



WMD Challenges on the Korean Peninsula and New Approaches



A Trilateral Dialogue Report

*From a workshop co-sponsored by
The Institute for Foreign Policy Analysis
The Center for International Studies, Yonsei University*

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A Summary Report on a
U.S.-ROK-Japan Workshop Co-sponsored by:



The Institute for Foreign Policy Analysis



The Center for International Studies,
Graduate School of International Studies,
Yonsei University

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Overview

A Triangular Dialogue... Trying Not to Talk in Circles

Government officials and foreign policy specialists from the United States, South Korea, and Japan gathered for a one-day conference in Seoul, the Republic of Korea (ROK), on April 11, 2003, to discuss options for dealing with North Korea's nuclear weapons and overall weapons of mass destruction (WMD) programs. The meeting coincided with the North's effective withdrawal from the nuclear Non-Proliferation Treaty (NPT). The conference, entitled *WMD Challenges on the Korean Peninsula and New Approaches: A U.S.-ROK-Japanese Dialogue*, was organized on the U.S. side by the Institute for Foreign Policy Analysis (IFPA) (based in Cambridge, Mass., and Washington, D.C.) and on the South Korean side by the Center for International Studies, Graduate School of International Studies (GSIS), Yonsei University, located in Seoul. IFPA and GSIS would like to thank the Carnegie Corporation of New York for its generous financial support that made this conference possible.

The organizers divided the dialogue into four sessions to identify recent regional strategic shifts (especially in light of the war in Iraq), to assess the nature and scope of the current security threat, to explore frameworks for easing WMD risks, and to attempt to forge common approaches and coordinated policies to ameliorate the problem. The conference occurred at the same time that American and South Korean officials (some present at the conference) were discussing the possibility of relocating certain key elements of U.S. Forces in Korea (USFK) south of the Han River as part of a broader global realignment of U.S. troops. USFK relocation, therefore, was very much on the par-

Mr. Richard Lawless, Ambassador Thomas Hubbard, Assemblyman Sang-Hyun Kim, Dr. Chung-In Moon, Dr. Charles Perry, Ambassador Stephen Bosworth, Dr. Chung Min Lee (standing)



ticipants' minds and became an additional topic of debate that will be touched on in this report, in part since progress on the issue was linked by some (particularly ROK attendees) to solving the nuclear issue.

Frank and spirited discussion revealed the issue's complexity and the diverse (and sometimes diverging) policy priorities of each country, reflecting differences in perceived threats and in assessments of the risks associated with various approaches. Both among and within country delegations there were disagreements, but all present recognized that policy coordination is vital for enlisting the support of other neighboring nations and effectively responding to North Korea (the Democratic People's Republic of Korea, or DPRK). The participants made progress identifying areas that each country's political leadership can focus on in the coming months to bridge differences and act in greater concert.

There will be no simple answer to the North Korean nuclear problem, and it will require political compromise to forge a common approach among the three partners. This conference in Seoul enhanced mutual understanding at a critical time, and will make a positive contribution to current negotiation efforts with the North, as well as to coordination between the United States, South Korea, and Japan.

Eye of the Beholder

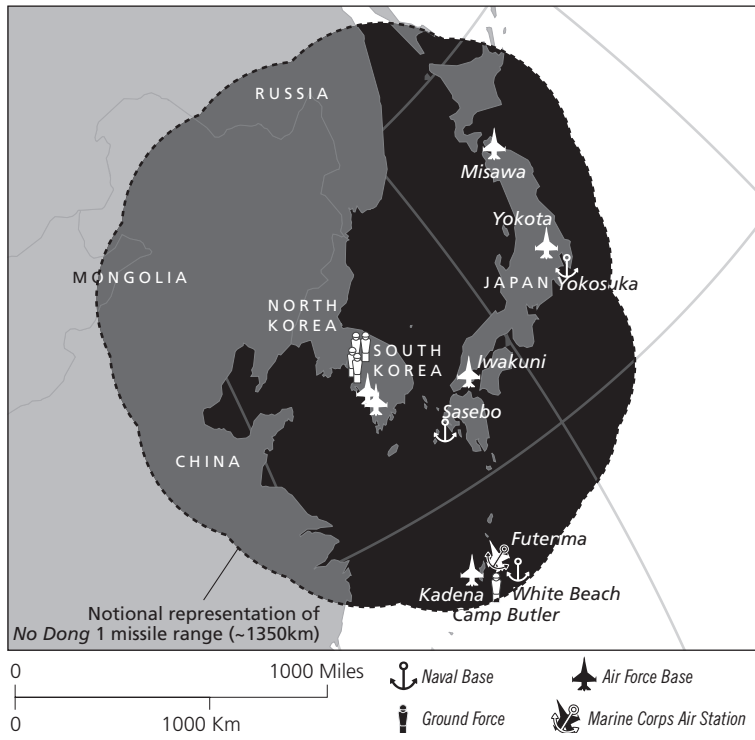
Current Strategic Dynamics on the Peninsula

The conference participants generally agreed in their assessments of the strategic situation surrounding the North Korean nuclear weapons problem, but then proceeded to interpret its implications somewhat differently. The North's economy continues to deteriorate, and the short war in Iraq has put Pyongyang further on the defensive. North Korea's policy prescription for regime survival (putting the military first and developing nuclear weapons and ballistic missile delivery systems) runs smack into one of America's new fundamental foreign policy drivers, the non-proliferation of WMD. With a few exceptions, most Americans and Japanese believed that Kim Jong-Il has no (or at best very little) intention to bargain away the nuclear program, while many South Koreans felt that a deal was possible at some acceptable level (with the definition of "acceptable" depending on the individual).

Just as the United States is feeling more threatened by North Korean actions, people in the South (especially the younger generation so instrumental in the new president's election victory) seem less concerned. Indeed, many South Koreans worry more about an American provocation than they do about an ambiguous nuclear program in the North. As one U.S. participant posited, "South Koreans see the North less as a threat and more as an object of charity." There are divisions within South Korea, however, over how best to respond to the North Korean challenge, with some pushing for regime collapse and others advocating more interaction and cooperation with Pyongyang to facilitate a smoother transition toward reconciliation.

Japan shares some of the concerns of both the United States and South Korea, but with a more pronounced worry over the threat from North Korea's missile program that appears specifically designed to menace Japan. Actual deployment of these delivery systems, therefore, is perhaps more trou-

DPRK Missile Coverage of U.S. Forces in Japan and the ROK



blesome to Japan than are broader nuclear, biological, and chemical (NBC) weapons proliferation concerns. Perceptions of the risks versus rewards of an aggressive response to the DPRK's nuclear challenge differ as well. For the United States, an American suggested, a preventive attack on North Korea appears to carry a relatively small direct security risk for a potentially large payoff, while the risk-reward ratio is quite the opposite for South Korea and somewhere in between for Japan.

China remains the most important and influential player outside the U.S.-ROK-Japan triangle, and while it has no desire to see North Korea deploy nuclear weapons, it also wants to avoid

a collapse in the North and a rise in American regional influence. China is seen by the three partners as both an obstacle (for example, in its discouragement of Security Council action in April) and a facilitator (temporarily halting oil shipments to the DPRK to apply pressure) for a solution. China will seek to prevent war, but the extent to which it will increase and extend pressure on Pyongyang remains to be seen. Russian leverage in Pyongyang has waned over the years, but there is still a potentially important personal relationship developing between Russian President Putin and the DPRK leader Kim Jong-Il.

Several participants noted that the allies¹ are in many ways collectively better prepared to meet WMD challenges from the North than they were during the last nuclear standoff with Pyongyang in 1994. Political communication and coordination have improved through such mechanisms as the Trilateral Coordination and Oversight Group (TCOG) and the Korean Peninsula Energy Development Organization (KEDO), and militarily there have been more joint training exercises and legal adjustments (particularly in Japan) to allow for greater flexibility and interoperability. Moreover, North Korean missile launches and intransigence regarding the abductees issue have hardened Japanese attitudes toward the North and pushed it closer to Washington's position. There is also recent evidence to suggest that the South Korean public might be tiring of the lack of reciprocity in its dealings with the North.²

Still, last year's close presidential election shows how evenly divided the South Koreans are over how aggressively they should respond to North Korean provocations, and the changes in the American and South Korean governments since 1994 have left a wider gap between the two in terms of their propensity to use coercive diplomacy or take military action to solve the problem. Bridging this gap takes time and effort. The two countries took the first step in May when ROK President Roh Moo-Hyun visited Washington for a meeting with President Bush. The summit was successful to the extent that it demonstrated a sort of lowest common denominator policy for the

1 There is no formal trilateral alliance per se (only parallel bilateral alliances between the United States and its two partners), but the United States, South Korea, and Japan are allied in opposition to North Korea's WMD programs (cooperating and coordinating policies via the Trilateral Coordination and Oversight Group, or TCOG, since 1999) and are often referred to as "allies" in this report.

2 A World Research opinion poll conducted after President Roh's visit with President Bush showed that 88.5 percent of those surveyed supported linking inter-Korean cooperative projects to progress toward resolving the current nuclear standoff (*Korea Times*, May 19, 2003).

two allies toward the North, reaffirming that they “will not tolerate nuclear weapons in North Korea,” and that “escalatory moves by North Korea will only lead to its greater isolation.” In addition, Presidents Bush and Roh reiterated their commitment to work for “the complete, verifiable and irreversible elimination of North Korea’s nuclear weapons program through peaceful means based on international cooperation.” The United States and South Korea are making efforts to narrow their policy differences, but one should remember that below the surface a divergence of some key priorities and perspectives will remain.

The summit also addressed the issue of USFK realignment in the ROK, with both leaders agreeing to work out plans “to consolidate U.S. forces around key hubs and relocate the Yongsan garrison at an early date.” Avoiding the explicit desire of South Korea to put off troop relocation (other than Yongsan) until after the nuclear problem is solved, the joint statement simply said that “relocation of U.S. bases north of the Han River should be pursued, taking careful account of the political, economic and security situation on the peninsula and in Northeast Asia.” Following U.S.-ROK defense talks in Seoul in early June, it was announced that efforts to consolidate U.S. troops currently stationed at about fifteen separate bases near the DMZ into two major bases north of Seoul (i.e., Camp Casey and Camp Red Cloud) could begin as early as this year to help lay the groundwork for later relocations. The ROK Defense Minister Cho Yung-kil and U.S. Defense Secretary Donald Rumsfeld cemented the plan in a late June meeting in Washington.

The prospect of USFK relocation or even reduction did not draw cheers from South Korean and Japanese participants at the conference, though some sympathized with the strategic thinking behind the idea. Most saw a problem with the timing of this U.S. proposal. Although there has been some recent erosion of South Korean public support for USFK in general (due in part to high profile accidents and incidents involving the U.S. military), ROK analysts and political leaders are wary of the ripple effects such a change could



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Mr. Robert Einhorn,
Mr. Han Yul Yoo

have on South Korean defense policy and military spending. Moreover, some worry that the impetus behind the move is a desire to locate U.S. troops out of range of the North’s artillery, reducing American vulnerability to a counterattack and freeing the United States to strike North Korea militarily.

An opposition South Korean lawmaker expressed his understanding that this proposal is part of a larger global military strategic shift in the Bush administration’s defense policy, but he emphasized that more time will be required to explain this to the local public, asking “why all of a sudden after fifty years of successful deterrence and alliance [the] ‘tripwire’ concept has become outdated.” A Japanese official added that Japan should be involved in the realignment discussions in some way, since any changes will affect its security policy and cooperation with U.S. forces in the region. Indeed, the shifting or reducing of USFK could have profound political consequences for the U.S.-Japan alliance (such as public calls in Japan for similar reductions there) and affect military operational responsibilities. Dealing with these issues in a trilateral format would simply be more efficient than conducting two simultaneous bilateral consultations, and it could contribute to stronger ties between Japan and South Korea.

Looking more broadly at the current strategic dynamics in the region, the interests of these three regional partners have undergone some fundamental shifts since the Cold War’s passing and the onset of the war on terrorism.



Mr. Nobukatsu
Kanehara

During the Cold War, U.S.-ROK and U.S.-Japan security cooperation was rooted in a de facto trilateral, anti-communist alliance that directly served all three countries' national interests. In the early years after World War II and the Korean War, the political and defense leadership in all three countries was virtually consumed with fighting communism. This made the strategic alliance relatively simple to manage. As the Japanese and South Korean economies and democracies developed, the three countries were increasingly linked by common values (such as democracy, free markets, and respect for human rights). While this phenomenon strengthened their relationship by involving the broader public, it also made the relationship more complex with more open arguments over trade, environmental, and certain foreign policies. An alliance resting on common interests will not waver as long as those interests align, but one built on common values will ultimately be more enduring, even if it experiences occasional volatility.

Today, as anti-communism has been replaced by anti-terrorism as a key driver in American foreign policy, the trilateral bond of common values is perhaps overshadowing that of common interests. This is not necessarily a negative development, but it does mean that the allies must work harder to explain, understand, and reconcile each other's priorities (as indeed they have been doing, via such mechanisms as TCOG and other meetings). The North Korean issue does help bind the allies together, but for slightly different reasons. As one U.S. official concluded, "the degree to which there continue to be any gaps...among the three [countries], or even within the bodies of each of the three, is simply not solvable by the normal intellectual tools that are available. These are enduring, ideological gaps that we can only deal with." The encouraging thought is that the three countries are committed to act cohesively and are investing significant time and resources to achieve this end.



3 Allies and the 3 Fs

The balance of the conference was an extended and lively discussion by the participants about how to deal with North Korea's WMD challenge going forward. The debate centered on what can be called the three Fs: *focus*, *format* and *formula*:

- What should be the *focus* of a coordinated policy toward North Korea among the allies? Is it nuclear fuel reprocessing, the uranium enrichment program, missile development, actual nuclear weaponization, fissile material proliferation, chemical and biological weapons, energy and economic development, or some specific subset of these and other issues?
- What kind of *format* for negotiation and consultation is ideal, acceptable, or achievable; is it four-party talks, six-party talks, TCOG "plus one" (that is, TCOG plus North Korea), or KEDO plus Russia, and so on?
- And finally, what sort of *formula* for negotiations – and, more specifically, what balance of carrots and sticks – might be agreeable and advisable to achieve the three countries' stated objectives?

No single, obvious answer (or set of answers) to these questions emerged over the course of the day, but the conference did clarify the participants' priorities, rationales, and nuances of argument, an understanding of which will be important as the United States moves forward without its two allies (for the moment) at the negotiating table with North Korea and China. Greater American appreciation for South Korea's and Japan's bargaining lim-

its, in particular, could contribute to a more stable and durable process of negotiation in Beijing and beyond. Recent developments are encouraging in that the ROK and Japan might soon join some expanded format of talks with North Korea, and the developing solidarity of the allies' position will improve the chances for success at the next stage.

Focus

If there was one thing the group could agree on, it was that North Korea's nuclear weapons program was the most important challenge on which to focus in the short term. A South Korean government official emphasized that President Roh's inaugural speech – in which he stated that North Korea has a clear choice between becoming a nuclear state or seeking economic engagement and assistance from the South (and others) – was the basis for ROK policy on this issue. This policy statement, of course, is the most restrained of the three allies on the nuclear issue, but it does suggest that President Roh's Peace and Prosperity Policy (his administration's version of Kim Dae-Jung's Sunshine Policy) is dependent on a non-nuclear North Korea. President Roh reiterated this point during his meeting with President Bush in May when both leaders "reaffirmed that they will not tolerate nuclear weapons in North Korea." Less subtle is the emphasis the United States and Japan place on dismantling the North's nuclear program. "First things first," said one American, "the nuclear issue trumps everything else." Japanese participants expressed similar concerns, though more than one went beyond the "direct security threat" rationale and cited the need to

Dr. Jonathan Pollack,
Assemblyman Jin Park



preserve the nuclear non-proliferation regime as another important policy driver. Also, Japan does not want to lose sight of the missile threat and the possible use of chemical or biological weapons on its densely populated cities.

Some South Koreans agreed that a nuclear North could not be tolerated, but they also noted that there were plenty of skeptics in China, Russia, and even their own country about the American portrayal of North Korea's nuclear capability and the imminent threat it presents. One South Korean participant suggested that part of the short-term focus for the allies should be a "harmonization of the facts" with regard to the DPRK's assets based on a pooling of American, South Korean, Japanese, Chinese, and Russian information and assessments. The Iraqi case, it was suggested, is instructive in that it shows both the difficulty of developing a consensus regarding WMD "facts" as well as the damage that alliances can sustain when general agreement on such facts is lacking. Developing agreement and understanding on this point will be an important alliance-building activity in the near term.

Another South Korean participant cautioned that the nuclear program and WMD challenge from the North are really just symptoms of a disease that should be treated by a holistic cure, not a symptomatic treatment or single surgical procedure. It is certainly true that American negotiators will find it difficult, if not impossible, to deal with the nuclear issue in isolation of security guarantees, economic and energy assistance, and other issues connected to this North Korean "disease." Hence, while the short-term focus for the allies is narrowed down to the nuclear weapons program, the scope of their policy coordination and the ultimate solution will likely be much broader.

Identification of so-called "red lines" or triggers (such as the reprocessing of spent nuclear fuel, weapons testing, and so on) for sanctions or other policy measures was of interest to the conference, but the discussion demonstrated how difficult it is to be clear about meaningful red lines or even determine when they have been crossed.

The allies generally agreed that a “nuclear North Korea” cannot be tolerated, but the conference showed (and the North’s reported admission later in Beijing and to visiting U.S. lawmakers confirmed) that clarity even on this common point of concern can prove elusive. Is North Korea’s assertion that it is already a nuclear power to be taken at face value? Is the North essentially trying to cross red lines before the allies can draw them? How will the allies share intelligence vis-à-vis North Korea, and what mechanism will facilitate its translation into a coordinated and effective policy?

Clearly the allies have some work to do with regard to narrowing the focus of their policy coordination. Complete elimination of the potential for a nuclear North Korea will take time and lies several incremental steps beyond where we stand today. The immediate focus, therefore, must be on *starting* the process of rolling back Pyongyang’s nuclear program, which essentially means causing the DPRK leadership to reconsider the strategic decision to pursue nuclear weapons. The conference discussion suggested that a key first step is to convey a clear, compelling, and unified message that abandoning nuclear weapons offers North Korea a better chance for survival and prosperity. As simple as this first step sounds, it will not be easy to achieve. There are, however, some attractive aspects of this approach and signs that the allies are already heading down this path.

A focus on developing and effectively delivering a detailed, unified message diminishes the relevance of North Korean actions in the short term. Initiation of plutonium reprocessing or even weapons testing by the North means relatively little if the allies are confident that their message will eventually be heard and lead to verifiable denuclearization (or if they are conversely confident in their joint resolve to contain a nuclear North Korea and pressure it to reconsider at a later date). An effective message will need to offer Kim Jong-Il a stark and tangible choice between continued stagnation and decay on the one hand and engagement and a path to prosperity on the other. This approach is not unlike the 1994 Agreed Frame-

Major Provisions of the 1994 Agreed Framework

North Korea agreed to:

- Shut down its plutonium-producing capability at the Yongbyong and Taechon reactors
- Resume adherence to the Non-Proliferation Treaty
- Implement the 1992 Basic Accords

Goal was to de-nuclearize the Korean Peninsula

The U.S. and North Korea agreed to reduce barriers to trade and to open liaison offices in each capital

An international consortium, composed of the U.S., Japan, the EU, and South Korea, agreed to provide the DPRK with two light-water nuclear reactors for civilian energy generation if:

- North Korea complied fully with IAEA safeguards

The consortium also agreed, in the interim, to provide North Korea with 500,000 tons of heavy oil annually until the reactors come on-line.

work, but it will ultimately push both ends of the carrot and stick spectrum much farther apart and divide them more definitively.³ Most important, each nation must be prepared to follow through on its commitments even against its better judgment (this means full U.S. support for engagement with economic aid for the North if Pyongyang chooses that path and South Korean support for sanctions or other “sticks” if the North continues its nuclear program).

Groundwork for this approach is already being laid by the allies and has both positive (carrots) and negative (sticks) components. The preparation of sticks is garnering the most attention at this stage, such as a new Japanese legal interpre-

³ In fact, the 1994 Agreed Framework primarily contained a set of incentives, or carrots, for the North, conditional on its behavior and compliance with certain accords and treaties. The “stick” portion of this framework was essentially the one-time threat of a U.S. attack on DPRK nuclear facilities before the agreement and later became simply the threat of withholding certain carrots as time went on (there was no overhanging threat of attack if the North failed to live up to its end of the agreement). In this sense, the stick employed a decade ago was powerful but rather clumsy and one-dimensional. Today the allies have an opportunity to craft a more credible and layered set of disincentives as a viable, open-ended option to its menu of incentives. This kind of policy coordination, however, will take time and requires significant effort, compromise, and resolve on the part of the allies.

tation that would allow Tokyo to place a complete ban on trade with North Korea under current law. The carrot portion of this approach could become more prominent if and when negotiations resume. These issues are discussed in more detail in the "Formula" section of this report. The allies will also have to agree on timelines, since they obviously cannot wait indefinitely to see if the North will choose engagement over nuclear weapons. Agreement on when to offer carrots or employ sticks is as important as the actual composition of the incentives and disincentives, and some conference participants argued that time is running out.

Format

Now that initial discussions ("talks about talks") have been held among the North Koreans, Americans, and Chinese in Beijing, it is tempting to say that the debate over format is moot. But the talks will almost certainly expand over time (if they indeed continue) to involve other regional players and perhaps even Europe and the United Nations. The issue of format, therefore, remains relevant, and decisions might need to be made quickly. Recent evidence is that the talks will continue and possibly include Japan and South Korea in the next round, while a U.S.-North Korea bilateral component might need to be incorporated to placate the North. Where the format goes from there will depend on progress in negotiations.

For some conference participants (mostly from South Korea, but a few as well from the United States and Japan), the format was secondary to simply getting the Americans and North Koreans talking in some fashion. The reasons varied. A former U.S. government official argued that multilateral cooperation will be essential if sanctions or other applications of economic or diplomatic pressure become necessary, and securing that cooperation will be facilitated by having engaged in direct talks with the North Koreans. This individual felt that the United States should at least test the North's willingness to give up nuclear weapons. A good faith U.S. effort toward that end was, in any event, a likely prerequisite for broader regional and international support of

enforcement actions later on, should that prove necessary. He emphasized that "before we accept a North Korean nuclear weapons capability as a *fait accompli*, we should put the North's declared willingness to trade away its nuclear option to the test...and a fair test requires some significant adjustments in both South Korean and U.S. negotiating positions."

This former U.S. official added later that the format need not be one-dimensional and that a discussion involving the broader international community (for instance, one involving the UN) could move in parallel to talks between the United States and North Korea. "There are collective responses and there are individual country responses," he said. "Collective responses you could imagine flowing from a Security Council resolution under Chapter 7, which would make the sanctions binding on all UN members...and again, the prospect of getting a Security Council resolution would be vastly increased if we had at least tried the negotiating route and failed. Something that seems reasonable to me is to try to embargo trade in munitions, military items, and maybe certain dual-use goods." Recent events suggest that a collective response could involve something other than simply working through the UN. The June 2003 G8 Summit declaration on WMD non-proliferation, for example, specifically stressed the need for countries to work individually and collectively on the problem and noted that they have "a range of tools available to tackle this threat." Moreover, the Bush administration recently began promoting its so-called Proliferation Security Initiative (PSI), which seeks agreements with allies to prevent or seize suspected arms shipments from countries like North Korea. It is unclear at this point if the PSI is meant to supplement possible UN action or if it represents a "coalition of the willing" approach similar to the war in Iraq.

Revival of the four-party talks (the United States, South Korea, North Korea, and China) received some support, but perhaps influenced by the spirit of the trilateral meeting, the idea of a TCOG "plus one" (the United States, South Korea, Japan, and North Korea) attracted more attention.

Others emphasized that China and Russia could not (and should not) be shut out of the process, suggesting a six-party arrangement. The six-party talks were also endorsed by the conference's keynote luncheon speaker, the National Assembly's chairman of the National Defense Committee, Mr. Young Dal Chang, who emphasized that a "comprehensive negotiation and packaged deal through a multilateral framework is the most desirable and realistic method for a peaceful resolution for the North Korean nuclear issue." One Japanese official added later, "diplomatic pressure is like air pressure; if there's a hole, it is not effective. So we have to make a grand coalition around the region. The grand coalition [could consist of] Japan, the United Kingdom, the United States, South Korea, China, and Russia. This is the minimal requirement to exert pressure on North Korea."

An American idea presented earlier for ten-party talks (the UN Security Council's permanent five plus Japan, North and South Korea, the EU, and Australia) received much less consideration, perhaps in part because the United Nations and Europe seem less influential in matters of this sort in the aftermath of the war in Iraq. Unless KEDO and the International Atomic Energy Agency (IAEA) are somehow factored into the "solution" equation more significantly than they are right now, the regional dialogue will be the most critical.

Perhaps foreshadowing the eventual start of tripartite discussions in Beijing, a former U.S. official with extensive North Korean negotiating experience cautioned that including more (rather than fewer) countries in the talks would significantly complicate the process. The United States may be more likely to jump to a sanctions remedy, for example, than would China or Russia, leading to higher potential for deadlock in the six-party or larger variant. Moreover, a North Korean negotiator has very limited flexibility and is carefully supervised. One is not negotiating *with* a North Korean representative as much as *through* him, in a time-delayed and imperfect conversation with Kim Jong-Il in Pyongyang. This is hard enough to handle one-on-one, he stressed, and



Dr. Jacquelyn Davis,
Chairman Young Dal
Chang, Dr. Charles Perry

nearly impossible in a multilateral forum unless all members speak to the North with one voice. Keeping the official "talks" small might be useful, but the views and support of other interested parties will have to be incorporated into the discussion.

As mentioned above, unifying the trilateral voice, harmonizing facts, and developing a clear message are important priorities for the allies. Several conference participants suggested that TCOG should play a central role in this process. "With the TCOG already there," said one South Korean, "I don't think we should belabor to find some sort of new channel at this stage. We should just utilize the TCOG...and I guess the U.S. and South Korea have to compromise as to what will be considered as incentives and...disincentives."

But a former U.S. official present at the creation of TCOG reminded everyone that the coordinating group was not designed to develop policy. TCOG "was never intended to be a maker of new or living policies. It was meant to be an implementer of an agreed policy" (that is, the "Perry Process"). Moreover, "each of the three governments was going to assign somebody of a very high level to make sure [the Perry Process] happened, to be the whip." Originally it was thought that this might involve former Defense Secretary Bill Perry, Unification Minister Lim Dong-Won, and possibly Japan's cabinet secretary (changing around that time), "but that proved to be unfeasible and it went down at least one level and usually several levels." TCOG, therefore, might require some reconfiguration and upgrading for it to be

effective in a mission this delicate and important. Still, the TCOG remains the most promising model available for trilateral policy coordination, and the process has proven to successive administrations in all three countries that it is valuable and worth maintaining.

KEDO is another existing entity that participants suggested can be used by the three nations, but it is governed by a formal charter and is therefore less flexible than TCOG. KEDO can be a useful mechanism if the outline of a settlement becomes more clear, substituting the construction of light-water reactors in the North, for example, with other energy infrastructure that can be delivered more quickly. Such a change in KEDO's scope of work, however, must be authorized by its board members (including the EU) and is therefore not an appropriate format for addressing the short-term focus described above. There is at least one obvious remaining negotiating format, noted one American participant, which is to try and talk directly with Kim Jong-Il. But he quickly added that this would involve a great moral hazard in which the United States would probably be unwilling to engage.

Formula

The allies all want a peaceful resolution to the current standoff, but, as one South Korean legislator pointed out, the term "peaceful resolution" can mean different things to different people. For the ruling Millennium Democratic Party (MDP) in Seoul it means more proactive engagement with and assistance to the North, while representatives from the opposing Grand National Party (GNP) express more comfort with the use of sticks such as economic sanctions or embargoes. There are divisions within the United States as well, but in general Washington, it was said, will be quicker to consider sanctions and isolation if necessary to coerce the North into abandoning its pursuit of nuclear weapons.

A diplomatic solution is a shared goal, but here too the perspective varies. One American half joked that U.S. allies see this as a process of negotiation and compromise with the North, but

that for Washington it is a process of getting other countries in the region to sign on to its policies. Some U.S. officials in Washington have reportedly argued for regime change in Pyongyang, but that opinion was not championed at the conference (although a number of South Koreans were clearly concerned that this policy would eventually prevail in the Bush administration).

Assuming for the moment that North Korea can be coaxed into verifiably dismantling its nuclear weapons program, the conference considered how this might be accomplished. The carrot-and-stick metaphor was most popular. An American characterized the South Korean government's approach as mostly carrots, while Washington seemed to be offering only sticks. Another American countered that South Korea has used plenty of sticks in the past, but the problem is that they held the carrots too close to North Korea, so that it did not need to move far to reach the reward. A South Korean countered that offering mostly incentives up front was appropriate, since the North's main policy driver at this point is fear and vulnerability. "If you show a cookie in one hand and make a fist with the other," he said, "how does that give confidence to reach for the cookie?" From Seoul's perspective, some argued, the strategy was to "dangle the carrot in front of the donkey" to make it move, but the donkey (in this case, stubborn Pyongyang) would not move if the carrot was held too far away. Reflecting the disagreement within the ROK, however, another South Korean countered that the last few years of Sunshine Policy had been a form of generous appeasement that has not paid off or even helped to build mutual trust and confidence.

Further thinking about formula, one Japanese official suggested that negotiations with the North will likely have an entrance phase (finding a productive format for talking), an exit phase (a short-term package of energy assistance and security guarantees), and a post-negotiation phase (a normalization process). The exit issues will be difficult. "There are two issues raised by North Korea," he said. "One is energy and the second is security. It would be unrealistic to imagine that the Unit-

ed States of today will be as generous as it was in 1994." A few Japanese and South Korean participants were more pessimistic, noting that some "voices from the U.S. side" suggest that Washington does not want Kim Jong-Il to survive this crisis. In any event, nearly everyone agreed that even if North Korea consented to give up its nuclear program, the verification issue would be particularly thorny.

An American with experience in managing the 1994 Agreed Framework noted that the lack of mutual trust is not a new phenomenon, and that the Framework itself was constantly challenged and tested by both sides, forcing a lot of low level, bureaucratic problem solving. He argued that the United States could probably have dealt with the revelation of the North's enriched uranium effort in a similar way, but that it chose not to go that route. His key point, however, was that any future agreement with North Korea will need a mechanism for verification, reassurance, and problem solving because the two sides are certain to test each other and problems will inevitably emerge.

It was precisely this issue of verification, however, that led some participants to conclude that an agreement with North Korea will not be possible, or at least not without the credible threat of severe consequences if cooperation and compliance are eschewed. An American argued that the war in Iraq has made it more difficult to separate Kim Jong-Il from nuclear weapons. So, too, the level of verification that would be necessary to satisfy the Bush administration would probably not be acceptable to Pyongyang. The Iraq war might have convinced Kim Jong-Il, however inappropriately, that inspections and verification are largely a ruse and a stepping stone toward invasion. In the United States, the Iraq experience might have led some American officials to conclude that one cannot negotiate with these types of regimes anyway.

As noted earlier, therefore, the United States would probably be the first country of the three allies to call for economic sanctions or some other sort of means to apply pressure on North Korea if it continues to develop and test its nuclear weap-

ons program (not to mention any effort to export fissile material or weapons-related technology). According to one U.S. participant, if serious red lines are crossed by Pyongyang, Washington will likely call for collective action or coordinated, individual action (or some combination). UN sanctions under Chapter 7 are possible, but the UN would be hesitant to cut off food and fuel shipments. It might be willing, however, to support a complete halt on munitions trade backed by interdiction, and the chances of this are greater, it was stressed once again, if a serious effort to draw the North into dialogue and negotiation had first been attempted.

A Japanese official emphasized this point. "It is wrong to assume," he argued, "that economic sanctions are not effective for the reason that North Korea is so accustomed to pain and suffering. We shall not stop any humanitarian aid, but we can and have to stop their arms trade. This selective approach can hit directly at the purse of the government and not the stomach of the people. Moreover, stopping arms sales, especially missile sales and possibly nuclear weapons-related technology sales, from a nation that defies the NPT would be a part of badly needed counterproliferation."

Japan could also clamp down more tightly on monetary remittances to the North from its ethnic Korean population, as well as restricting or even shutting down trade links between the two countries. Though trade with the North is paltry in Japanese eyes, Japan is North Korea's second largest trade partner after China (totaling some \$470 million in 2001). Japan is already scrutinizing more carefully domestic firms suspected of providing equipment that can be used in North Korea's WMD and missile programs. News reports in Japan also indicate that the government is considering strengthening inspections of all DPRK ships that visit Japanese ports to search for signs of drug smuggling or illegal technology trade. This is in addition to doubling the on-board inspections and x-raying of cargo on the Man Gyong Bong ferry that runs between Wong Sung City in North Korea and Niigata City in Japan.

Still, the strongest cards to play in this game are held by the countries least willing to use them early. All parties recognize that the effective use of sticks requires cooperation (primarily from South Korea and China, but also from Russia and Japan), so agreement on that point will be vital, if and when the time comes. Momentum is building in this regard among the three allies, thanks in part to President Bush's meetings with President Roh and Prime Minister Koizumi in May and the June summit between Roh and Koizumi (followed just a week later by a TCOG meeting in Hawaii and another trilateral meeting in Washington in early July). Time will tell if China and Russia can be convinced to lock arms with the United States, Japan, and South Korea on this issue, but the final communiqué issued at the close of the G8 summit in Evian, France, in June suggests that support might be broadening for tougher measures to combat nuclear proliferation and uphold international agreements.

In general, there seemed to be consensus that a starting point for agreement among the three allies, China, and Russia could be 1) common support for creating a nuclear-weapons-free zone on the Korean Peninsula; and 2) a willingness to forego (for now) explicit efforts to prompt a certain or sudden death for the Kim Jong-Il regime (although the degree of assistance it might or deserve to receive will remain a matter of some debate). In any event, there will be strong voices in each country that dispute even this basic approach, but most conference attendees seemed to agree that the security and economic stakes are too high at the moment to take unnecessary risks. Something must be done, and by working together all parties have a greater chance of achieving their objectives.



The Role of China

Throughout the conference the current stance and potential role of China were debated. A U.S. participant suggested that China's relationship with North Korea was similar to America's relationship with Taiwan in at least one respect – namely, that it does not want to be presented with the issue of an attack on its client state. China does not want to fight on behalf of North Korea, but a strike on the North could back China into a corner. China will spend a certain amount of political capital to pressure Pyongyang and will cooperate to some extent with Washington, but it wants to feel confident of America's intentions and its commitment to a settlement. A Japanese official concurred that China will eventually act to rein in the North, but it will wait until the last possible moment to do so.

Another American official noted the recent writings of four Chinese military analysts about the war in Iraq. The analysts all believed that the chance of U.S. military action being taken against Pyongyang has increased as a result of the American success in Iraq. They also made the point that the United States used only one-third the force strength in Iraq in 2003 that it did in 1991 and still moved faster and farther than a decade earlier. The U.S. official hoped that this recognition by China will push it to be more proactive in the negotiation process. China's role in helping to realize the talks in Beijing is encouraging in this regard.

In addition to engaging China via the Beijing talks, references to possible UN sanctions against North Korea suggest that China's involvement will be important at various levels. One Japanese official noted, "China should know that it is no longer a simple protector/mentor of North Korea, but it is a member of [the UN's permanent and "nuclear" five] and is responsible for managing the global security, especially the WMD issues today." He suggested that this will be an important test for China to see if it can live up



Mr. Ralph Cossa,
Mr. Nobushige
Takamizawa,
Lt. Gen. Chip Gregson

to its responsibility as an increasingly important pillar in such institutions as the UN, the IAEA, and the NPT regime.

This official observed that it would be unwise to overestimate China's influence or its political will. It is true that China provides valuable assistance to Kim Jong-Il's regime, but Pyongyang is too proud to be subject to Beijing's high-handed instructions. The more seriously China tries to persuade and pressure Pyongyang, the more difficult their relations will become. He added that the allies should probably be content with China's grudging and cautious participation in their grand coalition.

The growing relationship between China and South Korea, however, is a positive factor in this process (particularly the economic ties between the ROK and China's Shandong Province). China overtook Japan as the ROK's second-largest trading partner in 2002 (total trade value of over \$54 billion) and is poised to pass the United States in 2003 based on first quarter statistics.⁴ South Korean direct investment in China represents almost 35 percent of its outward foreign direct investment (its largest single destination).⁵ If China's trade with Hong Kong is excluded, South Korea is also China's third-largest trading partner (after Japan and the United States).⁶ The importance of China's economic relationship with the allies (and conversely of the allies' trade ties with China) is

not lost on China's new leadership or the three TCOG partners, and this mutual understanding should provide incentive for all parties to work together in pursuit of regional stability.

4 "China" includes Hong Kong in this calculation. Based on statistics prepared by the OECD, Korea International Trade Association, and Hong Kong Trade Statistics, Census and Statistics Department. China's total trade with South Korea was roughly \$1.5 billion more than that of the United States in the first quarter of 2003.

5 "China in Transition" by Chi Hung Kwan for Research Institute for Economy Trade and Industry, April 18, 2003 (based on official South Korean and Japanese statistics).

6 This is a comparison of individual countries. Chinese trade with the EU overall exceeds trade with South Korea.



The Way Forward

The main challenge in any negotiation is for one side to stimulate enough interest and inspire just enough confidence in the other that there is an opportunity for something better, and that pursuit of such might be worthy of compromise. In the U.S.-North Korean case, this “something better” is mostly about avoiding something terrible – namely, regime collapse for the North, and an unrestrained proliferating nuclear state for the United States. It is not difficult for one to objectively map out the framework of a possible compromise in theory, but the reality is that trust and confidence between the negotiating partners are essentially non-existent. Overcoming this lack of trust is probably the greatest challenge going forward.

South Korea is in perhaps the most difficult situation. Its approach of pursuing engagement and “carrots first, sticks as last resort” is at odds with current U.S. thinking, yet Seoul could face terrible economic and human consequences if a U.S.-DPRK standoff led to more aggressive policies and possible military actions. One former U.S. government official recommended that South Korea and Japan follow the example of Tony Blair in the Iraq war, which is to “embed yourself into Washington’s policy” (borrowing the image of journalists embedded with coalition troops during the war). His argument was that by siding so clearly and publicly with President Bush, Blair was then able to gain more access and influence on U.S. decision making than had he stood ambiguously apart. Some have argued that Prime Minister Koizumi has essentially adopted this approach with President Bush. It seems that President Roh is

Mr. Shinsuke Sugiyama,
Mr. Richard Lawless



at least off to a better start than his predecessor in terms of developing a personal relationship with the American leader.

If Pyongyang's unwavering objective is to possess a dynamic nuclear weapons program and develop a nuclear ballistic missile capability, there might be little the allies can do at the negotiating table to dissuade the DPRK from doing so. Still, the conference was unanimous that negotiations were a proper start. The fewer the participants in the talks the better, but it also seems clear that simple one-on-one talks between Pyongyang and Washington would be unproductive, given the lack of trust and the range of issues that must ultimately be addressed in any negotiation strategy with a chance to succeed. Hence, South Korea and Japan should stand shoulder to shoulder with the United States to provide greater alliance strength, which would afford them as well a greater chance to soften (when and if appropriate) American negotiating positions they may deem to be too sharp. China's proactive involvement should also be encouraged, both because of its reassuring influence on North Korea for possible implementation of an agreement and to secure its cooperation if stronger measures are required to avoid a nuclear neighbor and the potential collapse of the non-proliferation regime.

Based on this conference and other recent developments, the priorities for the allies going forward can be summarized as follows:

- 1) Tighten trilateral development and coordination of North Korea policy. TCOG might be the most useful mechanism for realizing this goal, but participation must be at the highest level possible to allow for actual policy creation and ensure its smooth implementation. Intelligence sharing and some "harmonization of facts" will be an important part of this process.
- 2) Utilizing an upgraded TCOG mechanism, develop a clear, compelling, and unified message for the North Korean leadership that only by abandoning its nuclear weapons program will it have a chance for survival and prosperity.
- 3) An effective message will need to offer Kim Jong-Il a stark and tangible choice between continued stagnation and decay on the one hand and engagement and a chance for prosperity on the other.
- 4) This means that the allies will need to coordinate a credible menu of carrots and sticks and begin to lay the groundwork for either route's implementation (in legal, logistical, and political terms). This process by itself should have a positive impact on current negotiations with North Korea, as the more credible and tangible these two routes become, the clearer the choice for North Korea. (Timelines will also need to be agreed upon, since the allies obviously cannot wait indefinitely to see if the North will choose engagement over nuclear weapons).
- 5) In a coordinated fashion, engage regional players (particularly China and Russia) and the international community (the UN and the EU) in a discussion about the global community's responsibility for contributing to a stable East Asian region and for maintaining effective non-proliferation treaties and institutions.
- 6) As part of the development of a credible menu of carrots and sticks, update contingency planning for possible worst-case scenarios involving such events as a North Korean military strike in response to imposing certain trade sanctions or creating a quarantine or inspection regime for North Korean air and sea traffic.

The co-organizers of this conference, with the financial support of the Carnegie Corporation of New York, will plan one more dialogue – moving from a trilateral to a more multilateral format – as part of the final phase of this project. The last few months have seen an unprecedented level of discussion and consultation among the United States, South Korea, and Japan involving ordinary civilians, scholars, business leaders, lawmakers, bureaucrats, diplomats, military personnel, and administration representatives (up to

and including the two presidents and the prime minister), and current trends suggest a steady broadening of this activity in the months ahead to include representatives from other key countries and organizations with a major stake in an early solution to the current impasse. A great deal has been accomplished in a relatively short time, but the negotiation phase seems only to have just begun, and time is of the essence. Events on the ground will determine the central theme of the next conference, which with luck will be focused on implementing an agreed plan for a Korean Peninsula free of nuclear weapons (if not all WMD) and a step closer to reconciliation.

Agenda

April 11, 2003
Hotel Shilla, Seoul

- 08:45-09:00 Welcoming Remarks
Dr. Chung-in Moon, Yonsei University
Dr. Charles M. Perry, IFPA
Congratulatory Remarks
The Hon. Thomas Hubbard, U.S. Ambassador to the ROK
The Hon. Sang Hyeon KIM, Member, National Assembly
- 09:00-10:30 **Session I: New Strategic Dynamics on the Korean Peninsula**
The Iraqi factor and WMD-based discussions on the Korean Peninsula
North Korea's evolving grand strategy
Forging a coordinated U.S.-ROK-Japanese response
Changing perspectives on the U.S.-ROK Alliance, USFK, and Japan's strategic role
China, Russia, and other regional players
U.S.-ROK-Japanese responses/priorities
- 10:30-10:45 Coffee Break
- 10:45-12:15 **Session II: Understanding and Meeting the North Korean Challenge**
Nature of North Korea's WMD challenge and U.S.-ROK and/or trilateral response
Major objectives of North Korea's WMD program and prospects for change
Future of the 1991 Joint Declaration on Denuclearization of the Korean Peninsula
Future North Korean WMD scenarios: reprocessing, weaponization, exports, and WMD control
Impact on ROK and Japanese defense and regional proliferation trends
- 12:30-14:00 Luncheon and Keynote Address
The Hon. Young Dal CHANG, Chairman of the Defense Committee, National Assembly

AGENDA

14:00-15:30 **Session III: New Strategies and Frameworks for Managing WMD Risks and Assuring Stability**

Prospects for building a multilateral framework and bilateral negotiations

Beyond the Agreed Framework and possibility of a “grand bargain” approach

Prospects for KEDO

Near-term priorities and strategies for engaging North Korea and balancing carrots and sticks

Strengthening and expanding the TCOG process

Adjustments in the U.S.-ROK and U.S.-Japan alliances and preferred options

15:30-15:45 **Coffee Break**

15:45-17:00 **Session IV: Coordinating Priorities and Policies for the Way Ahead**

U.S.-ROK-Japanese priorities and capabilities with regard to WMD risk-reduction

Clarifying bilateral, trilateral, and broader regional strategies to staunch proliferation on the Peninsula and beyond

Reassessing the roles of regional, multilateral and international organizations

Conceptualizing and preparing for “wild card” scenarios

Impact on the future of the U.S.-ROK and U.S.-Japan alliance postures

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