

# **U.S. Policy Toward The Korean Peninsula: Beyond the Nuclear Accord**

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Praised by its supporters as ending the nuclear threat and criticized by skeptics as a "sweetheart" deal that gives too much to Pyongyang and gets too little in return, the October 21, 1994 "Agreed Framework" negotiated between the United States and North Korea continues to stir controversy. This accord, designed to halt the North Korean nuclear weapons program, affects vital American national interests in perhaps the most dangerous flashpoint in the world the divided and heavily armed Korean Peninsula. The stakes are extremely high in terms of consequences both for stability in Northeast Asia and for the nonproliferation system.

While the complex and sometimes vague details of the agreement do warrant careful scrutiny, the debate misses the point. The nuclear issue is only a symptom of a larger problem; it is a subset of the question of U.S. policy toward the Korean Peninsula. It is an important step forward, but it is only the beginning and not the culmination of a Korea strategy. Thus, any assessment of this accord must place it in this larger context. The challenge ahead is not merely implementing the nuclear accord, but building on it to reduce tensions and facilitate the North-South reconciliation process.

The starting point must be a recognition that there is no solution that will result in 100 percent certainty. As dramatized in the case of Iraq, we simply don't know what we don't know. Short of a war and occupation, even the best verification procedures will have a margin of error. At the same time, we must be clear about what North Korean actions will be considered deal-breakers. The measure of any policy is its ability to result in benefits to American interests greater than its costs. In regard to this nuclear agreement, and indeed, larger policy issues relevant to North Korea, one must also recognize that there are some problems for which there are no good policy answers but only least-bad choices. Policy toward North Korea is one of them.

Secondly, it would be a grave mistake to focus on the nuclear issue solely as a matter of proliferation. While there is an important global proliferation aspect to the problem, from a policy perspective, it must at the same time be addressed as part of a larger problem of security on the Korean Peninsula and in Northeast Asia, and more broadly, of the reunification of Korea. For North Korea it may be an admission ticket to the community of nations. For the international community, it is a bargain aimed at enhancing prospects for managing a peaceful reunification of Korea while eliminating the threat of nuclear proliferation.

## **The Nuclear Accord**

Nonetheless, the October 21 Agreed Framework must also be judged on its own terms: Do its benefits outweigh its costs? What is the alternative? There is understandable frustration and legitimate concern that the key issue of Pyongyang's past nuclear activities will be deferred for some five years, and at the amount of heavy oil, and possibly nuclear reactors as well, to be provided gratis. But if the agreement is faithfully implemented, not only will it end North Korea's nuclear weapons program, it will also set new standards of nonproliferation norms; perhaps most importantly, it will open the possibility of a peaceful reunification process. Moreover, the accord is in essence a reciprocal trust and confidence-building process, which, if successfully implemented, would establish some bona fides on the part of Pyongyang. If successful, this agreement is likely to have a "can opener" effect, lifting the lid on the most hermetically sealed society on earth.

Indeed, however steep the price, the accord has produced some immediate results. The International Atomic Energy Agency (IAEA) has verified that North Korea's nuclear program is now frozen and shut down: The reprocessing facility is sealed; its 5-mgwt reactor at Yongbyon reactor stopped; the fuel rods from the defueling of that reactor are under IAEA monitoring; construction of two other known reactors, 50-mgwt and 200-mgwt, has ceased; the IAEA is on the ground and monitoring all declared nuclear facilities. Pyongyang has agreed to ultimately ship the fuel rods outside the country, and in the first three months after the accord, it fully cooperated with U.S. technical teams working to prevent the degradation of fuel rods stored in a cooling pond. North Korea has agreed to dismantle all

these facilities in a phased manner upon completion of two light water reactors (LWRs).

The price of this cooperation is a U.S. commitment to arrange for an international consortium the Korean Energy Development Organization (KEDO), financed largely by South Korea and Japan to build the two LWRs, which will generate approximately 2,000 MW(e) of electricity by a target date of 2003. In addition, the United States will also make arrangements to supply heavy oil, beginning in January 1995: 50,000 tons the first year, 100,000 the second year, and 500,000 tons annually thereafter to compensate North Korea for energy production lost as a consequence of abandoning its gas graphite reactors. Moreover, the United States is committed to "reduce barriers to trade and investment" within three months and to exchange liaison offices. It will also provide security assurances against the threat or use of nuclear weapons against North Korea.

But the Agreed Framework allows North Korea to defer permitting the IAEA to clarify its nuclear past: in other words, to establish how much plutonium it has accumulated. The agreement stipulates that "before delivery of key nuclear components, North Korea will come into full compliance" with its IAEA safeguards obligations, allowing the IAEA to take "all steps deemed necessary by the IAEA" to determine its past nuclear activities how much plutonium it has acquired. Thus, for some five years, North Korea will remain technically out of compliance with the IAEA, and the international community will continue to live with ambiguity about its nuclear capabilities. During this period all the elements of North Korea's nuclear program will remain in place.

It must be noted that the ability of the executive branch to conclude a bilateral Nuclear Cooperation Agreement as mentioned in the Agreed Framework is precluded by law until North Korea is in compliance with full-scope IAEA safeguards. As some of the nuclear technology that KEDO would provide North Korea will require U.S. licensing, such a cooperation agreement will be a prerequisite for completion of the LWRs.

Beyond the U.S.-North Korean dimension of the agreement, Pyongyang has pledged to "consistently take steps" to implement the North-South Joint Declaration on the Denuclearization of the Korean Peninsula and to engage in North-South dialogue. But the accord provides no direct conditionality between implementation of the Agreed Framework and active North-South reconciliation as set out in the December 1991 "Agreement on Reconciliation, Nonaggression, Exchanges and Cooperation between the South and the North." It should be noted that these agreements are not at all mentioned in the U.S.-North Korea Agreed Framework. On matters apart from the North-South denuclearization accord, Pyongyang is technically not obliged to do more than talk to Seoul.

This is particularly troubling because North-South dialogue has been stalemated for roughly the past two years. Absent a transformation in the psychology and political atmosphere of North-South relations, it is difficult to envision the nuclear accord being implemented, as it requires that the South be the central actor in financing and building the LWRs and that the North cooperate. This is now the most precarious aspect of the accord, and it requires high-level focus.

### **Is the Deal Viable and Worth Pursuing?**

Is the United States better off with this deal or without it? If shutting down North Korea's nuclear program and fostering a process that will, if implemented, lead to the dismantling of its entire strategic nuclear weapons program is a significant policy goal, then this agreement is an important, if tenuous, step in this direction. But North Korea's horrendous track record not only in lying about its nuclear activities, but also flaunting international norms on missiles, chemical weapons, and, in the past, on terrorism raises serious questions about the North as an interlocutor. This is mitigated, however, by the "mistrust, but verify" structure of the Agreed Framework under which Pyongyang will be rewarded only as it demonstrates cooperation at each step along the road to implementation.

While the benefits of the Agreed Framework to both sides are tangible and immediate, they are also easily reversible: The United States could rapidly halt oil shipments, reimpose a trade embargo, and close down a liaison office; similarly, North Korea could reprocess the fuel rods, resume construction on the two larger reactors, refuel the 5-mgwt reactor, and reprocess on short notice. Indeed, Pyongyang could do all these things in compliance with its IAEA obligations. But should they renege on their commitments, the long-term benefits provided for in the agreement nuclear power, a U.S. embassy, and implicitly, foreign economic engagement would all evaporate and confrontation ensue. Moreover, a country that has seen its economy contract by 5 percent annually for each of the past four years would forfeit the prospect of foreign economic involvement, which many members of the North Korean political elite appear to recognize is essential if they are to remain in power.

Apart from the reversibility of the deal, there are a host of other shortcomings. The world must live with the possibility that North Korea has a nuclear capability for an extended period. Concrete progress in North-South dialogue is only implied; it is not made a precondition. Moreover, there is no explicit linkage to other security issues of concern: the

North's ballistic missile program, its chemical weapons program, a possible biological weapons program. And most importantly, there is no apparent connection between the Agreed Framework and the North Korean conventional military threat, which remains ominous.

Most troubling, however, is not the substance of the Agreed Framework itself, but the apparent lack of a larger strategy for reducing tensions on the Korean Peninsula and fostering a genuine inter-Korean reconciliation process. The effect if not the intent of the agreement is a strategic choice: The United States has chosen to avoid confrontation, a path likely to result in armed conflict, and opted for a cooperative or "bail-out" strategy. South Korea, Japan, and China have all publicly endorsed this approach.

But embarking on an unrestricted course of aid, trade, and investment without reducing the North Korean conventional threat one million men under arms, with two-thirds deployed with 8,000 artillery tubes within 120 miles of the Demilitarized Zone (DMZ) is a dangerous and unjustifiable folly. Implicit in the Agreed Framework is a North Korean willingness to pursue at least a limited opening of its autarchic economy, and a new pattern of expanding economic engagement on the part of South Korea and Japan, which are projected to be the key funders of KEDO. Already, the Kim Young Sam administration in Seoul has altered its policy and announced it will allow Korean business more access to and direct investment in North Korea. A vituperative response to President Kim by North Korea was mistakenly reported in the Western press as a rejection of economic cooperation, but close examination of Pyongyang's response reveals only hostility to the provocative style of President Kim rather than a rejection of economic cooperation with Seoul.

But such a course runs the risk of merely strengthening an enfeebled regime and increasing the threat to South Korea and to U.S. forces stationed there unless the political/economic engagement option is linked to a strategy for reducing the conventional military threat as part of the North-South reconciliation process as outlined below. An initial phase of economic activity is not unreasonable; before it gains momentum to the point where substantial technology transfer and long-term direct investment occur, however, there should be a reduction of the North Korean conventional military threat. Like the nuclear accord, such a strategy would test North Korean intentions: If Pyongyang is serious about opening up and joining the global economy, then reducing its perceived military threat and enormous military burden, which absorbs some 25 percent or more of GDP, is in its own best interest.

Similarly, one cannot ignore critics of the Agreed Framework who charge or simply that this is either a fatally flawed agreement with ominous implications for the nonproliferation regime, or that North Korea is a rogue state that should, in effect, be isolated and squeezed until it implodes unless it immediately satisfies all of our policy concerns. Those who define Pyongyang as too odious to deal with are guilty of what I have called "the toughness fallacy." Those demanding either instant gratification of all policy concerns (an unrealistic demand certain to be rejected) or an overt course of confrontation must follow their own logic to its conclusion: Such a course requires that we must be prepared to fight and win a second Korean war, as it would make war a relatively rationale choice for the Pyongyang regime for whom such a policy could easily be construed as a threat to its existence. Just because Pyongyang may be paranoid does not necessarily mean it doesn't have enemies.

This would be true even if the U.S. intent of say, a pre-emptive strike, as some have proposed, were aimed merely at eliminating Pyongyang's known reprocessing capability. It should be recalled that Israel's remarkably precise bombing of Iraq's Osirak reactor failed to end Baghdad's nuclear weapons program. The history of dealing with North Korea, particularly over the past five years, suggests that Pyongyang's least likely response when pressed into a corner is to make the concessions demanded; its most likely response is to lash out in a paroxysm of national pride.

## **Flawed Nonproliferation Theology**

Another school of critics opposes the Agreed Framework on grounds that it sets a dangerous precedent by rewarding violations of the Nuclear Non-Proliferation Treaty (NPT), and thus will encourage other potential proliferators such as Iran. While the NPT is an important instrument codifying nonproliferation norms, in the real world each case of proliferation must be, and has been, addressed or ignored on its own merits and within the limits of political-military realities. All proliferation has not been treated as equal. The international community did not sanction South Africa or Israel as they attained opaque nuclear status, nor have India or Pakistan been dealt with as pariah states. While it is true that these proliferators were not party to the NPT, their undeclared nuclear capabilities are no less a reality. Moreover, U.S. financial inducements and security assurances to Ukraine and Kazakhstan to gain their respective compliance with non-nuclear norms did not go unnoticed in Pyongyang.

In point of fact, the North Korean case may be unique in several respects. The likelihood of export of nuclear material or technology to other rogue states, particularly in the Middle East, the fears of triggering a nuclear arms race in Northeast Asia, the fact of a heavily military standoff across the DMZ just a stone's throw from the suburbs of Greater

Seoul, and the reality of 37,000 U.S. troops in South Korea are all factors that must be weighed in addressing the particular challenge of North Korea's nuclear program.

Nonetheless, there is no doubt that the Agreed Framework, an accord reached on the eve of the NPT review conference scheduled to occur next April, will have a significant, albeit mixed, impact on the nonproliferation system. On the plus side of the ledger, trading in its operational and planned gas-graphite reactors, shutting down its reprocessing facilities, and agreeing not to reprocess the 8,000 fuel rods from the defueled reactor all transcend current nonproliferation norms. Under the NPT, Pyongyang could acquire the dozens of bombs worth of plutonium that the two reactors under construction would have produced, and it could also legally complete its reprocessing plant and separate the plutonium from the fuel rods (which could produce some four to five bombs worth of plutonium) under IAEA inspection.

Moreover, the controversial "special inspection" of the two undeclared suspected nuclear waste sites is not standard IAEA procedure. While the IAEA has the statutory authority to request inspections of undeclared nuclear facilities, it has done so only on rare occasions. It was only after 500,000 U.S. troops had defeated Saddam Hussein's forces that more intrusive inspections were possible in the case of Iraq. While it is deeply frustrating and unfortunate that the IAEA's ability to obtain compliance by North Korea of the full scope of its past nuclear activities will be deferred for five or more years under the Agreed Framework, even this could arguably be construed as a small step forward in terms of proliferation norms. The Clinton Administration should treat the timeframe envisioned in the Agreed Framework as a ceiling rather than a floor: If the nuclear accord helps create a climate of cooperation in economic and other spheres, the Administration should quietly pursue the possibility of Pyongyang permitting the IAEA to clear up its past behavior sooner.

It is impossible to know if a better deal was possible without obtaining access to the negotiating record and to the "confidential minute" spelling out in more detail the precise agreements and implementation understandings outlined in sometimes vague language in the Agreed Framework. The difficulties of managing the nuclear issue under any circumstances should be apparent from even a cursory glance at the history of this issue. The idea of a diplomatic opening to North Korea began during the Reagan Administration in 1988. The effort to end North Korea's nuclear weapons program began during the previous Administration. The broad concept behind current policy allowing North Korea to trade its nuclear program for economic and political engagement with South Korea, the United States, and the wider international community was inherited from the Bush Administration. It must be said that the general concept of current policy (if not the details or operational management) is largely consistent with that of the previous Administration.

But the history of the Clinton Administration's handling of the North Korean issue does not inspire confidence. Over some 17 months of diplomacy, we witnessed a sad spectacle of mixed signals sent in contradictory statements by senior officials, of inept policy management as the Administration lurched to respond tactically to successive North Korea provocations, and of misplaced priorities resulting in a lack of focus. To wit: While the confrontation over the IAEA request to inspect the two undeclared, suspected nuclear waste sites had been building since the fall of 1992, not until June 1993, three months after North Korea threatened to become the first member state ever to withdraw from the NPT, was there any policy-level contact between the United States and North Korea. Until last August, U.S. policy was incremental and reactive with no larger strategy visible: to persuade North Korea to stay in the NPT; to allow continuity of IAEA safeguards; to allow IAEA inspectors to remain in North Korea.

The contradictions in the Administration's policy reached their apex last June. After North Korea removed its reactor core without IAEA monitoring in April, the United States launched a campaign to mobilize the international community to apply U.N. Security Council sanctions against Pyongyang. It must be noted that this drive for sanctions occurred before any package deal had been offered to North Korea. Washington had not answered in precise terms the one question to which Pyongyang deserved a clear and exact answer: If we trade in our nuclear program, what exactly do we get in return? The Administration spent considerable political capital with our key strategic allies, Japan and South Korea, in the process.

Yet at the very moment the Administration was about to impose sanctions, a private U.S. citizen, former President Jimmy Carter, was singlehandedly reversing U.S. policy. A substantial loss of credibility both at home and abroad was the price the Administration paid, perhaps unnecessarily, for altering a course likely to lead to conflict. Both Japanese and Korean officials privately complain about inadequate consultation. This problem is underscored by the fact that in the 18 months of consultation that preceded the October 21 accord, no details were worked out regarding what would be in a package particularly how the financing and construction of the LWRs would occur.

## **A Strategy for the Endgame**

The point of this brief analysis of the evolution of U.S. policy is to glean lessons for the future. On balance, the Agreed Framework is worth pursuing. But it is unlikely to succeed, or to advance U.S. national interests, unless it is subordinated to a more comprehensive policy toward the Korean Peninsula and Northeast Asia. As discussed above, the effect of the nuclear accord is a strategic choice to "bail out" North Korea, to seek a "soft landing," and a gradual, peaceful reunification process. But there is no indication of a larger strategy to achieve this. That this has yet to be done underscores the dearth of Asia expertise at senior levels of the Administration. Indeed, there is a danger, as previously discussed, that absent a framework for addressing other security and political issues of concern, particularly the conventional military threat, this policy could have the unintended consequence of bolstering an adversary.

There remains a need for President Clinton to name a Special Envoy for Korea and Northeast Asia. Ambassador Robert Galucci is a very able diplomat, but just working out the many unresolved technical details to implement the Agreed Framework is more than a full-time job. Absent a new foreign policy team with more Asian policy capability, the President should name a prominent American with bipartisan support with broad experience in the region and a solid reputation among our allies to such a new post.

To conceive and implement the "roadmap" of next steps for the endgame discussed below requires another point person both to improve the consultation process and to advance the following agenda:

1. Congress should insist on strict enforcement of the Agreed Framework. If North Korea seeks to revise the agreement, the Administration should not reopen the talks. A deal's a deal. Certain North Korean behaviors should be considered "deal-breakers" leading back to U.N. sanctions: if it reprocesses the fuel rods; if it refuses to cooperate fully with IAEA monitoring of all declared facilities; if it refuels its 5-mgwt reactor; if it reopens its reprocessing facility; if it resumes construction of its two new reactors; if it is revealed to have more plutonium than declared and refuses to place such material under IAEA safeguards; if it is revealed to have nuclear weapons and does not dismantle them and place all nuclear material under IAEA safeguards.
2. In consultation first with South Korea and then with Japan, the United States must devise a trilateral strategy based on a consensus that movement on economic and political engagement with Pyongyang should be phased to coincide with movement on other agreed issues of concern, with priority given to conventional arms reductions, ballistic missile exports, and chemical weapons. The centerpiece of this process must be active North-South reconciliation. The Administration should explore with our allies the creation of a Korean reconstruction fund as a window of the World Bank as part of the incentive structure for North Korea
3. Limit Korean, Japanese, and U.S. business contacts to an initial phase of increased trade and investment in light assembly industry. A second phase of large-scale aid and direct investment, expanded U.S. and Japanese movement toward normalization of relations, admission to multilateral lending agencies such as the IMF/World Bank and Asian Development Bank, and discussion of turning the U.N. armistice into a peace treaty should be linked to the North's adhering to the Missile Technology control regime, signing the Chemical Weapons Convention (CWC) here the United States could offer to help dispose of any chemical weapons possessed by Pyongyang and negotiating actively on confidence-building measures such as a retreat of forces from the DMZ and a CFE-like conventional force reduction accord within the Military Commission provided for in the 1991 framework for North-South reconciliation and cooperation. The United States, South Korea, and/or Japan could offer to build new housing for demobilized North Korean soldiers.
4. As part of the initial phase, United States should move quickly to unfreeze some \$15 million in North Korean funds in the United States, exchange liaison offices with North Korea, lift or reduce the trade embargo against North Korea, offer technical business help perhaps mobilizing Korean-American volunteers and offer telecommunications links, including a CNN downlink. Any steps that open up the most hermetically sealed society on earth is in the interest of the United States; it is not a concession or favor to North Korea.
5. Full normalization of U.S.-North Korea relations should be carefully phased with North Korean cooperation on a prioritized set of issues of concern: missiles, chemical weapons, conventional force reductions or a pullback 100 miles from the DMZ, and a regularized process to handle MIAs from the Korean War that would end the current macabre extortion.
6. Establish a six-party Northeast Asia political/security framework with the two Koreas, the United States, Japan, China, and Russia, as Seoul has proposed, initially to: (a) explore ways to reduce tensions and facilitate reconciliation (e.g. revise the armistice to create a "Checkpoint Charlie" for cross-border traffic, or security assurances such as no first use of nuclear weapons or weapons of mass destruction); (b) endorse/guarantee a peace treaty and/or a denuclearized peninsula; (c) discuss creation of an Asian counterpart to EURATOM, an ASIAATOM to expand

regional nuclear cooperation; and (d) discuss development of the Tumen River Basin and the Sea of Japan. The agenda for such a framework must be carefully designed to reflect consensus among all six parties if it is to be constructive. Parties should meet regularly at senior levels. This undertaking is part of the rationale for appointing a Special Ambassador.

## Conclusion

Such a roadmap offers the best prospect of creating the possibility of a peaceful reconciliation process, re-establishing credibility among our allies and regaining their confidence, and importantly, putting North-South reconciliation at the center of U.S. policy towards the Korean Peninsula. Such an approach would also continue to test North Korean intentions and provide an incentive structure in the interests of all concerned parties. The Agreed Framework for managing the nuclear issue would then be but one component of this larger regional policy, albeit a crucial component.

Since the October 21 agreement, Pyongyang has complied fully with its commitments. The United States should be careful to reciprocate. North Korea's fixation in dealing with the United States has both a strategic and tactical dimension. Tactically, North Korea uses its dialogue with the United States to gain leverage over South Korea. Strategically, since the demise of the Soviet Union and China's normalization of relations with South Korea, Kim Il Sung and apparently the successor regime, viewed and continue to view an opening to the United States as important to its security. This has been evident in recent years in North Korean comments to visiting private U.S. citizens, in the January 1992 meeting between then-Undersecretary Arnold Kantor and his Korean interlocutor, Ki Young Sun, and in Kim Il Sung's meetings with former President Carter. The new regime appears to view its agreement with the United States as fledgling ties important to its own political legitimacy.

But the United States must engage in some soul-searching discussions with South Korea aimed at finding new approaches to North-South dialogue. For if there is no breakthrough in North-South relations, not only would a broader Korea strategy be impossible, but the nuclear accord itself will unravel. After all, Seoul is to be the largest financier of the LWRs. Can South Korea be expected to make a \$2 billion investment in the current North-South political climate? Nor can one envision Pyongyang allowing the hundreds of engineers, technicians, and construction workers from South Korea into the North to realize the LWR project without major advances in the North-South reconciliation process.

Congressional skepticism about the nuclear accord is understandable. Winston Churchill once remarked that Americans, given our ingenuity and resourcefulness, would when faced with a difficult situation, invariably make the right choice . . . after exhausting all other alternatives. This is the story of the Administration's Korea policy. The nuclear accord, however unsettling the process, appears to reflect a learning curve. Congressional action to alter or undo the agreement would be counterproductive to allied and U.S. interests. Instead, Congress should work with the Administration to build on it, strictly enforce it, and fashion a consensus for a comprehensive approach to the difficult problem of the Korean Peninsula, of which the nuclear issue is only one aspect.

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