

## "Kim Jong Un, Uranium, and the Artillery Barrage: How to Think Strategically about North Korea?"

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### Escalating Situation and North Korea's Intentions

The North Koreans have taken important and provocative steps to escalate the situation. First, they revealed that they had completed a uranium enrichment facility with 2,000 centrifuges and had begun construction of a 25 to 30 megawatt-electric experimental light-water reactor in Nyongbyon.<sup>i</sup> Then, they shelled Yeonpyeongdo - a South Korean offshore island in the Yellow Sea - causing military and civilian casualties.<sup>ii</sup> Outrageous as they are, North Korea's recent actions are perfectly consistent with its past actions and its objectives. North Korea's central objective is to force Washington to start talks with Pyongyang with the aim of improving relations between the two countries.

Actually, North Korea declared that it would begin enriching uranium and that it had decided to build its own light water reactors in June 2009. In November 2010, the North Koreans simply delivered what they had already declared they would. In any case, now that they have demonstrated their possession of the uranium enrichment program, it is on the table to be negotiated.

Regarding the heightened tension in the Yellow Sea, in January 2009 the general staff of the Korean People's Army warned that it would take measures to defend the "military demarcation line" in the Yellow Sea, which it had unilaterally established in 1999, if South Korean vessels continued to violate North Korea's "territorial waters." It also predicted that the "illegal" Northern Limit Line-a quasi-maritime borderline to separate the North and the South-would disappear. By May, the intensity of coastal gun fire exercises had doubled from the previous year, and six times as many sorties of fighter aircraft had flown as in the previous year in the Yellow Sea near two South Korean offshore islands - Baengnyeongdo and Yeonpyeongdo. Subsequently, there was a naval clash between the North and South Korean navies in November.

North Korea has long sought to replace the 1953 Armistice Agreement with a peace agreement in order to legally put an end to its confrontation with the United States. Whenever North Korea wants to talk about the peace agreement, it always raises tensions in the Yellow Sea. It happened in 1974, 1999, and 2009. The North Koreans will argue that the military tension on the Korean Peninsula is rising and the danger of war is looming large. They will contend that the current Armistice mechanism is not functioning, and so the situation will only escalate. North Korea will say, in order to avoid another war, the United States must sign a peace agreement with it and establish a new mechanism to maintain peace.<sup>iii</sup>

In the days and weeks to come, North Korea may fly fighter aircraft across the Northern Limit Line in the Yellow Sea to further raise the threat level.<sup>iv</sup> It could, at the same time, request the convening of the General-Officers' Talks with the U.S.-led United Nations Command to talk about the peace agreement and even propose a new maritime borderline based on the United Nations Convention on the Law of the Sea to replace the Northern Limit Line.<sup>v</sup>

The North Koreans are escalating the situation in order to convince the Americans and the South Koreans that refusing to have nuclear and peace talks with Pyongyang will be costly. Pyongyang is trying to force Washington and Seoul to change their course and come back to the negotiating table on terms favorable to North Korea. Policymakers in Washington and Seoul clearly understand North Korea's intentions. Now we will have to decide which way to go.

(\*This first section was added on November 24 just after the existence of a uranium enrichment facility in Nyongbyon was revealed and North Korea shelled a South Korean offshore island. The author thinks that basic ideas espoused in this article remain valid even after the recent developments. The original text follows.)

### **Thinking Strategically about North Korea Policy**

"We should not reward North Korea's bad behavior." "We should not buy the same horse for the third time." These statements have become cliché when we talk about policy toward North Korea, particularly after a series of the country's provocative actions such as nuclear tests, missile launches, and the sinking of a South Korean warship. These caveats are certainly something that policymakers should keep in their mind when crafting policy toward North Korea.

However, our policy options should not be dominated by those somewhat emotional arguments. Foreign policy should be built upon sober calculations taking into account our long-term strategic objectives, assessment of the costs and benefits of different options, and judgment of what is possible and what is not. Our North Korea policy should be formulated not on the basis of the contention that we should not reward its bad behavior but on the assessment of what would best serve our national interest and contribute to the security of the region.

Another argument supported by many observers, especially after North Korea's nuclear tests in 2006 and 2009, is that North Korea will never give up its nuclear weapons as long as Kim Jong Il is in power. This is a strong argument. Since North Korea declared its withdrawal from the Nuclear Non-Proliferation Treaty in 1993, the international community, including the United States and South Korea, has been tenaciously demanding North Korea to abandon its nuclear program,

sometimes by offering assistance, other times by putting pressure on it. Nevertheless, not only has North Korea refused to give up its nuclear development, but it has demonstrated itself to be a nuclear power by twice testing its nuclear weapons. Neither the 1994 Agreed Framework signed between the United States and North Korea nor the Joint Statement agreed in the Six-Party Talks in 2005 has succeeded in stopping the North Korean nuclear program.

Those who argue that North Korea will never give up its nuclear weapons unless the current regime disappears tend to argue that there is no point in negotiating the nuclear issue with North Korea. Seemingly persuasive, this logic is not appropriate as a basis for policy formulation, because the argument that North Korea will never abandon its nuclear weapons, even if true, does not lead to the conclusion that it will never freeze or reduce its nuclear arsenal.

In light of careful investigation, one can observe that North Korea's nuclear development has not progressed at a constant pace. According to the Institute for Science and International Security (ISIS) based in Washington, D.C., North Korea had accumulated up to 10 kilograms of plutonium - quantity enough for one or two bombs - by 1994. But then, production and extraction of plutonium halted upon the signing of the Agreed Framework in October 1994, and the amount of plutonium did not increase until 2002. After the Agreed Framework became practically invalidated in 2002, however, the amount of plutonium in North Korean hands jumped to 33-55 kilograms, enough for 6 to 13 bombs, by 2006. In other words, the Agreed Framework successfully froze North Korea's plutonium-related activities for a considerable amount of time. The Agreed Framework apparently had some flaws. For example, it could not prevent North Korea from having a secret agreement with Pakistan in 1996, which allowed the former to acquire uranium enrichment technology from Pakistan and begin a full-scale uranium-enrichment program in the late 1990s. In addition, the Agreed Framework had its costs: it required South Korea, Japan, and the United States to provide light-water reactors and heavy fuel oil to North Korea in exchange for North Korea's freezing and eventually dismantling its graphite-moderated reactors and related reprocessing facilities. It cost us, by 2005, \$1.6 billion to construct light-water reactors and \$395 million to supply heavy fuel oil. For these, South Korea, Japan and the United States contributed \$1.5 billion, \$498 million, and \$405 million respectively (the total amount of cost includes expenses other than heavy fuel oil and light-water reactors).

Security is always relative. No country is perfectly secure or completely insecure. Countries must decide individually what level of security they would like to obtain and at what cost. Whether one seeks high-cost/high-level security or low-cost/low-level security is a matter of policy choice. With the Agreed Framework, which cost South Korea, Japan, and the United States \$2.4 billion in total, the three countries successfully froze North Korea's nuclear development for eight years with the possibility of eliminating all nuclear weapons when construction of the light-water reactors was complete.

Given these past experiences, the question we have to ask is not whether or not North Korea will abandon its nuclear weapons right away, but whether we will be able to make North Korea freeze or downsize its nuclear program on an action-for-action basis. Further, how much it might cost and what kind of security gain we will be able to obtain from a deal with North Korea should be considered. At the same time, we should assess the risks of North Korea cheating and how

damaging it would cause to the regional security and the international order.

If operations at Pyongyang's nuclear reactor resume, it would produce one nuclear weapon every year. Assuming that it has acquired a quantity of plutonium enough for 4 to 11 nuclear weapons (taking into account the amount used for two nuclear tests), the number of nuclear weapons possessed by North Korea in ten years would amount to 14 to 21. This estimate would need to be revised upward if North Korea expedited its uranium enrichment program or constructed a new nuclear reactor. We should then seriously weigh the impact such an upgraded nuclear program would have on our countries and the various costs we would need to pay to prevent it, such as the military cost to install a BMD system. For reference, the Ballistic Missile Defense system for intercepting North Korean missiles is estimated to cost about 8.5 billion dollars. We cannot simply compare this with the price we will pay in pursuing a diplomatic solution to the North Korean nuclear issue, since the BMD system is not only against Pyongyang's nuclear weapons but also its biological and chemical weapons as well.

### **Cost and Benefit of Benign Neglect Policy**

Even if we stay away from the arguments like "we should not reward North Korea's bad behavior," "we should not buy the same horse for the third time," and "North Korea will never give up its nuclear weapon," engagement is not the only policy alternative. Benign neglect with minimal engagement is still an option and, in fact, we have already given it a try: the George W. Bush administration adopted a benign neglect policy with perfunctory dialogue but no substantial discussion from 2001 until 2006 when North Korea conducted its first nuclear test. The good news was that this neglect policy cost us almost nothing compared to the \$2.4 billion for the implementation of the Agreed Framework. The United States and South Korea maintained robust deterrent capabilities against North Korea. If North Korea had attacked the South, the U.S.-ROK forces would have not only stopped the invasion north of Seoul but also conducted counteroffensive operations to occupy Pyongyang based on U.S.-ROK Combined Operation Plan 5027. It would have resulted in the destruction of not only North Korean forces but also the regime. This military predominance of the U.S.-ROK side continues today.

Yet, we cannot overlook the cost of the neglect policy. It caused the Agreed Framework to collapse, and encouraged North Korea to resume its nuclear development, which eventually culminated in the nuclear test in 2006. In this period, plutonium in North Korea's possession increased from an amount enough for up to two nuclear weapons to that for six to thirteen. Furthermore, North Korea exported nuclear facilities to Syria. When North Korea conducted its first nuclear test in 2006, the Bush administration hastily renounced the neglect policy and started to talk to Pyongyang. Unfortunately, Japan had just adopted a tough policy line vis-à-vis North Korea consistent with the early U.S. policy orientation. As a result, Japan became isolated in the Six-Party Talks and the alliance relationship was seriously strained.

### **North Korea and the Expanding Chinese Sphere of Influence**

At the present time, the rise of China is the most important factor in the strategic environment of East Asia. Behind the backdrop of its rapidly growing economy, China is strengthening "anti-access and area denial" capabilities in order to defy U.S. and other foreign influence in its neighborhood. China is developing and deploying ballistic missiles, anti-ship cruise missiles, attack

submarines, long-range air defense systems, aircraft carriers, and anti-ship ballistic missiles. Chinese long-distance fleet exercises are becoming increasingly active. The recent diplomatic standoff between U.S. Secretary of State Hillary Clinton and Chinese Foreign Minister Yang Jiechi in Vietnam in July with regard to the political order of the South China Sea has been one of the consequences of these developments.

China has started to emphasize area denial even in the areas around the Korean Peninsula. When the United States and South Korea decided to conduct a joint military exercise in response to the sinking of the South Korean corvette by North Korea, China lodged an exceptionally harsh protest to the planned deployment of a U.S. aircraft carrier in the Yellow Sea. Given the fact that China had not made such a protest to the deployment of U.S. carriers in the Yellow Sea in the past, it strongly suggests that China's geostrategic interest in the vicinity of North Korea had increased. Taking into account Beijing's objection, the United States eventually decided to deploy its aircraft carrier in the Sea of Japan. In any case, China's maritime interest now expands from the South China Sea in the south to the Yellow Sea in the north.

Seen from China, the locations of Myanmar and North Korea have the common geostrategic characteristics of significant importance to China. While Myanmar offers an exit to the Indian Ocean, North Korea provides a way out to the Sea of Japan. China has leased the Coco Islands in the Andaman Sea from Myanmar, where China has been reportedly building a military base and intelligence-gathering facilities. As to North Korea, Chinese President Hu Jintao has reportedly requested Kim Jong Il to lease a wharf at the port in Rajin in North Korea's east coast for 50 years. Chinese northeastern provinces such as the Jilin Province have sought to acquire the right to use North Korean ports in Rajin and Chongjin to have a direct access route to the Sea of Japan. A Chinese company based in the Liaoning Province has announced the acquisition of the right to use a wharf at the port of Rajin for ten years. These developments are disquieting given the fact that four Chinese naval vessels sailed from the Sea of Japan out to the Western Pacific through the Tsugaru Strait between Hokkaido and Honshu in 2008 for the first time in history, and Hu Jintao emphasized the importance of establishing geostrategic strongholds in China's neighborhood in his foreign policy speech in July 2009. We must remain attentive to China's possible military-strategic use of North Korea in the future.

In addition, growing economic transactions between China and North Korea seem to have deepened the latter's dependence on the former. The size of trade between the two countries has grown from \$760 million in 2002 to \$2.9 billion in 2008. The direct investment from China to North Korea has increased to \$1.1 million in 2003 to \$41.2 million in 2008.

The international isolation of North Korea and Myanmar has made it easier for China to exercise its influence over the two countries. Both North Korea and Myanmar maintain a repressive political system and face strong pressure from the international community. Taking advantage of this situation, China has provided political and economic support to these countries, and expanded its influence over them with relative ease. Chinese President Hu Jintao met with Than Shwe, Chairman of the State Peace and Development Council of Myanmar and head of the ruling military junta in September 2010, and the two countries agreed to expand their cooperation in various fields including energy. When Kim Jong Un appeared as the heir apparent to Kim Jong Il in late



September, Hu Jintao proposed to accelerate cooperation and exchange between the two countries' new leaders. Apparently, China is more interested in geostrategic gains than democracy in Myanmar and North Korea.

Expansion of China's geostrategic sphere of influence has become a new factor in our policy toward North Korea, and it is happening against the backdrop of a continued economic malaise in the United States and Japan. Taking the China factor into account, what should be our policy toward North Korea?

### **Isolation or Engagement?**

Should we continue a benign neglect policy, or should we steer toward an engagement with North Korea? The sinking of *Cheonan* has temporarily stalled the process of engagement, but it seems that the United States and South Korea are gearing up for talks with North Korea. High-ranking officials from both Koreas reportedly held a secret meeting in August, and Jang Song Thaek, Kim Jong Un's guardian, might have participated in it. After that, South Korea offered humanitarian assistance to North Korea when it suffered floods. In response to this, North Korea released a South Korean fishing boat and suggested that meetings of Separated Families and Mt. Kungang tours be resumed. The two Koreas are carefully but steadily taking steps for dialogue. Washington has also suggested its willingness to talk to Pyongyang if inter-Korean relations are improved.

### **Blueprint for a Renewed Engagement Policy**

If we judge that it is time to restart an engagement policy, how should we implement it? The most important factor is the role played by Seoul. South Korea is the primary stakeholder of North Korea's future and, given its victim status in the *Cheonan* affair, the only actor which can bring other parties back to the negotiating table.

Since Lee Myung-bak's administration was inaugurated, Seoul has made steady progress in its efforts to design an engagement policy toward North Korea and a long-term unification policy. His policy called "Vision 3000" is designed to raise North Korean per capita income from the current \$500 to \$3,000 over the course of ten years if Pyongyang *shows determination* to give up its nuclear weapons. The Vision 3000 is composed of five development projects in economy, education, finance, infrastructure and people's lives to be implemented through cooperation with foreign countries and international organizations. Its total cost is estimated to be \$40 billion, and Seoul intends to contribute several billions of dollars by introducing "unification tax" or a "unification fund." Upon this, Seoul seems to expect Japan to bear about \$10 billion and the international monetary institutions to take care of the rest.

South Koreans do not want to see unification for another 20-30 years. South Korean leaders understand that the cost of abrupt unification as a result of sudden collapse of North Korea would be much higher than step-by-step gradual unification over a long period of time. According to an estimate by the Korea Development Institute (KDI) released in June at the request of South Korea's Presidential Council for Future & Vision, a consultative body for President Lee Myung-bak, abrupt unification as a result of the sudden collapse of North Korea would cost a total of \$2,140 billion over the period of 30 years, roughly \$72 billion a year, whereas a gradual unification would only cost a total of \$322 billion over 30 years, roughly \$10 billion a year. This means a unification

caused by North Korea's disintegration would cost more than seven times that of a gradual unification. Pursuing a gradual unification is therefore the natural choice for South Korea, which aims at per capita income of \$30,000 and full membership in the "club" of rich advanced countries. We therefore need to understand that Seoul's policy objective will remain peaceful coexistence of the two Koreas in the foreseeable future.

### **What's Next?**

If the U.S. government is to re-adopt an engagement policy toward North Korea, the following should be taken into consideration. First, it will take at least 10 years to completely denuclearize North Korea. Short of regime change, it is realistic to expect Pyongyang to denuclearize itself over a long period of time in an action-for-action, step-by-step process in parallel with improvement in its socioeconomic situation, reintegration of itself into the international community, and transformation of its political identity to a more peace-loving one. Some might say that we cannot wait that long. However, it has already been 17 years since North Korea embarked on its first acts of nuclear diplomacy in 1993, and eight years since the second round of nuclear crisis commenced in 2002. A new generation of leadership in North Korea might try to change its course, and somehow transform their country's "military-first politics" into "economy-first politics." Even if it happens, however, such a reconstruction of political identities will take a long time. If North Korea substantially shifts its policy orientation within 10 years and the Korean Peninsula is denuclearized, it should be regarded as a great success.

Second, as I mentioned above, it is South Korea that will play the leading role in the reconstruction of the North Korean economy and society. But the United States and Japan have roles to play, too. Recently, South Korea has become very much concerned about China's growing influence over North Korea, taking advantage of the stagnated inter-Korean relations. Seoul therefore needs to cooperate with the United States and Japan to prevent China from further expanding its geostrategic influence over North Korea. China is certainly interested in expanding its influence over North Korea, but it does not appear to be willing to help construct infrastructures necessary for the long-term reconstruction of the North Korean economy. In such circumstances, South Korea, the United States, and Japan should act together to take the first steps for North Korea's denuclearization and reconstruction.

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<sup>i</sup>Nyongbyon is the North Korean transliteration of Yongbyon.

<sup>ii</sup>For historical background of the November 23 attack on Yeonpyeongdo, see chapter 4 "The West Sea incident, 1973-76," and chapter 8 "Assaults on the Korean Armistice, 1993-2002," in Narushige Michishita, *North Korea's Military-Diplomatic Campaigns, 1966-2008* (London: Routledge, 2009).

<sup>iii</sup>For more detail, see "Playing the Same Game: North Korea's Coercive Attempt at U.S. Reconciliation," *The Washington Quarterly*, vol. 32, no. 3 (October 2009), pp. 141-144 .

<sup>iv</sup>For the relationship between the Northern Limit Line and the peace agreement, see Narushige Michishita, "Signing a Peace Agreement: Issues for Consideration," *International Journal of Korean Unification Studies*, vol. 19, no. 1 (2010), pp. 53-59.

<sup>v</sup>In fact, North Korea already proposed such a new maritime demarcation line in the Fourth Inter-Korean General-level Military Talks in May 2006. For more detail, see Michishita, *North Korea's Military-Diplomatic Campaigns*, pp. 158-159.