other’s sovereignty, exist peacefully together, and take steps to normalize their relations.”

An anonymous questionnaire was presented to participants at the workshop. The questions, along with the tabulated results and submitted comments, are presented throughout this report.

Does the imposition of financial sanctions by the United States on North Korea promote or hinder the resolution of the North Korean nuclear problem?



Participant Comments

Pressure is needed, but we also need incentives. The United States needs to coordinate more with South Korea and China.

Financial sanctions have not been imposed. A regime shaken by a proposed action against a far away and small private bank is indeed unique.

Australia gathered for a one-day workshop in Honolulu, Hawaii, in February 2006 to discuss the six-party talks and to explore options for building regional capacity to implement a denuclearization agreement with North Korea, if and when one is concluded. Since the February workshop, IFPA has continued to research ways in which greater stability and predictability can be introduced to the denuclearization dialogue, particularly in the aftermath of the DPRK missile tests. The debates and arguments presented at the multilateral workshop explain much about why circumstances have unfolded the way they have and what opportunities there are to move forward productively. This report describes the workshop results, provides an up-to-

date analysis of how these views relate to current events in Northeast Asia, and offers some general conclusions on what all of this means for the future of the six-party talks and regional diplomacy.

“Multi-party capacity building” for Korean denuclearization refers to coordinating and developing the specific organizational capabilities that will likely be necessary to carry out effectively any six-party agreement (or, perhaps, even to help manage regional tensions in the absence of an agreement). Although these back-end implementation-oriented issues were the main focus of the February workshop, a considerable amount of time was also devoted to a front-end assessment of the current state of the multilateral talks, underscoring the fact that however much we may want the six-party process to evolve into a more functional regional network, the participants will often be stymied, both diplomatically and conceptually, in discussing concretely how to build capacity without greater clarity on the near-term fate of the nuclear negotiations. Still, despite lingering disappointment over a lack of progress after the September joint statement, workshop participants nevertheless continued to emphasize the value of Track 2 dialogue as a tool to keep lines of communication open between and among the negotiators in the absence of an official forum (even if it might only involve the five parties other than North Korea for a period of time, as has recently been discussed).

The backdrop to the Hawaii workshop featured, most prominently, rising tensions between Washington and Pyongyang over a decision in September 2005 by the U.S. Department of the Treasury to label Banco Delta Asia S.A. (BDA), a Macau-based bank suspected of assisting North Korea with illicit financial activities, a “primary money laundering concern” under Section 311 of the USA Patriot Act.² North Korean officials did attend the fifth round of six-party talks in November—several weeks after the U.S. action against BDA was first announced—but they reportedly focused almost exclusively on this issue during the meeting, and Pyongyang later

² The finding against BDA is not technically a “sanction,” though it has acted as one. Rather, it is a “regulatory action against a bank facilitating a range of North Korean illicit activities” (Levey 2006).

announced its refusal to return to the talks unless Washington rescinded its finding (Kerr 2006). The frozen DPRK assets that resulted from Treasury's finding came up again in the furor over North Korea's missile tests, as a senior DPRK diplomat suggested that North Korea could return to multilateral talks if the estimated \$24 million in frozen North Korean assets at BDA were released (Demick 2006).

In addition, the Hawaii workshop convened just one month after Kim Jong-il's much-discussed "southern tour" of China, which raised new questions about the motivations for, and objectives of, Pyongyang's economic reform movement. This topic sparked some of the most interesting discussion during the meeting in light of an increasingly robust trade relationship between North Korea and China, continuing emphasis on economic engagement with the North in South Korea, and what appear to be notable, if modest, improvements in the DPRK's domestic production capabilities.

The workshop, Building Multi-Party Capacity for a WMD-Free Korean Peninsula, was organized by IFPA, with the assistance of the Graduate School of International Studies (GSIS) at Yonsei University in Seoul and the Shanghai Institute of International Studies (SIIS). IFPA would like to thank the Carnegie Corporation of New York for its generous financial support that made this workshop, and the broader project of which it is a part, possible. Finally, IFPA is grateful to the workshop participants who gave their valuable time and considerable expertise to this initiative.³

The workshop included three plenary sessions focused on (1) economic engagement priorities and practices, (2) denuclearization and verification regime principles, and (3) security assurances and related architecture. These sessions were followed by smaller breakout group discussions on each of these key negotiating areas (see appendix A for a detailed workshop agenda and appendix B for a list of workshop participants). Participants recognized the difficult challenge of DPRK denuclearization, given not only the historical dimensions

of the Northeast Asian security environment, but also the fact that so many past "achievements," such as the 1992 Joint Declaration on the Denuclearization of the Korean Peninsula, the 1994 Agreed Framework, and the 2002 Pyongyang Declaration, have essentially been scuttled.

While the long history of North Korea's nuclear weapons program suggests that the ruling Kim Jong-il regime is unlikely to accept complete and permanent denuclearization without first obtaining a binding and irreversible security assurance from Washington (embodied in diplomatic normalization), some analysts continue to assert that Pyongyang will commit sincerely to denuclearization if, for example, the United States drops its opposition to direct and open bilateral negotiations and/or sweetens the offer of economic incentives for North Korea. Still others reject the notion that Pyongyang will ever abandon its nuclear weapons program, arguing instead that the six-party talks have simply allowed the program to continue while North Korea indicates a false willingness to negotiate. For example, Michael Green, the former senior director for Asia policy at the U.S. National Security Council, has stated that North Korea is likely to "give the appearance of agreement to the six-party process in the hopes of keeping the pressure off them, slowing down the process, and avoiding a choice they don't want to make—giving up their nuclear weapons" (Kessler 2006).

These differing perspectives have been exacerbated by near-term challenges to the six-party process, highlighted by the DPRK's July 5 missile tests. The subsequent debate within the UN Security Council revealed important differences in approach between the United States and Japan on the one hand, and China and Russia on the other, but after ten days of negotiation, the Security Council unanimously adopted a rather stern rebuke of North Korea. Resolution 1695 "demands" a suspen-

³ The conclusions of this report do not necessarily represent the opinions of all workshop participants or their organizations. It is not a consensus document, nor has it been reviewed by the participants prior to publication. For a discussion of the results of the first phase of the project, see Schoff, Perry, and Davis (2005). More about the project can also be found at <http://www.ifpa.org/projects/carnrok.htm>.

sion of “all activities related to its ballistic missile program” and “requires” all member states to prevent missile-related goods, technology, and money from being transferred to the DPRK, as well as to prevent the procurement of missiles or missile-related items from the DPRK (UN Security Council 2006). Although the Security Council did not adopt these sanctions under Chapter 7 of the UN charter, as Japan and the United States had initially wanted, it was a substantive response and a rare moment of solidarity vis-à-vis North Korea. The DPRK, for its part, “totally rejected” the resolution, saying that it would continue with its launch exercises and would “take strong actions” if any country tried to apply pressure on the North under the resolution.

Meanwhile, the obscure administrative action by the Treasury Department against BDA has arguably had a significant impact on North Korea’s financial operations, such as they are. Treasury officials, for example, believe that the BDA finding led “a number of jurisdictions and institutions [to take] proactive steps...[and] that some two dozen financial institutions across the globe have cut back or terminated their financial dealings with North Korea, constricting the flow of dirty cash into Kim Jong-il’s regime” (Levey 2006). There are even fears in Seoul that North Korea itself could be designated a primary money-laundering concern, which could paralyze a broader range of Pyongyang’s transactions with the international financial system and spoil the enrichment of North-South economic links, including the joint ROK-DPRK Gaesong industrial complex (Chosun Ilbo 2006). Amidst these fears and dire forecasts, however, a British investment fund is in the process of raising \$50 million to funnel investment into North

Korea’s minerals, financial, and energy sectors (Fifield 2006). Other private sector deals are on the drawing board, and the China-ROK-DPRK trade numbers continue to grow. So what are the prospects for North Korea’s economy: doom and despair, muddling through, or reform and renewal?

As the diplomatic and economic story lines unfold, North Korea continues to produce plutonium (now up to an estimated forty-three to sixty-one kilograms’ worth), and it may also harbor a covert uranium enrichment program.⁴ In August 2003, the U.S. Central Intelligence Agency stated that North Korea had probably built one or two simple nuclear weapons, and more recent estimates suggest that North Korea has produced enough plutonium for between six and ten warheads (Niksich 2006).⁵ No nuclear weapon tests have yet been conducted in North Korea, as far as anyone knows, so it is not clear if the DPRK has a functioning nuclear deterrent, as it claims. Most defense planners work on the assumption that it does, however, and the implication of North Korea’s building additional nukes is that it can more easily part with one weapon, either for purposes of testing or to sell to a wealthy overseas buyer. Concern over Pyongyang’s nuclear programs is exacerbated by fears that North Korea could engage in a “second-tier proliferation” relationship with Iran in the areas of long-range missile technology and nuclear weapons, if it is not already doing so.⁶

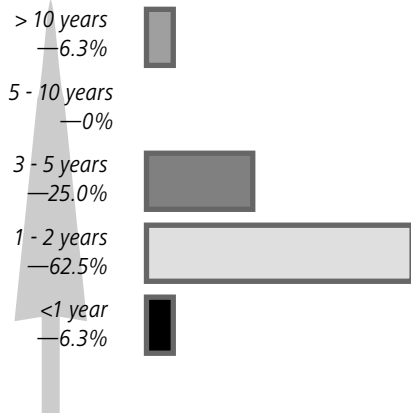
Under these conditions, it is unclear whether or not the six-party process can be sustained, let alone lead to a mutually acceptable diplomatic solution to the DPRK nuclear challenge. It seemed clear to many workshop participants that we could be near a tipping point in the crisis, where the key players may conclude that a negotiated deal is impossible for the foreseeable future, and that some different approach is necessary to manage the problem in the interim. Alternatively, the parties might decide to return to the negotiating table in a compromising mood and build upon the September 2005 joint statement. For either scenario, it will be useful to

4 The plutonium estimate comes from Albright and Brannan (2006).

5 Albright and Brannan (2006) estimate between four and thirteen nuclear weapons.

6 Second-tier, or asymmetric, proliferation occurs when “states in the developing world with varying technical capabilities trade among themselves to bolster one another’s nuclear and strategic weapons efforts” (Braun and Chyba 2004). Israel’s military intelligence chief has recently indicated that Iran received an installment of North Korean-made surface-to-surface missiles with a range of 1,550 miles (Heller 2006).

How long will the current Six-Party process remain viable in the absence of progress toward implementing the September 2005 Joint Statement? In other words, how long can the key parties continue to “not tolerate” North Korean nuclear development without a drastic change of approach (e.g. move toward more pressure, containment, and/or sanctions)?



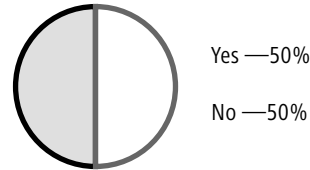
Participant Comments
 More pressure would not necessarily end the talks process. Pressure plus talks is most likely course.

Remarkable patience is likely, mostly because of a lack of good alternatives.

The United States is more focused on Iran now. How the United States solves the Iran nuclear issue will give some hint to North Korea.

continue discussions on regional capacity building in some form. If the talks collapse (or remain dormant), then continued discussion among the participants (with or without North Korea) is needed to help manage a potentially destabilizing situation caused by North Korea’s growing nuclear stockpile and active missile program. However, if the talks do resume and yield positive results, then discussions on implementing the key components of a deal will be necessary to foster a positive environment for what is sure to be a fragile agreement. Either way, the effort to build regional capacity to address these issues—which has been the focus of this IFPA project for the past four years—is tran-

If North Korea were to agree to a verifiable freeze on its nuclear programs for some undetermined period of time while talks continued (perhaps in exchange for the provision of fuel oil and, later, electricity from South Korea), would that change your answer to the previous question (to the left)?



Participant Comments
 Freeze is likely all anyone will get. My bet is they say they never made a weapon so there is nothing to inspect, change, except for nuclear reactors and centrifuges.

Patience will eventually run out, even if DPRK freezes its program.

sitioning from being just an interesting idea into a pressing and critical challenge.

The rest of this report describes how the concept of six-party or multi-party capacity building is developing, based on the workshop and subsequent research. It seems clear that the six-party countries and other interested nations and agencies can, and indeed should, meet to discuss many issues related to North Korea well ahead of any detailed denuclearization agreement, including details of specific approaches related to economic engagement, nuclear dismantlement and verification, and a future regional security architecture. The dialogue on these issues has been far too sporadic and disconnected to date, which has contributed to the lack of progress. In contrast, just the one-day Hawaii workshop provided a useful set of agenda items for multilateral capacity building efforts that can help to rectify these shortcomings. A sustained multilateral effort should be able to accomplish much more.

Economic Engagement



What a difference a year makes. At IFPA's 2005 multilateral workshop in Shanghai, the overarching question was whether or not Kim Jong-il was seriously considering giving up his nation's nuclear weapon programs in exchange for security assurances and economic incentives. In 2006, notwithstanding a September 2005 joint six-party statement affirming North Korea's commitment to abandoning all nuclear weapons and related programs, that question seems now to be overshadowed by a collective skepticism regarding the readiness of North Korea and the United States to forge a mutually acceptable deal on the details of denuclearization. Instead, in the context of stalled multilateral negotiations and stepped-up North Korean economic interaction with South Korea and China, the operative question at the 2006 workshop became whether or not Kim Jong-il was serious about economic reform and modernization as a means to emulate China's and Vietnam's entry into the global economic system. If so, how could economic engagement be structured such that it would enhance the prospects for North Korean denuclearization, rather than serve as a source of leverage by which Kim can effectively delay that regional objective? Is economic engagement with North Korea a legitimate long-term strategy for denuclearization, as China and South Korea seem to believe?

ROK President Roh Moo-hyun has clearly indicated his belief that North Korea wants to (and will) "reform and open up," adding that "the North Koreans have accommodated market economics to the extent that they obviously cannot reverse the course any more" (Roh 2004). Other ROK and Chinese officials have explicitly linked the process of economic engagement with the North to potential progress toward denuclearization and normalization, albeit over the long term, as well as to an eventual peace regime on the peninsu-

la. Many American and Japanese officials are not so sure. One American participant at the workshop has written that indeed “large changes are underway [in North Korea], but the impetus for these changes is as yet unclear...[and] the question is whether the changes result from a top-down decision to reform or a bottom-up unleashing of market forces that a weakened regime can no longer restrain. If Pyongyang is resisting a bottom-up transformation, economic aid may be forestalling or even preventing reform” (Brown 2006).⁷

Further questioning Kim Jong-il’s commitment to reform, another workshop participant added, “If we compare North Korea to the China of the 1970s, what is striking is that North Korea has not made the effort to ensure a stable external environment to facilitate internal economic reform. In the 1970s, the Chinese leadership normalized relations with Japan and the United States, and balanced Soviet pressure from the north. Even today, China is primarily concerned with internal development, for which they desire a stable security environment in Northeast Asia. If North Korea was really serious about economic reform, it would work to foster a more stable regional security environment by ending its dispute with the United States and with regional countries.”

The need to resolve these and other salient economic engagement questions attests to the importance of holding discussions on six-party institutional capacity building in order to share information and coordinate strategies, since no consensus exists regarding the current state of the DPRK economy and what should (or should not) be done to affect that situation. As one Korean participant stated, “Clearly, the first step in a capacity-building effort is to hold discussions to harmonize our perceptions of economic conditions within North Korea, and then to insure that individual national policies do not undermine each other. A six-party organization could serve as a forum whereby representatives from donor nations can attempt to harmonize differing national per-

ceptions and policies. Otherwise an economic engagement strategy for North Korea will fail.”

In fact, the workshop revealed that the participants often had different ways of characterizing the meaning of the word “reform” itself (in the context of economic reform). For some it suggested significant, essentially structural change (i.e., to re-form and give new shape to), while for others the implied change was more subtle or incremental, in the sense of modification and adjustment. A participant with extensive experience in Pyongyang explained, “When I mentioned the term ‘reform’ in the presence of Kim Jong-il he said quite forcefully, ‘We are never going to give up socialism.’ This is a strong principle, not just rhetoric. So I think we should use a phrase such as ‘economic modernization,’ and seek to foster a process of creeping marketization in North Korea.” To some extent, therefore, this process of harmonizing perceptions of DPRK economic conditions should also include a discussion about how the six-party countries evaluate DPRK reform efforts and objectives in light of their own expectations, since a positive or negative assessment depends greatly on what the five parties see as the desired end state of DPRK reform.

One example of how this discussion might be carried out is the World Bank Consultative Group for Indonesia, which was formed in 1989 to coordinate assistance to that country and continues to meet annually. Any such consultative group for North Korea will face a familiar challenge of conditionality, which essentially refers to the kinds of governance or performance-related strings that might be attached to interaction with such a poor economy, be they in the form of aid, loans, or investment. One issue that many workshop participants agreed upon was that North Korea should be held increasingly to international standards, especially in the economic arena, even though the details of how and when to apply those standards will be controversial. The matter is made all the more

⁷ See also Suh Jae-Jean (2006) for an informative explanation of the bottom-up nature of economic and social reform in North Korea, based on interviews with dozens of DPRK defectors since the late 1990s.

complicated by an added layer of conditionality, namely the extent to which coordinated economic engagement might be tied to North Korea's disclosure about its nuclear weapons programs and their subsequent dismantlement. These are all difficult political decisions, especially in a group context.

Another indirect aspect of conditionality is that a nation's military strength in most cases is directly related to the strength of its economy. As one Chinese participant suggested, "We need to decide if an economically stronger North Korea is a positive or negative development. An economically stronger North Korea will give the current regime more resources on which to survive and even perpetuate its rule, and under these circumstances the DPRK may become more reluctant to give up its nuclear weapons. But, China strongly believes that an economically stronger North Korea is a positive development, since the DPRK will then be more integrated with the world economy and therefore more susceptible to outside pressure."

Some American and Japanese participants, however, viewed this belief with skepticism. "Do we really want a truly economically reformed and rebuilt North Korea bent on unification with South Korea on its own terms with the backing of China?" said one American. "This is the message that China sends to North Korea...you can adopt market economics, take advantage of globalization (and by the way, succeed in it)...and continue to pursue your long-term unification goals while still staying in power and maintaining political control. That's the message the Chinese sent very clearly last January to Kim Jong-il."

Another participant, meanwhile, suggested that the five parties should essentially help North Korea's political leadership transform its political power into economic power, in exchange for the nuclear programs. "I had a meeting once with Kim Jong-il and his, well, his secretaries. And I asked why wouldn't he use the territory to the east of the [Donghaeson] railroad to develop a recreation zone for tourists...it would be isolated from the

country and it would bring in a lot of money. And Kim Jong-il looked around and said, 'I know all these guys want to be presidents of companies for tourists.' So he pretty well understands how this could work." Such an approach would obviously be fraught with challenges and moral hazards, but it is perhaps closest to Pyongyang's own concept of economic modernization, which is to slowly improve the economy, maintain control, and enrich and empower the political and military elite.

Another aspect of the economic engagement debate is how trade and finance issues relate to North Korea's sense of security and its eventual willingness to denuclearize, since "issues pertaining to counterfeit currency, money laundering, [and] narcotics...all connect to regime security," explained one ROK participant. "But in the case of North Korea, it doesn't make a distinction between state security and regime security. They are identical. Their leader is the incarnation of the party, state, and the people...however, they may develop less acute threat perceptions if we encourage them to engage in legitimate economic activities. The North Koreans would still have to accept that challenge, but such actions on our part may assuage and soften North Korean perceptions of our intentions." An American at the workshop described this as "closing one door while another door opens. In other words, illicit activities are unacceptable, but that doesn't mean North Korea can't turn to a more sustainable path."

Workshop participants presented a variety of ideas regarding the processes underpinning economic reform in North Korea. Some believed that the impetus for reform was coming from North Korean society with relatively little guidance from the central government. One participant stated, "There are many economic activities occurring in the DPRK countryside, often involving the participation of foreign businessmen, and these changes are proceeding in the absence of a government plan. Many Chinese businessmen are engaged in North Korea, often with the tacit acknowledgement

and support from provincial officials. In my opinion this is an uncontrolled process, and one of the challenges is determining the direction in which it will evolve.”

A Chinese participant who had recently visited North Korea sensed a greater acceptance of market principles by the North Korean people. He reported, “Last year I visited North Korea twice, and I was amazed at seeing a profound change in the outlook of the North Korean people. The population has accepted the legitimacy of the profit motive, and in my opinion this is unstoppable. I think the purpose of economic engagement and capacity building should be the encouragement and promotion of these changes, perhaps by accepting North Korean students and government officials for training in market principles and in other fields vital to the reform process.”

While North Korea is unlikely to permit large-scale, in-country training in market economics anytime soon, one participant pointed to the example of Vietnam to indicate that such training could eventually have profound effects in North Korea. “Ten years ago the international community established in-country training in market economics within Vietnam. The program targeted provincial officials, and now there is a cadre of officials that are undertaking a number of successful projects, and economic activity in the provinces is surging.”

Inevitably, workshop participants compared North Korea’s efforts at reform with China’s experience beginning in the late 1970s. An American noted that “Kim Jong-il is not Deng Xiaoping. The political environment and leadership are the key enablers of economic reform, and in my opinion I do not think it is possible for Kim to introduce top-down economic reforms. Rather, I think he is responding in the most minimal fashion possible to bottom-up demands. North Korea is not really undergoing economic reforms; it is simply adjusting to a new economic situation.”

A Chinese participant countered that Kim and Deng would have agreed on the key objective of

the reform effort: to ensure regime continuity. For this participant, the interest in preserving its authority does indicate that the North Korean government is participating in the reform effort. He stated that “you cannot maintain communist rule solely on the basis of revolutionary rhetoric. Why does Kim Jong-il visit China? Because he is interested in learning how he can maintain his rule through the limited introduction of market incentives. He is altering the economic system within North Korea to strengthen his country and perpetuate the rule of his regime.”

Others agreed that the government was playing an important role in fostering North Korea’s economic reform. One participant advised, “We need not take such a dichotomous view of the reform effort. It is both ‘top-down’ and ‘bottom-up.’ I recently spoke with a North Korean embassy official in Moscow whom I’ve known for twenty-five years. He is a strong adherent to the principles of communism, but he asked if I thought there were possibilities for expanding business ties between Russian and North Korean firms. He was likely acting on instructions from Pyongyang.”

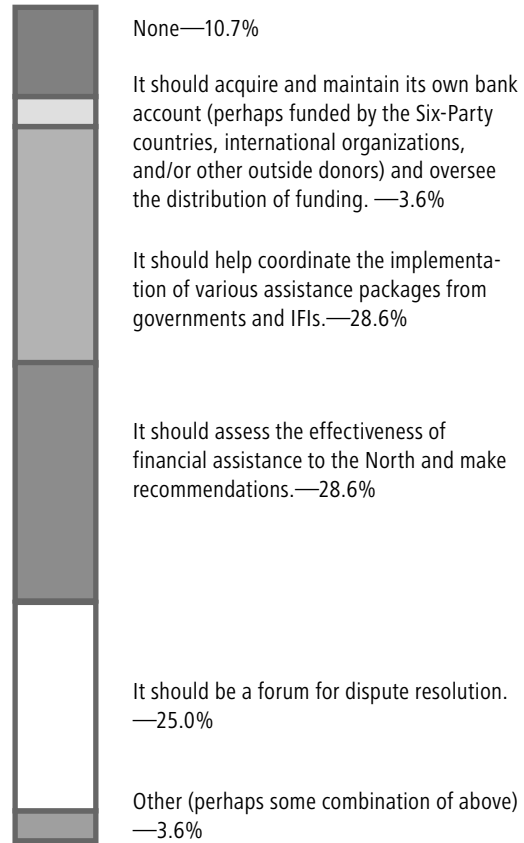
The discussions at the workshop in Honolulu and at other IFPA workshops, as well as subsequent interviews and research, suggest that a regional capacity-building agenda for economic engagement is becoming clearer, and it would be relatively simple for the six parties (with the possible addition of the European Union (EU) and maybe others) to begin a structured dialogue on these issues. Such a dialogue would likely be tethered to the six-party talks in some way, but it should also be able to take place independently of those talks, and it would probably involve a number of non-governmental participants. Far from a forum simply to discuss economic incentives for DPRK denuclearization (which seems like a premature topic in the wake of UN debates about economic sanctions in response to North Korean missile launches), the proposed capacity-building dialogue would focus on the numerous topics that must be addressed before a

coordinated engagement strategy can even be developed. In fact, a separate international workshop has already laid the groundwork for a non-governmental forum along these lines that would include the North Koreans, and it could become a useful starting point for capacity building.⁸

The point of such a dialogue is not to draw up a list of rewards for North Korean denuclearization, but rather to develop a strategy or plan for long-term assistance for DPRK economic modernization based on international standards, as it corresponds to denuclearization and the provision of mutual security assurances. In the spirit of the September 2005 six-party joint statement, which emphasizes “coordinated steps...in a phased manner in line with the principle of ‘commitment for commitment, action for action,’” regional capacity building represents a transitional phase from commitment to action. It is, in essence, a plan for a plan, a plan for economic engagement and security assurances in exchange for a nuclear dismantlement and verification plan.

Parties to this “plan for a plan” approach must begin the engagement piece by harmonizing their collective understanding of the economic condition and direction of North Korea, as already mentioned. In 2004-2005, for example, the North Korea Working Group at the U.S. State Department “developed a sophisticated and comprehensive plan for helping North Korea” redirect its economic and political system away from communism, in the context of implementing denuclearization and normalization (Asher 2006). South Korea and the others have their own plans and ideas, but none of these are yet based on a common assessment or reconciled objectives among the five. This first step could therefore be considered an assessment phase of the

What role should a Six-Party organization assume with respect to financial assistance for North Korea? (Feel free to select more than one option)



Participant Comments

Can't do it all and no need to, but it should be proactive in reviewing, giving guidance on, and helping to coordinate various international and national efforts.

Leave the actual mechanics to IFI lenders. Any attempt to create a new bank would only undercut the international standards that the World Bank and others must insist upon.

capacity-building effort for economic engagement. The assessment phase would then lead to a design phase, or the development of a regional engagement strategy. Both of these phases would probably take a good deal of time to complete (perhaps several months), since the six parties differ significantly in their perceptions and priorities.

8 At the Northeast Asia Cooperation Dialogue (NEACD) in Tokyo in April 2006, participants made tentative progress toward launching a regular, regional dialogue on economic engagement issues related to North Korea. Although the forum would be non-governmental (i.e., Track 2), it could be officially recognized by the U.S. State Department and foreign ministries among the six parties, as well as include representatives from the World Bank, the Asian Development Bank, and other international organizations. A two-year trial period could begin in 2007, if it is adequately funded.

As one participant noted, “It seems that there are two very different economic engagement strategies. One option is to reform North Korea’s socialist economy along capitalist lines over the long term, while the other is to simply view economics as an adjunct of security, with economic aid and engagement used as an incentive to convince North Korea to dismantle its nuclear weapons programs. The first option may require two to three decades, and offers no guarantees that North Korea will disarm at the culmination of the process. But if economics is simply a useful tool for the resolution of the nuclear issue, then we will have to adopt a radically different strategy.”

Indeed, it is likely that an economic engagement strategy with North Korea will have two distinct components: one unrelated to six-party progress, and the other conditional on progress with denuclearization, though on this point there was not even a clear consensus in Honolulu. An American participant offered, “While it is important to discuss the nuclear issue, it diverts attention away from economic reform. In the last fifteen years most socialist countries reformed their economies. North Korea did not, and as a result millions died from starvation. I would give North Korea lots of aid if it was serious about reforming, but hesitate to give aid to assist denuclearization if economic reform was not a key objective of an engagement strategy with the DPRK. Furthermore, if reform is driven by a ‘bottom-up’ process, I would oppose giving aid to the government to facilitate denuclearization, since it would use that aid to curtail the reform effort.”

While some workshop participants objected to the length of time required for a long-term economic liberalization strategy to produce a modified DPRK foreign policy, and therefore espoused the more modest objective of using economics to facilitate denuclearization, one participant noted that “We should not forsake attempts at long-term economic reform, while keeping in mind that it is not necessary for North Korea to mirror South

Korea’s democratization and modernization before it decides to denuclearize. Libya today is not a democracy, but saw an advantage in eliminating its WMD [weapons of mass destruction] programs and integrating with the world economy. In the North Korean case, there needs to be some political and economic transformation before the government determines that its nuclear program is more a liability than an asset, but it need not be a consolidated democracy before coming to that conclusion.”

Implementation and monitoring will, of course, follow the phases of assessment and design, although much of this final phase would not begin until a formal six-party agreement is reached. Even then, the six-party role is probably more about monitoring than it is about implementation, since most of the day-to-day work related to DPRK economic engagement will be carried out by national governments, private companies, and international financial institutions (IFIs). The importance of this monitoring function should not be understated, however, since it will be the primary way that the group can evaluate progress and make informed decisions regarding the linkage between economic engagement and denuclearization.

In addition to sorting out broad strategic issues related to economic engagement with North Korea during the design phase of such an effort, more detailed strategies and tactics will need to be developed. A participant suggested that “the privatization of state monopolies in North Korea constitutes the most important component of a reform program. We should try to foster the ‘chaebolization’ of North Korean industry by first forming public-private partnerships that will take over state monopolies and begin introducing market principles.⁹ The North Korean elite will play a key role in this process. Their most important concern is maintaining a privileged position in society after transformation, and they will have an interest in

9 “Chaebolization” refers to the *chaebol* in South Korea, or large corporate groups (started by families) that have played a major role in the South Korean economy since the 1960s, often with government financing support in the early years.

ensuring that the top managers of these public-private corporations come from the Communist Party and the military. Over time, these corporations can be fully privatized, and the next generation of North Koreans should be educated in market principles to allow them to assume leadership positions and thereby propel forward the reform process.”

However, privatization will not succeed unless it is accompanied by the creation of other economic institutions, such as a viable monetary system. An American participant noted, “The number one economic problem in North Korea is a lack of money. China always had a monetary system. Russia did not, and it experienced hyperinflation, which wiped out the vouchers given to the public following the privatization of state-owned monopolies. North Korea will also need a hard budget and a viable tax system.” Another participant emphasized the predominant use of foreign money in the DPRK economy and how that limits central government influence. Others pointed to the problem of corruption and described situations in Russia and China where North Koreans with government, party, or military ties were seeking offshore investment opportunities as a way to move money out of the DPRK, enrich themselves, and send as little as possible back to Pyongyang.

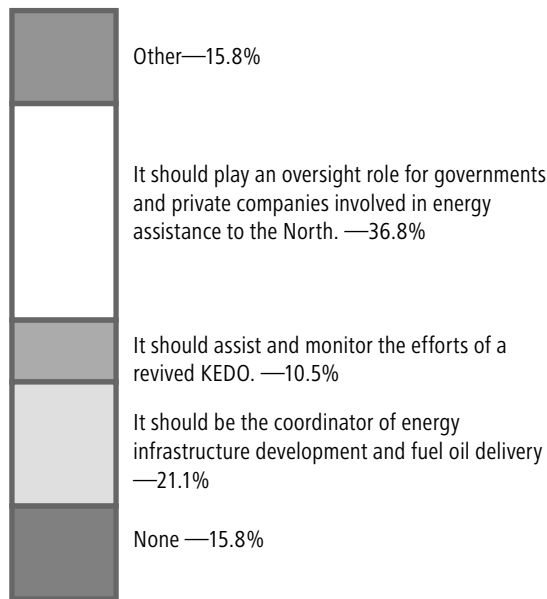
All of this suggests another important role for a regional capacity building effort, which is to offer technical assistance to North Korea in the areas of institution building and modernizing its economy. This could begin even during the assessment phase, as it would help to balance out the flow of information to and from the DPRK. As with the case of overall implementation mentioned earlier, the six-party group might not actually carry out the assistance projects itself, but it could prioritize and coordinate efforts to address some of the deficiencies noted above, with the work being carried out either by national governments or international organizations such as the World Bank or the International Monetary Fund. Participants discussed options for creating some type of international

investment board or bankers’ group that would control donated funds destined for North Korea. The funds could be used to stabilize a domestic monetary system or to develop a viable budget and tax system. Many at the workshop thought that this kind of effort would benefit the North Koreans and the region more than would a new power plant, tourist complex, or shoe factory.

On other economy-related topics, some workshop participants argued that the Gaesong industrial complex could form an important component of an engagement strategy given its potential to increase leverage on the DPRK, but they also offered words of caution regarding the management of the project. One participant warned that the Gaesong initiative could have the ironic effect of increasing South Korean dependence on North Korea, given the political capital expended by the South Korean government to ensure the project’s success. He stated, “North Korea is aware of this political cost, and uses it to its advantage in negotiations with Seoul.” In this way, the Gaesong project has provided an important lesson: limit the extent to which economic initiatives designed to increase North Korean dependence on the outside world also increase interdependencies between North Korea and other members of the six-party process.

Currently, there are approximately fifteen South Korean firms operating in Gaesong, which is expected to be occupied by two thousand South Korean factories by 2012 (Yonhap 2006). Goods produced there will be recognized as South Korean by members of the ten-nation Association of Southeast Asian Nations (ASEAN) as part of its free-trade agreement with South Korea (Iglauer 2006). However, in its negotiations with Seoul over a proposed free-trade agreement, the United States has so far refused to apply a similar designation to goods originating from Gaesong. Disagreeing with Washington’s position on this, one American workshop participant argued that “similar projects with other countries demonstrate that Gaesong can provide a significant amount of leverage over

What role should a Six-Party organization assume with respect to energy delivery and infrastructure development in North Korea?



Participant Comments

I hate to see the KEDO expertise wasted. Maybe a replacement for KEDO, but not called that, would work.

Other: Dispute Resolution. KEDO should be transformed into broader energy assistance and energy integration structure for the peninsula.

North Korea. For instance, the extension by the United States of its textile agreement with Cambodia in 2002 increased Cambodian textile exports from zero to \$180 million in two-and-a-half years and produced 250,000 jobs. Recognizing Gaesong goods as originating in South Korea could have a similar impact on North Korea, and the resulting economic benefits could lead to greater American influence over Pyongyang.”

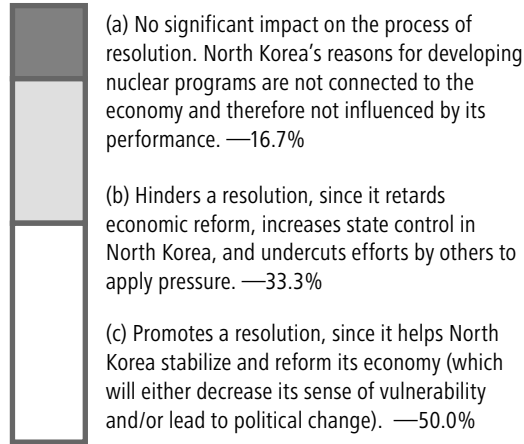
Workshop participants also noted that the development of large-scale infrastructure or commercial projects in North Korea could constitute important components of a future economic engagement strategy. Some stressed, however, that such projects would have to be economically viable in order to propel the reform process forward and to create and strengthen a constituency for reform in the

DPRK. One participant stated, “A critical problem with the Agreed Framework was that the decision to build nuclear light-water reactors [LWRs] was not based on commercial considerations. There were no surrounding factories or plants that could have absorbed the generated electricity. The LWRs were essentially high-profile gifts that did not create vested interests for people who could have pressured the government to adopt a more moderate foreign policy to ensure the completion of their construction. Projects must generate profits for them to contribute positively to the reform effort in North Korea.”

Expanding the domestic market, economic integration between North and South Korea, and perhaps linkages with other countries in the region can potentially enhance the profitability of infrastructure projects based in North Korea, if and when such projects are undertaken. A participant offered, “It may be possible to overcome the confines of a small domestic market in North Korea. The Chinese are building hydroelectric power plants in Laos, which then sells much of the power to Thailand since the domestic demand in Laos is far less than the supply generated. Despite insufficient domestic demand, Laos benefits since these projects are quite profitable.”

Over and above these considerations, most workshop participants realized as well that economic engagement within a six-party setting could not proceed without tangible progress on the nuclear issue. As one participant noted, “North Korea has to decide whether it wants to denuclearize and integrate with the international community. While waiting for a decision, we need to treat North Korea like a ‘normal’ country. Ever since 1945, the Soviet Union, China, Europe, Japan, and South Korea have provided billions of dollars worth of unconditional aid to Pyongyang. We have treated the DPRK as a poor country that cannot pay its debts. We have helped impoverish North Koreans by taking away their incentive to produce. Why should they produce if they can get aid? Ultimately, we

Does the provision of aid/assistance and investment to North Korea by China and South Korea promote or hinder the resolution of the North Korean nuclear problem?



Participant Comments

All depends on how you do it.

Just as (b) is stated. I'd just add, "such aid rewards extortion."

Both promotes and hinders. But will induce basic change, more likely than not to be positive.

need to provide incentives for them to reform their economy, which will require engagement from the international community."

These comments support the belief that what might be called "favor-seeking aid" is ultimately counterproductive if the desired end-state is a soft landing of the North Korean regime. In other words, if China and South Korea want to avoid the regional instability that would ensue after a sudden and hard North Korean collapse, and instead reap the rewards of a North Korea beginning to integrate with the international economy, perhaps their policies of providing aid to North Korea are unwise.

Overall, it is becoming clear that a six-party or multi-party capacity-building effort will have different roles to play as the process of economic engagement with North Korea unfolds. The same could probably be said about similar efforts in the areas of nuclear dismantlement and security

assurances (described later in this report), which would be linked together in some way. Each capacity-building effort would include, in sequence, an assessment phase, a design phase, and an implementation/monitoring phase. Supporting all of this would be the continuing coordination of technical assistance, as long as this capacity-building/six-party process remained viable. As is discussed in the following sections, this model for capacity building should work well for denuclearization and verification, given the concrete and more technical nature of those undertakings. A slightly different scheme, however, might be needed for security assurances, since advance planning for their implementation in a working-group format could only go so far before requiring greater clarity about the nature of the assurances agreed upon and the format in which they need to be provided. Moreover, compared to economic and denuclearization initiatives, security assurances could most probably be set in place more quickly once the up-front political decision to do so has been taken.

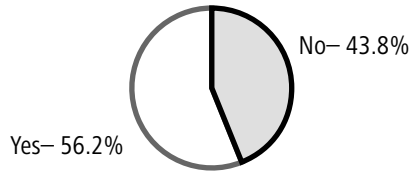


Denuclearization and Verification

Just as the notion of treating North Korea like a “normal” country in the economic engagement realm enjoyed notable support at the workshop, so too did a recommendation by an American participant to apply “uniform and international standards” to Pyongyang during the nuclear dismantlement and verification process. Sharing his take on the perspectives of some members of the U.S. Congress, he stated, “There is concern that in the process of negotiating a disarmament program for North Korea, new standards will be developed that fall short of accepted international norms that have been established under the Nuclear Non-Proliferation Treaty (NPT) and by the International Atomic Energy Agency (IAEA). This would tend to invite the North Koreans to bend the rules or press for special treatment, and once you start backing away from those established norms, it becomes difficult to know where to stop. But if the standards being applied exist outside of the six-party process, these dilemmas can be avoided.”

Still, many participants highlighted the limitations associated with applying so-called international standards to North Korea, since every denuclearization situation is unique and involves a difficult balance of political, diplomatic, and technical components. Perhaps the most important question is, when will the five parties (and other international actors, such as the IAEA, for instance) be satisfied that North Korea’s nuclear weapons complex has been accounted for or dismantled to an appropriate degree? In other words, as several workshop participants put it, “When will enough be enough?” It is clear that different actors, both within and outside of the six-party process have quite divergent views on this issue. For example, there is concern that, as one American participant put it, “if you leave it to the [nuclear] inspectors to determine when they have enough information to verify dismantlement,

Would the Kim Jong-il regime in North Korea ever fully implement the irreversible and verifiable dismantlement of its nuclear programs, if offered a credible guarantee of peaceful coexistence and development assistance?



Participant Comments

All things considered, very unlikely in the coming years. But given enough guarantees and regime protection, it is possible. The regime would have to see it as its only means to survive.

I would expect it to try (and probably succeed) in keeping some form of covert capability, and the issue would be how much ambiguity/uncertainty the other five-party countries can accept if the most egregious and advanced capabilities are dismantled.

you will be waiting a long time.” Another American participant concurred, adding, “We have seen from historical examples like UNSCOM that scientists will never, ever be satisfied that every possible question has been answered. Verification and compliance are ultimately political matters.”¹⁰

To further illustrate the political essence of verification regimes, an American participant brought up the case of South Africa, noting that “its nuclear weapons dismantlement was conducted without any international presence, and after the post-apartheid government announced the dismantlement, officials from the IAEA, the United States, and a few other countries went in to verify it. But the goal was not to ensure that the nuclear weapons program was taken apart entirely. In fact, there are still outstanding issues with regard to the South African nuclear program pertaining to international involvement in its acquisition of enrichment technology and other design assistance, but there were obvious political circumstances at the time that pre-

cluded a comprehensive investigation.” The political constraints, this participant indicated, arose from concerns that conducting highly intrusive inspections could have undermined the legitimacy of the new South African government. This is an important lesson, too, in the North Korean context; many participants agreed that Kim Jong-il will be reluctant to permit intrusive monitoring and inspections—especially in the early stages of denuclearization—for fear that this could undermine his control over the country.

But this North Korean concern will obviously have to be balanced with those of the other five parties, who want to ensure that the threat from Pyongyang’s nuclear complex is permanently eliminated, especially if conditional economic assistance is flowing to (and strengthening) Kim Jong-il’s regime. The five parties will need to establish some middle ground, and toward this end, an American participant pointed out that “militarily significant cheating is a very different standard than perfect compliance. We will never get perfect compliance from the North Koreans, but we have adopted a standard of militarily significant cheating in the past, for example in nuclear arms control agreements with the former Soviet Union. This is the right standard.” But what exactly would constitute “militarily significant” cheating in the North Korean case remains to be determined. For that matter, what constitutes the right “international standard” as mentioned above? And if there is a significant gap between these two proposed standards, how are they to be reconciled?

Answering these questions and building consensus on the criteria that will apply to North Korea as it dismantles its nuclear complex are examples of critical capacity-building objectives that might be pursued in the near term, possibly as part of a six-party dismantlement and verification working group. One of the first tasks such a group might undertake, for instance, could be a detailed study of past efforts at dismantlement and verification (e.g., Iraq in the 1990s and Libya after December 2003)

¹⁰ The United Nations Special Commission, or UNSCOM, was established to help implement UN Security Council Resolution 687, adopted in the aftermath of the first Gulf War in 1991. The resolution called for the elimination of Iraq’s WMD under international supervision.

to draw out lessons learned that can be applied in North Korea. Moreover, building on such an investigation, the working group could determine more specifically what would be required of Pyongyang, and of the other five parties, during the denuclearization process. An American participant with considerable experience in the nuclear inspections field stressed that “the negotiation over what you will actually verify, where you can look, and what tools and techniques you will use can be very difficult,” but establishing a formal working group to address these and other issues could help to ensure that the process runs smoothly after a viable denuclearization agreement is reached (however unlikely that outcome may seem at present).

In the beginning, this working-group dialogue would be similar to the assessment phase and the provision of technical assistance that was mentioned in the economic engagement section, though it would no doubt suffer from less available information until North Korea provides more detailed declarations about its nuclear programs. Still, it is not as if nothing is known about the DPRK’s nuclear programs, since the IAEA and others had a good degree of access for several years, and what is known can be compared against past denuclearization efforts in other parts of the world to the benefit of all involved. Indeed, given the limited and compartmentalized experience among (and even within) countries in this field, participants believed that the six-party group faces a significant learning curve and that much of the learning needs to be done together.

North Korean denuclearization will be unique in the sense that a large group of countries is involved (via the six-party process), some of which possess nuclear weapons while others do not. Moreover, North Korea would not be voluntarily giving up its programs in the same way that South Africa or Ukraine did, yet it would not be forced to relinquish its weapons in the way that Iraq was forced to do after its defeat in the first Gulf War. The North Korea effort will be a com-

pensation model of denuclearization unlike even Libya, since the compensation for Libya did not come through a transaction or exchange, but rather was latent, allowing access to international investment and markets for the sale of domestic oil deposits. Instead, Pyongyang seeks a number of tangible rewards and a de facto guarantee of regime survival in exchange for its nuclear weapons and related programs.

Directly related to the scope and depth of nuclear dismantlement, of course, is the timeframe within which the process is to be completed. Once again, workshop participants recognized that political and technical officials would have different perspectives on this issue. For example, there was general agreement that scientific personnel on the ground in any disarmament initiative tend to assume that they have unlimited time to dismantle a program, while the diplomats and politicians will be aware of the pressure to complete the program relatively quickly. Participants generally agreed that dismantlement would not (and, for political reasons, could not) last several decades. Rather, according to one American workshop participant, “three to five years is probably a more accurate assessment,” citing a conversation he had with U.S. Department of Energy officials. This underscores the benefits of planning as far in advance as possible so that implementation can begin as soon as possible after an agreement is reached.

More detailed discussion of the necessary activities that will be part of North Korean nuclear disarmament, and the estimated timetables for those activities, could be topics for a multi-party working group to address. Moreover, the group would benefit greatly from studies that have already been done on the technical aspects of dismantling Pyongyang’s nuclear complex. The Cooperative Monitoring Center at Sandia National Laboratories, for example, completed an investigation in mid-2005 that estimated it would take two years to develop a comprehensive decommissioning plan for the five-megawatt reactor at Yongbyon, one year

for partial decontamination and defueling, and up to ten years for canning the removed spent fuel (Whang and Baldwin 2005). It is important that this kind of knowledge inform the front-end negotiations if and when the six-party process is revived, as it will be difficult to establish a framework for reciprocal action (along the lines, perhaps, of the deal offered by Washington in June 2004) without understanding how much time will be required for various dismantlement activities.¹¹

Although it is clear that the denuclearization of North Korea will take much longer than was required to dismantle Libya's WMD programs, a six-party organization will benefit from examining the relatively efficient process adopted by the United States to remove sensitive material and ensure the permanent dismantlement of Libya's WMD arsenal. One official familiar with that effort reported, "Removing some of the most sensitive material from Libya proceeded rather quickly. Following Libya's December [2003] decision to disarm, we had experts in that country by mid-January, and by early March we had removed much of the most sensitive materials. One of the key steps was identifying those activities that had to transpire relatively quickly, and setting up a mechanism that could make this determination in addition to locating and providing the necessary nuclear, biological, chemical and missile experts. To facilitate this effort, we developed a 'core elements paper' and a checklist that identified each of the activities that had to transpire in each phase of the disarmament process. With this approach we were able to identify the goals for each phase and make clear to our Libyan counterparts what actions were required of them. For example, the first phase called for the removal of the most proliferation-sensitive material, and we indicated to the Libyans that we had to remove warheads, fissile material, and key components of centrifuges. The core elements paper and the checklist enabled us to move relatively quickly in securing this material and shipping it out of the country."

With Libya's WMD disavowal in mind, discussion turned to Pyongyang's place in global, asymmetric proliferation networks (both countries, along with Iran, are now thought to have received nuclear-related technology through the A.Q. Khan network out of Pakistan) and therefore to the scope of the information that would be revealed during the dismantlement process in North Korea (Sanger and Broad 2004). One American participant noted that "the hot issue in proliferation today is supplier networks. Are we going to delve into who provided the North Koreans with the technical design assistance and pieces of equipment? Or, in the interest of unity and agreement, will that be put aside because moving ahead with denuclearizing North Korea is the top priority?" While one American participant believed that "dismantlement and irreversibility is probably enough," another countered by saying that "the world has changed, especially after the discovery of the A.Q. Khan network. Today, proliferation networks are a critical aspect of addressing this issue, because in resolving the North Korean crisis, we do not want to create another problem somewhere else. So having a look into North Korea's network is pretty essential."

Related to the question of what kinds of information will be revealed during the dismantlement process is the issue of sharing that information among the inspectors, and particularly the political and legal restraints on which countries can have access to what material. Several workshop participants acknowledged that one of the challenges a six-party organization will have to overcome is managing the tensions that will arise from the distinction between nuclear and non-nuclear weapons states (NWS and NNWS, respectively) under the NPT. "There are national and international legal restraints," one American participant declared, "with regard to NNWS having access to, and participating in the inspection and transfer of, technology and blueprints related to nuclear weapons." More specifically, this participant stated, "The verification document that gets generated [as part of the

¹¹ For more detail on the June 2004 offer see Kerr (2004).

dismantlement process] is a highly classified list of the components that are required for a nuclear weapons program, and therefore cannot be shared with certain parties.” Because three members of the six-party talks—the United States, China, and Russia—are NWS, and two others are not, it would be wise to address how this conflict will be dealt with in advance of the start of the dismantlement process.

This dilemma is nothing new, however, and as indicated above, there may be important lessons from past dismantlement and verification efforts that could benefit the six-party group. As one U.S. official who participated in the inspections process in Iraq in the 1990s stated, “Whenever an item on the verification list was used primarily for a nuclear weapons program, it went to a special group of inspectors who were familiar with the technical specifications that made it unique to such a program. Unfortunately, this did lead to tensions. Some inspectors resented what they viewed as a secondary role, and some believed that the United States and Britain exercised excessive influence over the inspection process.”

While compartmentalizing information regarding sensitive nuclear materials and the segmentation of dismantlement tasks cannot be avoided, this participant did suggest that a six-party organization could minimize tensions among inspectors from different nations by attempting to institute as much transparency as possible in designing rules of engagement. He explained, “In Iraq we developed rules that everyone had access to, and we also had special annexes that were shared only with those parties who needed to have access to that information. In the North Korean context, we should increase transparency to the point of letting the South Koreans and Japanese know why they are being restricted from accessing certain information [primarily because they are NNWS under the NPT].” Moreover, this participant suggested that “even if you were at a nuclear weapons site where the United States, Russia, and China were doing

the bulk of the work, there may also be some ancillary roles to be played by other parties. I suggest establishing a high-level group within a six-party organization that could address this and other sensitive political issues that will arise during the denuclearization process.”

After acknowledging that members of the six-party group would play different roles during the dismantlement and verification process, one participant suggested that each country should conduct an internal review to determine which capabilities it can provide, and, based on the legal restraints under the NPT (and possibly the political obstacles inherent in the six-party dynamic), which capabilities it will be allowed to provide. This could be a useful capacity-building track to pursue, which may even be applicable across other issue areas, such as for the nuclear crisis in Iran or to plant the seeds of a regional security architecture for Northeast Asia, particularly in the nuclear security/counterproliferation realm.

Considerations of national capacity then led to debate on the appropriate role of international organizations like the IAEA in the dismantlement and verification process, which, not surprisingly, became a significant point of dispute. One participant who had attended IFPA’s March 2005 workshop in Shanghai noted that during the meeting, a Chinese commentator indicated that Pyongyang might be reluctant to allow the IAEA back into the country, and, paradoxically, might actually prefer an American team.¹² This commentator even suggested, “If North Korea ends up making a strategic decision to dismantle its nuclear programs, but refuses to allow the IAEA in during certain phases, I think this a concession we will certainly be ready to make.”

Others, though, saw the need for an IAEA role at some point in the process. One participant stated, “Assuming the five parties return the situation to the point where North Korea does not have a

¹² IAEA inspectors were ejected from North Korea in December 2002, just before Pyongyang’s formal withdrawal from the NPT.

nuclear weapons program, that is when the IAEA should come in to reestablish a baseline and initiate its safeguards role as North Korea reenters the NPT.” But another participant disagreed, stating that “since the IAEA is responsible for nuclear materials accounting, it would actually have to be involved from the beginning of the denuclearization process.” An Australian participant agreed that the IAEA should play a role early on, but mostly because this would “indicate that we are dealing with a global proliferation issue, rather than simply a local or regional one.”

Regardless of what role (if any) the IAEA ends up playing in dismantling North Korea’s nuclear weapons, the multi-party group will need to establish some kind of framework for coordination between and among the various actors that are involved, particularly when those actors could have overlapping (and, it is hoped, mutually reinforcing) roles and responsibilities. For instance, a Chinese participant pointed out that all four existing nuclear weapons-free zones (NWFZs)—in Latin America, Africa, Southeast Asia, and the South Pacific—have their own verification regimes in addition to the IAEA. He proposed, “Because dismantling North Korea’s nuclear weapons program is beyond the capability of the IAEA, the three major nuclear powers involved in the six-party talks [the United States, China, and Russia] may have to establish an initial dismantlement and verification regime. Then, the two Koreas could set up a peninsular verification institution according to the 1992 Denuclearization Agreement, which specifically calls for such a regime. Last, in the future, a North Korean-Japanese verification regime could be established.”

But how would these various regimes and actors coordinate with one another? Workshop participants generally agreed that establishing a “unified command” would be critical. One participant thought that the situation would require “one chief to make sure that the work of one actor does not impinge on another.” Many of the participants who had field experience with dismantlement and veri-

fication agreed that these endeavors require a lot of people, and that it is critical to determine who will run day-to-day operations on the ground. An American participant even warned that “if the country being inspected can easily identify where your coordination weaknesses are, it will exploit them.”

Moreover, countries (and organizations) bring their own methods to the table in any multilateral undertaking, and differences in standard operating procedures can create problems. For example, some participants with nuclear monitoring experience indicated that Russian nuclear safety standards are very different from those in the United States. One participant also stated, “The U.S. and Japanese approaches to nuclear materials accounting are similar to each other, but very different from other countries. If discussions on such matters take place before implementation begins, you can arrive at an agreement rather than have the discussion the day before deployment.”

Considering these hurdles, participants looked again at the nuclear dismantlement of Libya since December 2003 and generally concluded that North Korean denuclearization would be a much more difficult undertaking, in part because, as one American participant noted, Libya’s dismantlement was handled largely by a single country (the United States), and the capacity for undertaking most of the required tasks existed within one bureau of a single government agency (the U.S. State Department’s Bureau of Verification, Compliance, and Implementation). Adding to the complexity of the North Korean case, this participant suggested, was that “much of the necessary equipment for dismantlement will have to be built, and there are several coordination challenges. For example, we will have to determine the type and amount of support that the six parties, international organizations, and other countries can provide, and how best to coordinate all of these contributions. There must be unity of command in any multilateral mechanism we set up to implement a denuclearization agreement in North Korea. There should be only one

voice that communicates with Pyongyang while inspection activities are implemented. The other five parties and the IAEA should establish a work plan to accomplish this.”

But even if an effective work plan and coordination mechanism are developed before the start of dismantlement in North Korea, one American participant warned, “No inspection process is free of disputes between the country being inspected and the inspectors, and between the inspection goals and the political objectives. Disputes arise because even the best of inspectors will look at the same set of facts but arrive at different conclusions.” A dispute resolution mechanism will certainly be important for the six-party group to develop. In fact, the lack of this kind of process was one of the factors that plagued the 1994 Agreed Framework, since there was no agreed-upon process for addressing U.S. charges that North Korea had an active program to enrich uranium. A six-party working group would have many organizational precedents to examine for the purpose of constructing a dispute-resolution system for a North Korean denuclearization agreement. For example, the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials (ABACC) uses a five-member arbitration panel, while the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL) sends disputes to the International Court of Justice, the judicial branch of the UN.¹³

In addition to dispute resolution, other structures and processes could be developed into a regional organization capable of overseeing the dismantlement of North Korea’s nuclear weapons program. An American participant suggested that there may need to be two tiers of authority for dismantlement and verification, suggesting that the first would be a “multilateral implementation support element within North Korea to assist with the arrival, departure, and day-to-day activities of teams coming in. This element would also be the principal interlocutor with the North Koreans to

ensure continuity. But there should also be another entity that does more of the strategic thinking and provides instruction to the teams. There should be a campaign plan to lay out the various functions required and the priorities.”

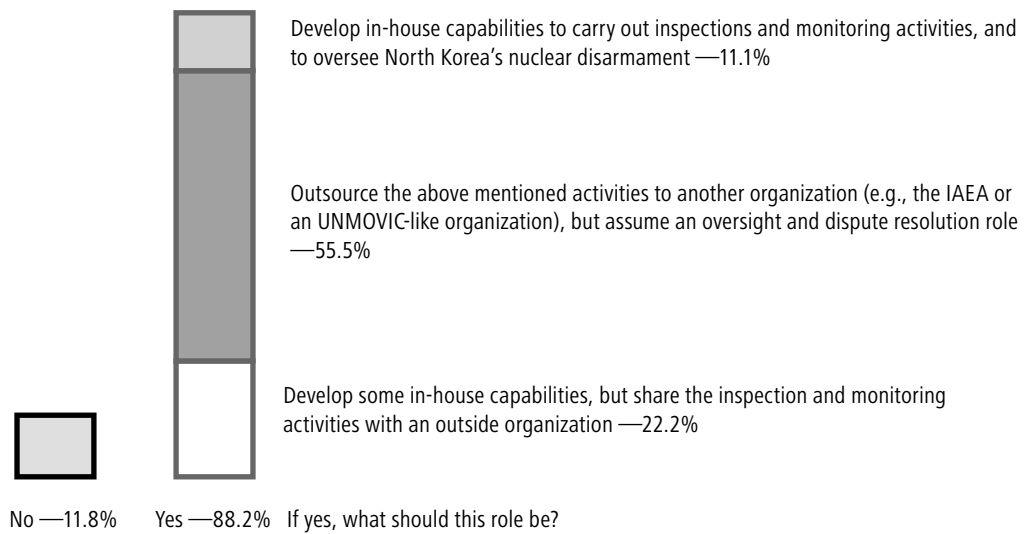
Indeed, many participants agreed on the value of establishing a multinational, multidisciplinary (or interagency) group to focus on DPRK nuclear dismantlement. One participant thought that “such an institution could rely purely on bureaucratic interactions rather than on the political plane of the six-party process.” This suggestion is interesting when considering that other workshop participants stressed throughout the meeting the importance of enhancing interaction and understanding between the personnel representing the technical and diplomatic tiers of the North Korean nuclear issue. For example, a participant declared, “If we set up a multinational, interagency group to coordinate dismantlement and verification, to make it effective there would need to be a political entity to report to occasionally in the case of decisions that need to be made by minister-level officials. We need a mechanism to handle the technical details and the ability to obtain guidance, because during the process there will be issues that need to be resolved at a higher, political level.” Perhaps, then, both dynamics are needed: enhanced understanding regarding technical issues on the part of the politicians to facilitate the front-end negotiations, but also a separate track of purely scientific/technical cooperation—that would be both multilateral and interagency—to remove politics from the pre-agreement, capacity-building element of this endeavor as much as possible.¹⁴

Other issues that could be addressed by a six-party capacity-building working group include planning for certain contingencies, such as preventing the accidental detonation of a nuclear weapon

13 See the table “Outline of Selected Multilateral or Regional Organizations to Promote Discussion Regarding their Applicability for Northeast Asia,” at <http://www.ifpa.org/confwrkshp/Honolulu0206.htm>.

14 See Schoff, Perry, and Davis (2005, 69-73) for a discussion of monitoring and verification technologies and how they can be combined with the political structure of the six-party process.

Should a Six-Party organization play a post-agreement role with respect to ensuring DPRK compliance with its negotiated verification and dismantlement obligations?



Participant Comments

The six-party group could also play an intelligence-sharing and “defining the problem” role.

Key to compliance is to make sure elite North Koreans understand it is in their own interest to comply...need to create vested interests inside the DPRK in favor of compliance.

being dismantled or transported. “North Korean weapons,” one participant stated, “are probably not equipped with three-point safe design. But if you leave everything to the [U.S.] State Department, this is the last thing they would ever worry about.” This comment then brought up the potential importance and benefit of involving the North Koreans in the denuclearization process, because, as one participant stated, “We will have to decide how to safely dismantle these nuclear weapons, and the essence of safe and successful dismantlement is in knowing how the weapon was put together in the first place. If you don’t know the design, dismantlement can be very difficult.”

Despite the current stalemate in the six-party talks, therefore, there are tangible benefits that may accrue from holding capacity-building discussions in anticipation of a North Korean decision to eliminate its nuclear weapons programs. One workshop participant recognized that “if we decide to wait until the six-party talks are successful before holding capacity-building talks, we will be waiting a long

time. The interim period could be used to establish a timetable for denuclearization and develop a verification regime.” Another participant wisely pointed out that “the worst thing that could happen would be that dismantling the North Korean nuclear complex ends up flaring tensions or destroying ties among Japan, the ROK, China, and the United States. Such misunderstandings about the process of verification and dismantlement can be avoided by spending a few years discussing these things beforehand.” The assessment of such an endeavor, in particular, would have value even if the six-party process falls apart, and/or if North Korea becomes a declared NWS, as either event would likely require an alternative approach to Pyongyang among the other five parties (and perhaps other countries and agencies) based upon a thorough understanding and, ideally, consensus regarding the scope of the North’s nuclear infrastructure.

The foregoing analysis has provided something of a ready-made agenda for a dismantlement and verification working group that could be instituted

in the near future, even in the absence of an official, six-party negotiating forum. That agenda might include such topics as (1) the extent of nuclear dismantlement and dealing with the limited access that might be granted to a follow-on inspections regime; (2) coordination among the various actors involved in the process, particularly between the political and technical tiers of authority; (3) reconciling national differences in standard operating procedures; (4) establishing a unified command structure; (5) agreeing on an appropriate framework for sharing (and restricting) information; (6) dispute resolution mechanisms; and (7) contingency planning.

Solutions to the obstacles that will likely be encountered during the dismantlement process will not be developed easily. As one participant noted, “There are so many questions that need to be resolved before we attempt to dismantle North Korea’s nuclear weapons programs. Who is going to pack North Korea’s fissile material, and where will it go? Any nation that agrees to accept North Korea’s highly enriched uranium or plutonium will need a significant amount of advanced warning to prepare to receive it. Unlike the dismantlement of Libya’s WMD programs, there are no pre-existing agreements with other countries whereby they would receive the DPRK’s fissile material. In the case of North Korea, we are essentially starting from the beginning, since there are no regional agreements and institutions that can facilitate the dismantlement process.”¹⁵ Preparations can and should begin now, understanding that this will be a lengthy process. Whatever the outcome, these deliberations can only contribute to more timely action when the DPRK nuclear challenge is poised for resolution.

15 In December 2003, Russia accepted seventeen kilograms of Russian-origin highly enriched uranium from Libya as part of the Russian Research Reactor Fuel Return (RRRFR) program. Under this program, developed by the United States and Russia in December 1999, more than a dozen countries are eligible to receive U.S. assistance to ship their fresh and spent reactor fuel to Russia for secure management.

Security Assurances



While North Korea continues to insist that it could not possibly relinquish its nuclear deterrent before it receives credible and binding security assurances from the United States (and perhaps multilateral assurances via some form of a six-party pledge), considerable uncertainty still exists, workshop attendees acknowledged, as to what precisely Pyongyang really wants by way of security assurances, how such assurances could be most effectively and responsibly conveyed and codified, and the degree to which they could (or should) ever be viewed as irreversible. A key operational challenge, one American participant suggested, is that any effort to reassure North Korea is likely to bring with it some degree of reduction in the ability of U.S. forces, in tandem with their ROK counterparts, to deter Pyongyang. If the United States and its allies are to assure the North, they must, it was argued, be willing to accept a greater amount of risk with regard to their overall deterrent posture, and they may have to change as well the way in which they speak about their deterrent capabilities.

Seen in this light, security assurances and deterrence are the “flip sides of the same coin,” and it will be rather difficult, this same participant stressed, to maintain a balance between the two that satisfies all parties. A Japanese participant echoed this concern, and wondered aloud whether the DPRK’s demand for security assurances wasn’t really rooted more in the North’s desire to weaken the U.S.-ROK alliance and to limit the ability of Washington and Seoul to threaten in a convincing way any option to attack the DPRK, whatever the provocation. That, he argued, was really an unacceptable eventuality.

In response, another American participant stressed that the only way “you can reassure and deter at the same time is...by *not* making security assurances irreversible.” “In fact,” he continued, “security assurances are only credible if they are conditional...you don’t give blanket assurances like ‘regardless of whatever you do, I won’t do something’...[there must be an equal] assurance that if you don’t live up to your end of the bargain, then there are going to be consequences.” In

this sense, he explained, security assurances must be mutual and reversible to be credible. Unfortunately, it was further suggested, at this moment the North Koreans don't seem to believe that anything they might do would result in serious consequences, which makes it very difficult to move forward intelligently toward an acceptable set of security assurances. The same participant added that the situation has not been helped by an inclination on the part of the current South Korean government to avoid taking a tough line on Pyongyang, refusing, for example, to impose even economic penalties on the DPRK when it takes additional steps toward a more explicit nuclear weapons posture, boycotts the six-party process, or engages in other provocative behavior.

Not surprisingly, a number of ROK attendees took issue with this last comment regarding Seoul's reluctance to push back on the North Koreans, pointing out that while President Roh has indeed made it clear that he would not support the use of military force as a way to halt Pyongyang's pursuit of nuclear capabilities, he had also made it very clear to the North Korean leadership that further bad behavior on their part could lead to a cutoff of South Korean economic assistance and cooperation and possibly to economic sanctions. So, from this particular perspective, assurances from Seoul, it was argued, have been conditional, albeit with an emphasis on economic rather than military retaliation.¹⁶ Moreover, on the specific issue of security assurances, it was not what South Korea said or did that really mattered, a number of South Korean and Chinese participants emphasized, but what the United States said and did. Comments along these lines led, in turn, to statements by these same participants that the DPRK was really operating from a position of relative weakness (compared to other powers in the region), that its headlong pursuit of nuclear weapons reflected its deep sense of insecurity (especially vis-à-vis the United States), and that it was going to take a grand gesture from the more powerful country (i.e., the United States) who

could afford to be magnanimous to get forward movement in the six-party process.

One important gesture on the part of Washington, an ROK participant who has negotiated with the DPRK proposed, would be for American officials to avoid what he termed "imprudent rhetoric" (e.g., "axis of evil", "outpost of tyranny"), for "the politics of North Korea is all about face saving, with the politics of words and the recognition of identity taking center stage... These are very important issues which most Americans tend to underestimate..." This was in no way meant to ignore, he added quickly, the torrent of absurd and hyperbolic language used by Pyongyang to describe the U.S. leadership, as well as its South Korean and Japanese allies. It was simply to suggest that when more neutral language was used—as in the case when President Bush deliberately referred to the DPRK leader as "Mr. Kim"—reactions from Pyongyang were more positive and the opportunities for progress in resolving the nuclear dispute seemed greater. So, toning down the "axis of evil"-type comments, he added, would be a good way to indicate to Kim Jong-il and the DPRK leadership—who, in his view, craved above all else to be treated as "legitimate"—that the United States truly would adhere to a policy of "non-hostile intent" toward the DPRK.

As for North Korea's sense of insecurity (and its need, therefore, for security assurances), one Chinese participant noted that "a Cold War paradigm filled with intense mutual hostility still exists on the peninsula, and, while both Japan and South Korea benefit from the American policy of extended deterrence, and China and Russia can each rely on a credible nuclear deterrent, North Korea is the only country in the region without a

¹⁶ As evidence that Seoul has indeed been willing to impose economic costs on Pyongyang, one South Korean attendee suggested that critics should note that there were still just eleven companies in the Gaesong industrial complex as of February 2006, whereas the original plan was for more than 350 by June 2005. The Roh government, he argued, was deliberately maintaining a slow pace of development as a way to demonstrate to North Korea the opportunity costs of dragging its feet on the nuclear issue and progress at the six-party talks.

legitimate security assurance.” To this, a number of Chinese participants added that even though the 1961 Treaty of Friendship, Cooperation and Mutual Assistance between North Korea and China remains valid, “China has signaled to the DPRK that Article 2 [which addresses China’s commitment to the defense of North Korea] is not an unconditional security guarantee. Whether China intervenes militarily will depend on the specific origins and evolution of a conflict. Indeed, some in China have called for amending the treaty so that North Korea is under no illusions regarding the nature of China’s commitment to its defense, but most officials do not want to [do so] given the sensitivity of [Sino-DPRK] bilateral relations.”

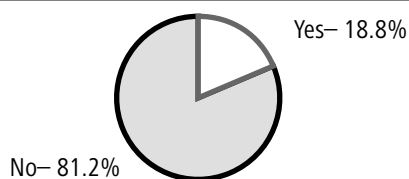
One participant who has interacted extensively with DPRK officials went on to note his belief that recent U.S actions (however justified) with regard to North Korea’s illicit economic activities seemed to have increased Pyongyang’s sense of insecurity: “I perceive North Korea to be deeply persuaded by current events... that the United States has not made the strategic decision to coexist with the ruling regime in Pyongyang. The sanctions placed on

BDA seem to have proved to DPRK officials that the real intention of the United States is to change the regime in North Korea.”

This comment led a Chinese attendee to caution that it was, in his opinion, counterproductive to try and offer (as he felt some American officials do) security assurances to the state but not the regime, because they are really one and the same, and efforts to distinguish between the two simply increase Pyongyang’s paranoia. A Japanese attendee who had often negotiated with North Koreans tended to agree with this observation, adding that, in his opinion, “neither ensuring the security of the state nor the preservation of the socialist system represents the core components of a security assurance for the DPRK. Rather, Pyongyang’s key aim is to ensure the continued rule of Kim Jong-il and his heirs. For this reason the regime is very sensitive to attempts by outsiders to undermine its hold on power.” Workshop participants who saw this dimension of regime sensitivity as the key problem in fashioning an effective security assurance tended to agree as well with the notion (already mentioned earlier) that a “gentler, more respectful dialogue” and more opportunities for direct, bilateral exchanges between the United States and the DPRK (as a core part of a wider multilateral approach) would likely be more productive.

On the other hand, an American participant contended that those seeking to engage the DPRK should be careful not to “limit [their] discussion of security assurances solely to devising ways of making North Korea feel more assured. Both Japan and South Korea are threatened by North Korea’s missiles and WMD programs. How would South Korea feel if we told North Korea that we will never attack under any circumstances? South Korea would rightly conclude that the United States would not defend it in the case of a North Korean invasion.” Still another American participant reacted quite negatively to the suggestions of several attendees, principally from China and the ROK, that the DPRK was somehow uniquely insecure,

Would the United States refrain from all actions that could undermine the Kim Jong-il regime and guarantee peaceful coexistence, if North Korea verifiably dismantles its nuclear programs and rejoins the NPT?



Participant Comments

The threshold of what Pyongyang might perceive as “undermining” is so low that the United States could never meet it, even if there were such a consensus – which there is not.

U.S. has explicitly said that it will take more than denuclearization to bring about a “true” normalization. Overt steps to squeeze DPRK would stop, but “peaceful coexistence” is not likely until the DPRK undergoes more meaningful transformation.

stating that he “strongly disagreed with the argument that North Korea is the least secure country in Northeast Asia. Do you really believe that the United States would have tolerated for fifteen years a North Korean nuclear program if we could have destroyed it with conventional forces? The reason they still have a program is that North Korea’s conventional forces have successfully deterred the United States from undertaking military action, which would have started a second Korean War. Therefore, to argue that North Korea is the least secure country in the region ignores the reality of a stalemate that has presided on the peninsula over the last fifty years.”

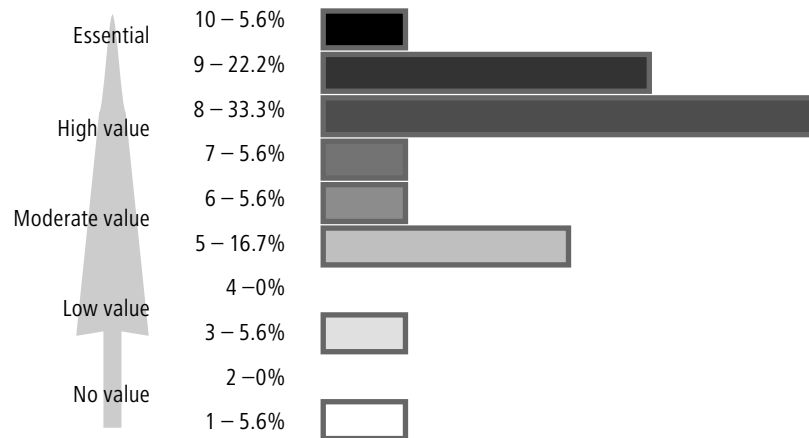
One Japanese participant concurred with this sentiment, observing that “as I look at the military balance on the peninsula, I essentially see a stalemate. North Korea can penetrate into the South, but it could never reach Pusan. Furthermore, if it did penetrate deep into South Korea, this would give us the opportunity to destroy North Korea’s military. North Korean officials are aware of this possibility, and would therefore be reluctant to launch a full-scale invasion of the South. But at the same time, the United States and South Korea could never occupy all of North Korea. It is not possible for either side to carry out a decisive military campaign that succeeds in completely occupying the entire peninsula. Therefore, one way of assuring North Korea is to make it aware of the enduring nature of the current stalemate.” Hence, if the United States were ever to diminish its deterrent posture on and around the peninsula in order to appear “less hostile” and more reassuring toward the DPRK, as some suggest it should, it might in fact undercut that stalemate and destabilize the region.

Speaking further on the issue of stalemate on the peninsula, a former U.S. military official with extensive experience in the Asia-Pacific theater noted that during the 1960s, 1970s, and 1980s when the North Koreans engaged in rather provocative behavior on a fairly regular basis (seizing the *Pueblo*, launching guerrilla raids up and down the east

coast of South Korea, downing a U.S. reconnaissance plane, and even blowing up a good portion of the South Korean cabinet in Rangoon), they still “successfully deterred an attack upon themselves, no matter how bad their behavior had been.” So why, he went on to ask, do they suddenly need some special form of security assurance? And if the argument was that Pyongyang needed additional reassurance against future strikes by a U.S. administration that seemed more willing to use military force, why, he asked, didn’t the DPRK badger Washington for further security assurances during the 1990s when American forces were on the offensive in Panama, Somalia, Bosnia, and in the Persian Gulf, among other hot spots? Of course, one can take such a line of inquiry only so far, it was acknowledged, as a way to explain present circumstances, since the conventional military balance on the peninsula had certainly shifted in recent years to the relative disadvantage of the DPRK, thereby increasing Pyongyang’s interest in acquiring asymmetric counters (i.e., missiles and WMD) to stronger U.S. and ROK conventional assets. This makes it all the more likely that the DPRK would demand some measure of compensation in the security realm for giving up its nuclear options. The main point, however, was that one shouldn’t just uncritically accept the argument that North Korea’s was an insecure leadership, operating from a siege mentality.

Another participant who has long negotiated with Pyongyang raised doubts as well about the degree to which North Korea’s presumed insecurity and consequent emphasis on military readiness were rooted in the external threat perceptions of its leadership as opposed to domestic/party politics. “North Korean demands for a security assurance,” he recalled, “have waxed and waned in the past. Sometimes Pyongyang is sensitive to perceived external threats, and at other times this concern is less acute. Given the lack of transparency within North Korea, it is very difficult to attribute causes to its demand for a security assurance. It may indeed be due to external circumstances, but it may also be a func-

From this point forward, how do you rate the value from 1-10 of the Six-Party process as a forum for contributing to broader peace and stability in the region (not specifically tied to the nuclear problem)?



Participant Comments

A nuclear breakthrough makes many things possible. Without it, I can envision a group of five focusing on transnational/economic issues, but not six.

Value has been growing steadily in this area. Success or failure of the six-party process will not greatly advance or diminish the regional value.

tion of domestic politics, especially considering the role of the military in their political system. The establishment of Pyongyang’s ‘military first’ policy, for example, began in 1998 when there was no conceivable military threat to the DPRK. That indicates a significant role for domestic political forces in determining their foreign and security policies, and as a result there may be little that a six-party process can do in terms of allaying their fears.” Viewed from this angle, while security assurances that adjust the external conditions that may influence North Korea’s military posture might make Pyongyang happier, they may in the end do little to diminish the underlying internal motivations for the DPRK’s military investments, including in the nuclear realm.

This observation led to a more focused discussion of what precisely Pyongyang was looking for by way of security assurances and the conditions under which such assurances should be provided. As one Japanese participant put it, “As we debate whether to provide North Korea with a security assurance and the best means for doing so, it is important to introduce a degree of precision into

our analysis. Specifically, what actions do we want to provide assurance against? Is North Korea interested in receiving assurances that the United States and South Korea will not invade and occupy all of North Korea, including Pyongyang? These assurances would be meaningless, since these objectives are not possible. Does North Korea want to be assured that the United States will not respond militarily against North Korean territory in the event of a North Korean invasion of South Korea? Ultimately, there are limits to the degree of assurance we can provide North Korea.”

This is true, an American attendee stressed, especially with respect to emerging North Korean notions of “irreversible security assurances.” DPRK “think-tank types,” he informed the workshop, have engaged in ongoing discussions with their Chinese counterparts since the September 2005 joint statement aimed at trying to determine “how you can make a security assurance irreversible,” and one of these DPRK think-tank types, he continued, recently argued that the “only way you can make it irreversible is to get the Americans out and keep the Japanese away,” which was clear-

ly unacceptable to Washington, Tokyo, and other U.S. friends and allies in the region. To the extent, then, that the DPRK's version of a proper security assurance requires a substantial retraction and/or dismantling of America's alliance network in Northeast Asia, there was, it was generally agreed, no chance for forward progress on this front.

On the other hand, a South Korean participant stressed that the North Koreans have been fairly consistent, in his opinion, on what they really need by way of security assurances from Washington, and it was much less far-reaching than the "get the Americans out and keep the Japanese away" formula noted above. "The North Koreans," he argued, "essentially make three demands on the United States: a pledge of 'non-hostile' intent and policies; mutual respect for state sovereignty; and non-interference in domestic political affairs. The September 2005 joint statement encompassed the first two requirements, but it did not directly address the issue of interference in internal affairs. My sense is that the United States balked at providing explicit assurances regarding its non-interference in North Korean domestic affairs." Yet another South Korean attendee suggested that America's apparent reluctance to make an explicit pledge of non-interference was probably tied to the Bush administration's growing focus on human rights issues and democratization, a focus that he felt diverted U.S. attention from what should be a priority effort to contain and dismantle the DPRK's nuclear assets. While understandable and noble, U.S. initiatives on the human rights/democratization front, he implied, led to an inconsistent policy on North Korea, and one that did not, in his view, always advance the cause of DPRK denuclearization.

According to one American participant, however, a single-issue focus along these lines (i.e., deal with nuclear issues first and foremost) could prove problematic, since "the promotion of democracy and human rights plays a prominent role in U.S. foreign policy, and at times may supersede calculations of national interest. For example, in May 2005 the United States complained about human rights

violations in the aftermath of a violent crackdown on protestors in Uzbekistan, and we were subsequently asked to pull out of two key military bases in that country. So when we examine U.S. promotion of democracy and human rights in Northeast Asia, we need to keep in mind the global context of U.S. foreign policy." Moreover, the recent American focus on illicit economic activities, it was argued by other attendees, certainly "hit them where it hurt," and brought a degree of pressure on the North Koreans that they could not easily ignore and that might very well prompt more cooperative behavior with respect to other issues, such as the six-party talks.

That said, it was suggested as well by another U.S. attendee that Washington had not done a very good job explaining either to the DPRK or, more importantly, to the other six-party nations why the BDA-related actions were taken in the September 2005 timeframe rather than much earlier. "Everyone knows," he went on to say, "that the North Koreans are a bunch of criminals...The problem is that everyone is convinced that the timing of our action was aimed at trying to undermine the six-party talks." Of course, this was not the case, he and others were quick to add, but the impression was made, and it had not been countered clearly or forcefully enough. As a result, critics of U.S. policy could point to the BDA decisions as evidence that the Bush administration was not serious about pursuing negotiations with Pyongyang on the basis of the September 2005 joint statement. This, in turn, allowed America's intentions—confidence in which was so important to the issue of security assurances—to be called into question.

On the specific issue of what Pyongyang really wants from Washington in terms of a "non-hostile policy," another American attendee stressed that the North Koreans actually have been remarkably clear and consistent on this particular point. The problem, he added, was not in knowing what they wanted, but rather that it was impossible to give. Elaborating on this general theme, he informed the workshop that "as recently as two months ago,

they [the North Koreans] told me the way you can demonstrate your hostile policy has gone away is by agreeing to give us light-water nuclear reactors...You can also do that by recognizing North Korea and removing all your sanctions. Then we will believe.” The bottom line, he concluded, is that Pyongyang’s definition of what the United States needed to do before the DPRK would be ready to “take the next step” was politically unacceptable. Any American president who agreed to such terms, he emphasized, would be impeached.

Another U.S. attendee who had been directly involved in developing U.S. policy toward North Korea added that, from his perspective, it was not really productive to try to predetermine what precisely would assure Pyongyang in the way and degree required (especially via reference to what the North has said in the past), because Pyongyang’s views on what would assure them have changed more than once in recent years. What was needed at this point, he went on to argue, was for the North Koreans “to commit not just to come back [to the six-party talks], but to stay and engage in a much more sustained negotiation...and to tell us within that process what it takes fundamentally to provide the kind of assurance they want.” There are, he emphasized, “all sorts of creative ways to reassure them, but we need them to tell us what they want” as part of an active, real-time dialogue.

Building on this theme, a South Korean participant argued that providing a security assurance was “not really about some written document of non-aggression” or other specific commitment. Rather, he suggested, it was more about adopting an overall approach to the North that would signal, from the DPRK’s perspective, peaceful intentions. In this same vein, he stressed as well that, despite North Korean public comments to the contrary, he did not think the level and deployment of U.S. forces on and around the peninsula were as much of a concern to Pyongyang as were uncertainties regarding perceived U.S. strategic intentions (as alluded to above in connection with the BDA affair). “Changes in

political intentions rather than in military forces,” he claimed, “are more important in terms of fashioning a security assurance for North Korea. Military forces are fungible assets. They can be used for a number of different purposes, depending on the intentions of the political leadership. If North Korea perceives benign American intentions, then the military posture of the United States in the region will not be a big problem.” Viewed in the broadest terms, it was normalization of relations, he concluded, that the DPRK leadership really craved from the United States (and, secondarily, Japan), and all the other explicit security assurances one might imagine were subservient to that higher objective.

To jump-start a shift in approach that could help build trust and hold out the prospect of normalization, a Chinese participant proposed that President Bush entertain a bold initiative along the lines of President Nixon’s opening to China in 1971-72. A top-down approach, perhaps involving the appointment of a new U.S. special envoy and/or reciprocal visits by high-ranking U.S. and DPRK officials, would, he added, bring the best results, if the Sino-American rapprochement was any model. A similar approach was advocated by a South Korean participant, who argued that the only way to bridge what he called the “trust gap” between Washington and Pyongyang was by means of a “high-profile, signature program...with high-powered delegates coming and going.” A top-level approach along these lines was required, he added, because “only their [North Korea’s] leaders can make decisions... once the leaders make decisions, then all the technical details can be dealt with.” In contrast, given the political structure of the DPRK, pursuing only (or primarily) mid-level exchanges would be very time consuming and protracted, and, worse still, could, in his view, actually increase distrust, given the constraints often imposed on North Korea’s expert-level negotiators.

This highlights some of the unique challenges posed by the issue of security assurances in a capacity-building context, since there is less to assess in a

tangible way, and most details of design depend on the nature and scope of high-level political decisions regarding how far to extend and in what manner to accept the agreed-to assurances. There are, of course, some details that can be discussed within a multilateral working group on security assurances and this effort should move forward, but it is likely that this discussion will lag behind that of the two other capacity-building working groups mentioned earlier. In many ways, it will be progress in the working groups on economic engagement and dismantlement/verification that could help to foster some confidence among the parties that a workable agreement addressing each country's main concerns is possible. This could, in turn, lead to progress on the security assurances front.

In an effort to offer some pragmatic steps forward that could bear fruit, a South Korean participant went on to outline a phased process of trust building and gradual normalization, whereby the North would first freeze its nuclear activities (including explicit pledges not to conduct a nuclear test or to transfer nuclear materials to third parties), return to the NPT regime, and agree to IAEA safeguards, though the precise sequencing and timeframe of each step might be negotiable. In return, the United States and its allies could offer a range of security assurances to Pyongyang in the form of classic confidence-building measures (CBMs). This might include political CBMs, such as the high-level visits discussed above or verbal commitments not to use force against the DPRK, as well as military CBMs, such as military-to-military talks, information exchanges, and notification and observation of military exercises.

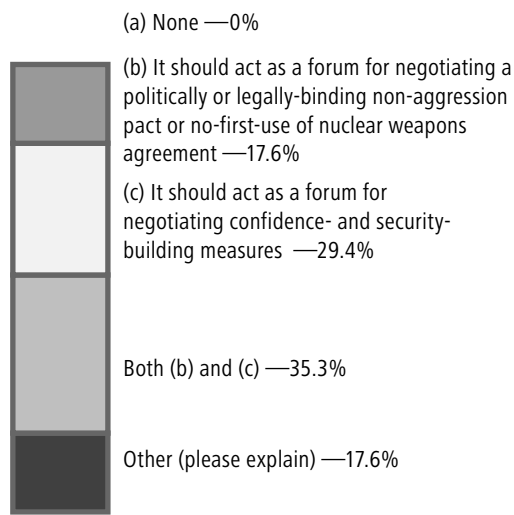
At the same time, while the United States would not likely provide substantial economic assistance to the DPRK, it could certainly play a role, he went on to propose, in setting up a multilateral framework for the provision of such assistance by other regional powers, demonstrating that Washington was no longer trying to isolate North Korea. Eventually, the CBM/trust-building process would evolve

into a more institutionalized and permanent peace treaty regime on the peninsula, though this, he acknowledged, would be a complicated and probably quite time-consuming process involving at least four parties (the United States, both Koreas, and China). Along the way, the six-party process itself, he suggested, could evolve toward a broader, more regularized set of discussions, ideally involving regular foreign- and defense-minister meetings and even summits involving heads of state, all of which would create an interlocking web of mutual security assurances.

As appealing as they were, however, a number of these proposals were thought by more than one workshop participant to be premature and/or overly ambitious. Remembering how ill-prepared Tokyo was for serious CBM talks with Moscow in the early 1990s (and, conversely, how relatively sophisticated the Russians' approach was, based on their European Helsinki process experience), a Japanese attendee, for example, wondered whether the North Koreans were really ready for such exchanges or would be any time soon. The Japanese, he continued, were highly suspicious and skeptical of Russian suggestions in the CBM realm, even though they were quite rational, feasible, and beneficial to both sides. "My guess," he added, "is that we need to let the North Koreans get better prepared for these kinds of talks, but first via much easier ones. For example, an incident-at-sea agreement not with the United States, but with China, and rules on prior notification of military activities between Russia and the DPRK. That would help North Korea to become more experienced." In other words, once it establishes a track record of CBM success with countries it more or less trusts, Pyongyang might be more willing to discuss and eventually implement a more challenging series of CBMs involving the United States, Japan, and, to be sure, South Korea.

As for calls for higher profile, top-level exchanges, to include six-party-wide ministerial meetings, they would, one American participant agreed, be

What role, if any, should a Six-Party organization assume with respect to providing security assurances to North Korea?



Participant Comments

Other. Similar to b except it could serve as a forum for NWS to promise never to use nuclear weapons against NNWS (i.e., Japan, ROK and DPRK, if it chooses to go NNWS route). But they should offer no assurances for new nuclear states. International security assurances should never be given to any person or regime.

The six-party format is not an easy “negotiating” forum. Its role is better to approve, observe, and support a regional security regime that leaves the specifics of implementation to individual countries.

welcome developments, but “the reality right now,” he stressed, “is that we can’t even get the senior officials to a plenary, so it’s a little idealistic to be hoping for broader things.” Recent difficulties in arranging ministerial and sub-ministerial discussions even among the Trilateral Coordination and Oversight Group (TCOG) partners (Japan, the United States, and South Korea) seems to offer further evidence of the difficulties involved in arranging top-level exchanges, especially if they are multilateral. Aiming a little lower and focusing more on setting up six-party-related working groups, he cautioned, would be a better bet, for “even if the setting is not right for another plenary session, the types of things we are discussing [at this workshop]...such as defining what a security assurance is or what a

hostile action might be...could be handled quite well at the working group level, to include in a Track 2 format.” The working-group level, it was proposed, might also be the right setting for weighing the best options for handling what a number of attendees viewed as the most complicated task in providing security assurances to the DPRK: reconciling the timing differentials that seem to exist between the provision of security assurances (which could be accomplished over a short- or mid-term timeframe, once the nature of the assurances was clear) and the implementation of complete and verifiable denuclearization in the North or substantial progress toward that end (which was thought to be a fairly long-term operation, requiring anywhere from five to twenty years).

Picking up on this last point, one American attendee who had contributed to the six-party planning process in Washington elaborated on the difficulties involved in solving the timing and sequencing question as it relates to security assurances, difficulties that would likely require, in his opinion, extended review and analysis at the working level. “For a long time in the [six-party] talks,” he mused, “there has been this discussion of word-for-word, action-for action...but if you think about it in terms of sequencing for something like security assurances, the idea of action-for-action is really quite complicated. Let’s say that in the end it’s a written piece of paper that is required to reassure the DPRK. It takes two seconds to pass that across the table, but, as others here have said, it takes much longer to dismantle a nuclear weapons program.” Technically, the United States and the other five party countries could provide security assurances well before any real progress on denuclearization has been achieved, but they would be reluctant to do that for fear that it would lessen any incentive in Pyongyang to move quickly and seriously on the denuclearization front. On the other hand, the DPRK would likely balk at taking concrete steps to denuclearize without first (or concurrently) receiving compensatory security

assurances. How exactly to phase security assurances, then, once there is agreement on what they should be, is a puzzle, he concluded, that requires considerably more discussion.

In the meantime, how can North Korea's sense of insecurity, to the extent that it really exists, best be managed by the five-party countries and others in the region? Perhaps the most sensible approach, one attendee suggested, is to begin to treat the DPRK more like a "normal country" and less like a special case, echoing remarks made in the other workshop sessions. In practice, this implies that others would confirm their willingness to accord Pyongyang all the rights and privileges that derive from regular membership in the world community (including respect for North Korean sovereignty and pledges of peaceful co-existence), but that the North must recognize as well that these same rights and privileges carry with them certain obligations and responsibilities, including an obligation to return to the NPT regime and adhere to IAEA safeguards. Continuing to stand apart from the world community on these and similar issues, it should be stressed, will simply lead Pyongyang to ongoing isolation and increased feelings of insecurity, a point, it was said, that should be driven home with DPRK officials at every opportunity.

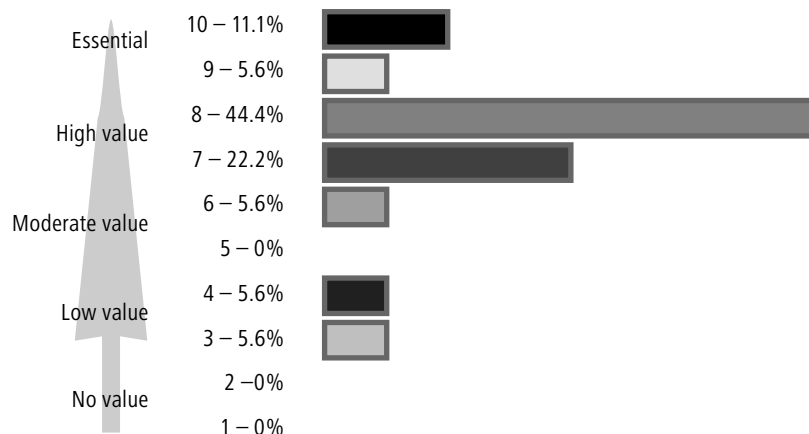
Moving Forward with Capacity Building

The fact that the most significant six-party development since the September 2005 joint statement is arguably a UN Security Council resolution condemning DPRK missile launches nearly ten months later does not bode well for the future of the six-party process. The only silver lining in these dark clouds is that North Korea's missile tests shook the other five parties from their complacency (at least temporarily) and led to serious consideration of restarting a multilateral dialogue, even if it is without DPRK participation, which is welcome. A weak sense of unity and the lack of a common approach among the five vis-à-vis North Korea have been major stumbling blocks in the effort to denuclearize the Korean Peninsula. The DPRK missile tests, the UN resolution, and a North-South chill in relations all combine to offer an opportunity to help harmonize North Korea policy in the region. In this sense, a sustained series of meetings by the five is altogether appropriate and potentially constructive, even though China and South Korea remain skeptical.

The September joint statement mentions the principle of moving from commitment to action, but, as the Hawaii workshop and other research have shown, the gulf between those two points is wide. The joint statement represents a useful starting point in terms of a commitment, but there is deep suspicion in Washington and Pyongyang (and in other capitals) regarding each other's intentions, and there is almost no consensus regarding exactly how to make the transition to concrete action. This is where the plan-for-a-plan concept discussed at the workshop can be most productive, and it is essentially how we envision moving forward with regional capacity building.

The current multilateral discussions with Iran regarding its suspected nuclear weapon programs offer an interesting contrast to the six-party process and North Korea. In early June 2006, six nations (the United States, the United Kingdom, Germany, France, Russia, and China) submitted a proposal to Iran offering a new LWR, assistance in joining certain international organizations, assurances of nuclear fuel supply, and other details concerning economic

From this point forward, how do you rate the value from 1-10 of the Six-Party process as a forum for contributing to broader peace and stability in the region (specifically in terms of its ability to contribute to a lasting solution of the North Korean nuclear problem)?



Participant Comments

Utility could be greater if the five countries cooperate more closely. North Korea is trying to divide and rule.

In order to implement and guarantee a deal, multilateral talks are essential. But, actually negotiating the deal among six parties is very difficult.

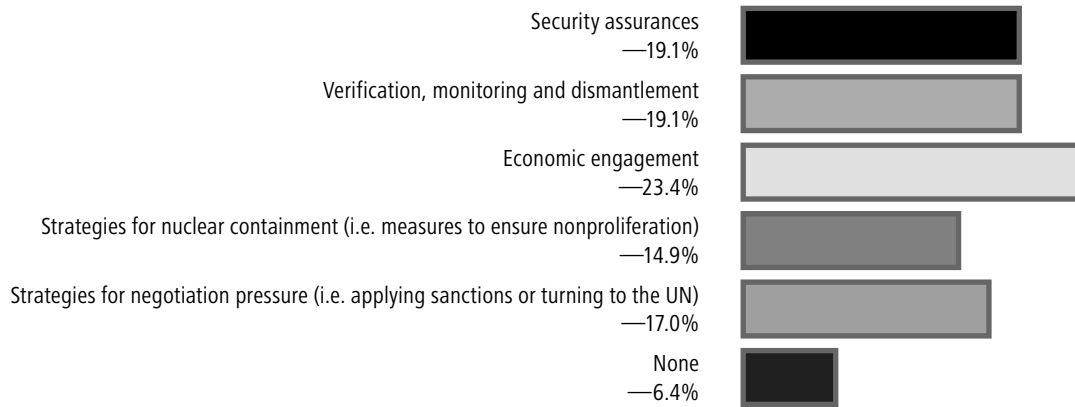
engagement and technology cooperation. This constitutes a far more detailed plan for assistance to the country in question than currently exists for North Korea, and this is even before a mutual commitment has been reached among the parties. In the case of North Korea, the six-party process has produced a commitment, but no plan. The next few months should provide an opportunity for the five nations other than North Korea to work together away from of the media spotlight, as was done for the Iran proposal, so that a common and more detailed action plan can be prepared for Pyongyang.

China and South Korea have been reluctant to convene as a five-party group for fear of alienating North Korea or appearing to back it into a corner, but North Korea's intransigence offers few alternatives, and there is much that the five can discuss productively at this time. Far from simply being a means to apply pressure on North Korea (which China, Russia, and South Korea would not agree to anyway), a series of five-party meetings could begin to sort out many of the questions highlighted in this report and perhaps sketch out a proposal similar

to the one prepared for Iran (but consistent with the September joint statement). Even if a concrete proposal is not developed for North Korea, there should at least be a chance to forge a consensus among the five regarding the key components of a transition from commitment to action. Because so much of the discussion revolves around the five presenting something to North Korea (e.g., economic incentives and a scheme for denuclearization), it is not unproductive for the plan-for-a-plan approach to begin first with the five parties (or perhaps by including other interested countries and organizations who could contribute in useful ways to such a plan) before involving North Korea. Five-party (or even seven- or eight-party) discussions need not be viewed or pursued as an alternative to or replacement for the six-party talks, and in particular the involvement of certain non-governmental players could underscore this point. Rather they should be seen more as a key component within a broader six-party process.

All of this is much easier said than done, however, since fundamentally different perspectives

Is there a role (at least in the short-term) for a five-member subgroup in terms of implementing any of the following with respect to North Korea? (Feel free to choose more than one)



Participant Comments

Yes, the five members should meet often to discuss how to deal with the issue. This would greatly add to the DPRK's desire to join out of fear of being abandoned. Set the date in a nice place, and if they don't come, have the meeting anyway. Keep it private so North Korea doesn't know what happens unless it is there.

and priorities persist among the five parties, and the DPRK missile launches by themselves will not change that dynamic. Earlier IFPA reports for this project have thoroughly explored these conflicting perspectives, but they boil down to a more cautious and forgiving approach to Korean denuclearization on the part of China, Russia, and South Korea keyed to a longer time horizon and a more forward leaning engagement strategy, while the United States and Japan are more willing to apply pressure in the near term to prompt a quicker (hopefully favorable) DPRK response that resolves their concerns regarding nuclear weapons, missiles, and North Korea's past abduction of Japanese citizens. Washington and Tokyo are also more wary of offering too much up front in the way of incentives without first seeing real evidence of serious steps by Pyongyang toward denuclearization. Under these circumstances, it is perhaps not surprising that a stalemate has resulted, since the policies of each camp (among the five) essentially undermine the others'. Neither is it likely that a simple change in political leadership in any of these countries alone is going to significantly alter this dynamic, because these policies are based on carefully considered calculations of broad national and political interest.

On the other hand, none of the above should be taken as cause for despair that a mutually acceptable agreement in Northeast Asia is unachievable. Indeed, recent developments could just as easily trigger forward movement as stalemate in the six-party process, if actively pursued, though real progress along the lines envisioned in the September 2005 joint statement will likely require some time and elements of compromise from all sides.

First, there are signs that China is losing some patience with North Korea, and to the extent that the DPRK's escalating nuclear and missile programs prompt an ever more aggressive economic and military U.S.-Japan response, there will be a limit to Chinese aid for Kim Jong-il. The Bank of China, for example, reportedly froze North Korean bank accounts in its Macao branch, following the U.S.-led crackdown on counterfeiting and money laundering (Fifield and Kirchgaessner 2006). Beijing's approval of binding UN sanctions on North Korea's missile program is another case of Chinese pressure.

For its part, the Roh administration in South Korea has also had a harder time lately defending its peace and prosperity policy toward the North, given such snubs by Pyongyang as the missile tests

and the canceling of cross-border railway tests and planned family exchanges, as well as greater public debate in the South regarding DPRK human rights violations and past abductions of ROK citizens. Even former top aides to President Roh have recently criticized the North's "high-handedness" and the ROK government's conciliatory approach (Park and Lee 2006.). If North Korea continues to alienate voters in the South, the political tide, which has been central to Pyongyang's survival strategy, could begin to turn against the DPRK.¹⁷ Signs are already pointing in that direction, such as the opposition Grand National Party's local election success in late May 2006. More importantly, if the cost of protecting North Korea keeps rising in monetary, diplomatic, and strategic terms, Beijing and Seoul could recalculate their aversion to a hard landing in North Korea. At the very least, they could adjust their inclination to date to pursue a soft landing at virtually any cost.

China and South Korea are often portrayed as being willing to do anything to avoid a political and economic collapse in the North, primarily because they fear the onslaught of refugees and the staggering financial burden for reconstruction that such a collapse is expected to trigger. ROK policy analysts took one look at the German model for reunification and balked at its cost, particularly during the first few years following the Asian financial crisis in the late 1990s. A long time horizon and a soft DPRK landing seemed the way to go. But there is much greater regional and global capacity today to absorb a North Korean collapse, which could ultimately make that prospect less forbidding. After all, few imagined that the United States could spend roughly \$400 billion in Afghanistan and Iraq in just a few years while maintaining relatively strong economic growth in the face of skyrocketing oil prices. Stabilizing and reconstructing a rudderless North Korea would almost certainly be financially and logistically easier than these other recent experiences.

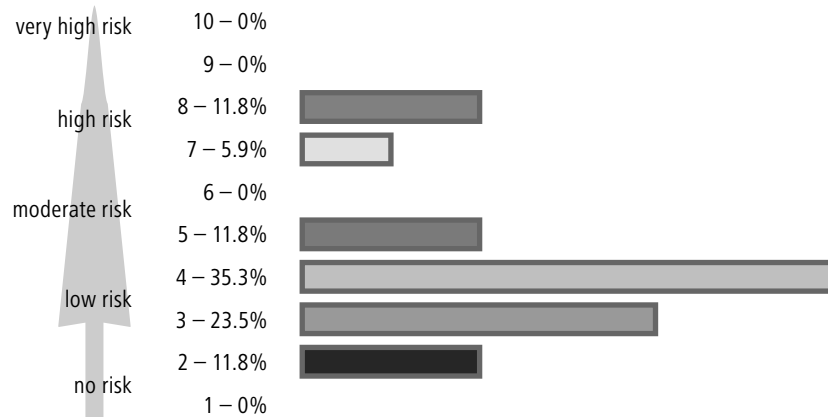
Still, any solution to the North Korean nuclear challenge must begin by addressing the facts on the ground, rather than relying on potential scenarios to unfold. Part of this includes the BDA finding by the U.S. Treasury Department, which is the current excuse for North Korea's absence from the six-party talks. In the context of capacity building, the relevance of this issue lies in the larger message it seeks to convey, as well as, perhaps, how a concerted multilateral effort can address key U.S. concerns and at the same time provide a face-saving way for Kim Jong-il to reenter the formal talks.

U.S. officials will say that the research and the investigation underpinning the BDA finding began long before the September 2005 joint statement (over two years, in fact), and that the publication of this finding (the day after the joint statement) was not an attempt to sabotage a fragile agreement. This is probably true. But it is hard to believe that Treasury's proposed finding was not, at least, considered by the U.S. government's interagency North Korea Working Group before publication, so at the very least it appears that senior U.S. officials chose not to hold back on the BDA finding until the near-term fate of the joint statement could be judged. Perhaps it was considered an informal test of Pyongyang's commitment to the new statement, since any economic benefits coming to North Korea from denuclearization would far outweigh the short-term loss of BDA funds. Some U.S. officials might also have thought that a little pressure would help to speed the transition from commitment to action, but there is more to it than that.

Most significantly, the U.S. government was sending what it considered to be an important message to Kim Jong-il, namely that any deal on denuclearization was not a clear path to rapid normalization of bilateral relations, and that regime behavior was the broader measure by which Washington would calibrate its policies towards North Korea. This basic stance can be traced back to President Bush's first term and his administration's

¹⁷ South Korea's next presidential election is scheduled for December 2007.

North Korea is suspected of having enough plutonium for 8-9 bombs and possibly 3 or 4 nuclear devices. Is the DPRK likely to export its plutonium (or nuclear weapon-related materials or expertise) in the future (either for money or to threaten U.S. interests via a third party)? In other words, how do you rate the proliferation risk from North Korea on a scale of 1 to 10 (over the next decade, for example)?



Participant Comments

Low risk...but scenario-dependent. If the United States pursues overt regime change, risk rises considerably.

Program was not built for export, but for defense/prestige/survival. Few buyers exist with enough cash to make it desirable. Greatest risk of proliferation comes from desire of DPRK to 1) hide weapons/material and 2) cultivate friends (Iran?). Export to terror group is least likely outcome.

North Korea policy review in 2001, which spoke of “improving” the Agreed Framework. The U.S. government is trying to demonstrate that a middle ground exists between a so-called hostile U.S. policy and full U.S.-DPRK normalization. So far, the DPRK government seems to consider anything short of full normalization as proof of a “hostile” American policy targeted at regime change (as opposed to behavior change) in Pyongyang, but the fact is that without a change in DPRK behavior, this (as yet undefined) middle ground will be the best that Kim Jong-il can expect from the United States. A sustained capacity-building effort is one way to understand and better define what this vague middle ground really involved...to clarify how some legitimate economic doors will be opened for North Korea while the illicit doors are closed. If some of the tangible benefits for North Korea from denuclearization can be put down on paper, as was done for Iran, then the leadership in Pyongyang might develop a degree of comfort with a longer and more incremental road to normalization.

Despite Chinese and South Korean reluctance, it might be possible in the near term to convene multilateral technical working groups to begin an assessment phase in the areas of economic engagement and nuclear dismantlement/verification. The working groups would be centered on the five parties, but they would probably include specialists from other organizations, such as the IFIs and the IAEA. Although the working groups could be entirely non-governmental (with official observers), it would be best if most of the participants came from the governments’ bureaucracies, not only because this is where some of the best talent is on these specific issues, but also so that the working groups may contribute more directly to regional capacity building. North Korea would of course be welcome to join these working groups, but the near-term prospects are not great, given the fallout from the missile tests and the UN resolution, and this should not be allowed to delay moving forward. If a sustained but informal series of working group meetings can be successfully launched, there should

be an opportunity to draw in the North Koreans relatively quickly. If not, then at least the region will have the beginnings of a process by which it can try to reconcile long-term policy responses to a nuclear North Korea.

Ultimately, if the Kim Jong-il regime has no intention of trading away its nuclear weapons programs, then alternative strategies must be developed to limit such potential negative developments as nuclear proliferation and safety risks, tactical miscalculations involving missiles or WMD, and a regional arms race in which Japan feels compelled to develop a preemptive strike capability of its own or even a nuclear option. As one workshop participant offered, “To be honest, I just don’t see how we’re going to break out of this stalemate any time soon. More than likely, we’re going to be living with this ambiguously nuclear North Korea for years to come. I’m sorry to be so pessimistic.” But one could also consider this to be an optimistic forecast, since it implies that nothing terrible happens in the meantime (such as one of the developments mentioned above) and that the status quo is unlikely to become decidedly intolerable for one country or another. Even though the region has endured a North Korea nuclear crisis of one sort or another for about fifteen years, recent events suggest that time is really not on anyone’s side.

In three years (since August 2003) the six-party process has allowed for roughly thirty days of group meetings, which is the equivalent of gathering for about two weeks per year to design and execute one of the world’s most complicated and ambitious compensation models for denuclearization ever attempted. It would in fact be hard to plan a wedding in that amount of time, especially if the guests came from all over the world. It is probably not an exaggeration to suggest that the negotiators have spent more time planning travel arrangements related to the six-party process than they have actually spent as a group discussing the issues outlined in this report. Simply put, the six-party process, on its own, is not sufficient to address this prob-

lem, and it is now time to supplement that process with a concerted capacity building effort. This effort can begin with the five parties, joined by IFI and IAEA representatives, but it should begin soon. It would be unwise to believe that the relative calm of the status quo will just continue, and that we can wait until opportunities or problems arise before we address them. Passive acceptance of the status quo reinforces unhealthy divisions in Northeast Asia, and it not only weakens the nations’ abilities to work together in the face of regional troubles, it also exacerbates those problems in the first place.

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Workshop Agenda

February 17, 2006

8:30-8:45

Welcome and Introduction

Plenary

Session 1:

Security Assurances and Related Architecture

8:45-9:45

This is the first of three plenary sessions designed to involve the entire group in focused discussion to solicit broad input in preparation for the three breakout topics (security assurances, denuclearization and verification, and economic engagement). We are looking to build upon the progress made at the 2005 Shanghai workshop.

The goal of this plenary session and the other two is to lay the groundwork for more productive, smaller group breakout sessions later in the afternoon. Given the size of the plenary group, we will focus on broad principles or key challenges that should be considered in more detail at the breakout session. Each plenary session will provide an opportunity for all participants to help define and frame key issues to be considered in greater depth in the three breakout sessions, thereby ensuring a more comprehensive and integrated perspective and discussion within the smaller breakout groups.

Key questions for this first session include:

- What steps can/should be taken to implement the mutual and multilateral security assurances mentioned in the September 19, 2005, six-party joint statement? How might bilateral and multilateral assurances (or components thereof) best be phased and coordinated? To what extent should they be mutual and reciprocal (i.e., go both ways between the DPRK and the five-party countries)? Are the general principles current-

ly agreed to—e.g., no intention to attack, respect for sovereignty, steps to normalize relations—sufficient to promote further progress? Are there any unintended consequences that need to be addressed?

- How and to what extent can security assurances and any associated mechanisms for implementation be linked to the broader process of achieving normalized relations? To the negotiation of a permanent peace regime on the peninsula? Are there critical interim steps?
- How, to what extent, and at what point can/should progress in the security assurance realms be linked to and/or conditioned upon progress in the areas of denuclearization and economic cooperation? Might security assurances, for example, help establish necessary preconditions for success on the other two fronts (e.g., DPRK transparency on nuclear programs opening a path to effective verification of denuclearization)?
- What is the most practical and productive way to introduce a more formal six-party and/or wider regional security architecture (based on six-party initiatives)? On what issues and concerns might additional regional security cooperation along these lines be most usefully focused?
- To what extent can/should the group organize itself to help resolve disputes between the DPRK and the United States when one believes that the other is not living up to its security assurance obligations?

Plenary

Session 2:
9:45-10:45

Denuclearization and Verification Regime Principles

Since the 2005 Shanghai workshop, additional studies have been completed in the participating countries that highlight the complexity and time-consuming nature of a complete denuclearization and verification effort. Moreover, historic and contemporary case study analyses suggest that the functions of such regimes change over time, given changing technical and logistical requirements and (it is hoped) the development of greater trust and familiarity. In terms of six-party/multi-party capacity building, this topic will probably be the most technically challenging and subject to the most dispute regarding rights, obligations, priorities, and findings.

Key questions for this topic include:

- Given the September agreement in principle to establish a nuclear-free Korea, can the parties begin now, in advance of North Korea's nuclear disclosure, to design an objective group process for evaluating that disclosure and moving forward with dismantlement? Can/should that process begin independently of the six-party meetings, since those meetings are still relatively infrequent and often do not involve the necessary technical expertise (or the IAEA, for example)?
- What precisely is required for a full and accurate disclosure regarding the DPRK's nuclear assets and programs? Program-wide, what are the likely

critical steps and technical/logistical requirements in a North Korean denuclearization process? What are the probable associated timeframes?

- Since a great deal of planning work will be necessary ahead of the decommissioning process for the DPRK's 5MWe reactor and related facilities, would it be helpful (and feasible) for a technical committee of some kind to begin developing a decommissioning plan, including what is called a "characterization" of the reactor (e.g., an assessment of structural and safety hazards, a review of legal, institutional, and technical constraints on various options)? Might this be done in parallel with the planning for South Korea's electricity proposal (a "plan for a plan" in the spirit of "action for action")?
- What do lessons learned from past and current denuclearization and verification efforts (e.g., Ukraine, South Africa, Libya, Iran) suggest with regard to key tasks, preferred formats and procedures for implementation, the role of intelligence sharing and the use of intelligence so gained, and the prospects for increased compliance and mutual trust as the process unfolds? How might the five parties (all but the DPRK) best educate themselves and then the DPRK on useful lessons learned?
- How can we begin to reconcile or harmonize various national approaches to denuclearization and verification? Might the five parties and/or the UN P-5 nuclear powers play a key role in the denuclearization/verification processes, and, if so, when? At what point and how should the IAEA be brought into the overall process?

10:45-11:00 **Tea/Coffee Break**

Plenary

Session 3:

Economic Engagement Priorities and Practices

11:00-12:00

As discussed at the 2005 Shanghai workshop, economic engagement is proceeding roughly along two tracks: one independent of progress on the nuclear issue, and the other (presumably the two million kilowatts of electricity offered by South Korea, and perhaps other components) linked to denuclearization progress.

Key questions for this topic include:

- How should South Korea's offer of energy assistance be incorporated into the six-party process, if at all? What about energy assistance from other parties? How should the KEDO legacy be handled, or its outstanding loans/debts?
- What role could/should the six-party (or an enhanced, but associated, multi-party) process play in organizing, prioritizing, and coordinating non-energy-related economic/development assistance, technical training, and humanitarian aid? The initiation of larger infrastructure projects and reconstruction/conversion?
- How tightly should various forms and phases of economic engagement with the DPRK be linked to progress on

denuclearization/verification? How and on what types of projects should a six-party/multi-party effort best coordinate with the ROK's bilateral efforts? With those of private NGOs and international agencies?

- How might a six-party/multi-party grouping best organize itself for the tasks outlined above? Does the World Bank consultative group model offer a useful approach? What other organizational models might be considered?
- To what extent can/should the carrot of economic cooperation and assistance be tied to the likelihood of very real economic costs (the stick) if forward progress were not sustained on denuclearization and other commitments Pyongyang might agree to at the six-party talks and/or in bilateral normalization talks (e.g., with Japan and the United States)?
- How can the group organize itself to help resolve disputes when one party believes that certain benefits (e.g., the temporary provision of fuel oil or electricity) should be held back because of perceived non-compliance on the part of North Korea? How does the group handle bilateral disputes among six-party members when they threaten to undermine six-party agreements?

12:15-14:00

Luncheon/Panel Discussion Topic for discussion would be the current state and near-term prospects of/strategy for continuing the Six-Party Talks.

Breakout

Sessions:

14:15-15:45

Small Group Discussions on Key Negotiating Areas (breakout rooms)

These small groups will allow more focused discussion on the broader themes raised in the morning as they apply specifically to the different negotiating areas.

- Security assurances
- Denuclearization and verification
- Economic engagement

15:45-16:00 **Tea/Coffee Break**

Plenary

Session 4:

16:00-17:30

Reports from the Breakout Groups and Wrap-up Discussion

A designated reporter for each group will briefly summarize the key points of discussion and agreement in the breakout sessions. We will need to leave time to debate as a group the potential inconsistencies in approach (especially as they relate to the morning plenary sessions), and to discuss what the day's events have revealed with regard to a way forward on the capacity-building effort.

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Joint Statement of the Fourth Round of the Six-Party Talks

Joint Statement of the Fourth Round of the Six-Party Talks Beijing, September 19, 2005

Following is a text of the joint statement at the conclusion of the fourth round of Six-Party Talks, as released in Beijing on September 19, 2005, by the Ministry of Foreign Affairs of the People's Republic of China.

Joint Statement of the Fourth Round of the Six-Party Talks Beijing 19 September 2005

The Fourth Round of the Six-Party Talks was held in Beijing, China among the People's Republic of China, the Democratic People's Republic of Korea, Japan, the Republic of Korea, the Russian Federation, and the United States of America from July 26th to August 7th, and from September 13th to 19th, 2005.

Mr. Wu Dawei, Vice Minister of Foreign Affairs of the PRC, Mr. Kim Gye Gwan, Vice Minister of Foreign Affairs of the DPRK; Mr. Kenichiro Sasae, Director-General for Asian and Oceanian Affairs, Ministry of Foreign Affairs of Japan; Mr. Song Min-soon, Deputy Minister of Foreign Affairs and Trade of the ROK; Mr. Alexander Alekseyev, Deputy Minister of Foreign Affairs of the Russian Federation; and Mr. Christopher Hill, Assistant Secretary of State for East Asian and Pacific Affairs of the United States attended the talks as heads of their respective delegations.

Vice Foreign Minister Wu Dawei chaired the talks.

For the cause of peace and stability on the Korean Peninsula and in Northeast Asia at large, the Six Parties held, in the spirit of mutual respect and equality, serious and practical talks concerning the denuclearization of the Korean Peninsula on the basis of the common understanding of the previous three rounds of talks, and agreed, in this context, to the following:

1. The Six Parties unanimously reaffirmed that the goal of the Six-Party Talks is the verifiable denuclearization of the Korean Peninsula in a peaceful manner.

The DPRK committed to abandoning all nuclear weapons and existing nuclear programs and returning, at an early date, to the Treaty on the Non-Proliferation of Nuclear Weapons and to IAEA safeguards.

The United States affirmed that it has no nuclear weapons on the Korean Peninsula and has no intention to attack or invade the DPRK with nuclear or conventional weapons.

The ROK reaffirmed its commitment not to receive or deploy nuclear weapons in accordance with the 1992 Joint Declaration of the Denuclearization of the Korean Peninsula, while affirming that there exist no nuclear weapons within its territory.

The 1992 Joint Declaration of the Denuclearization of the Korean Peninsula should be observed and implemented.

The DPRK stated that it has the right to peaceful uses of nuclear energy. The other parties expressed their respect and agreed to discuss, at an appropriate time, the subject of the provision of light water reactor to the DPRK.

2. The Six Parties undertook, in their relations, to abide by the purposes and principles of the Charter of the United Nations and recognized norms of international relations.

The DPRK and the United States undertook to respect each other's sovereignty, exist peacefully together, and take steps to normalize their relations subject to their respective bilateral policies.

The DPRK and Japan undertook to take steps to normalize their relations in accordance with the Pyongyang Declaration, on the basis of the settlement of unfortunate past and the outstanding issues of concern.

3. The Six Parties undertook to promote economic cooperation in the fields of energy, trade and investment, bilaterally and/or multilaterally.

China, Japan, ROK, Russia and the US stated their willingness to provide energy assistance to the DPRK.

The ROK reaffirmed its proposal of July 12th 2005 concerning the provision of 2 million kilowatts of electric power to the DPRK.

4. The Six Parties committed to joint efforts for lasting peace and stability in Northeast Asia.

The directly related parties will negotiate a permanent peace regime on the Korean Peninsula at an appropriate separate forum.

The Six Parties agreed to explore ways and means for promoting security cooperation in Northeast Asia.

5. The Six Parties agreed to take coordinated steps to implement the afore-mentioned consensus in a phased manner in line with the principle of "commitment for commitment, action for action".

6. The Six Parties agreed to hold the Fifth Round of the Six-Party Talks in Beijing in early November 2005 at a date to be determined through consultations.

Released on September 19, 2005



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