CSS Analysis in Security Policy

CSS ETH Zurich

No. 121 • October 2012

THE NORTH KOREAN NUCLEAR ISSUE: BETWEEN CONTAINMENT AND DIALOG

For approximately two decades, numerous international actors in various constellations have been struggling to resolve the smouldering nuclear conflict with North Korea. Brief phases of political rapprochement have alternated with diplomatic and military confrontations. The accession to power of Kim Jong-Un in December 2011 has so far done nothing to break this pattern. International actors will therefore have to decide whether to continue the policy of containment or to resume multilateral negotiations.

Little prospect of change in the conflict over North Korea's nuclear programme: Kim Jong-Un inspects troops of the North Korean armed forces, 15 March 2012. *REUTERS/KCNA*

Approximately ten months after the death of North Korean leader Kim Jong-Il in December 2011, the new regime under Kim Jong-Un, the youngest son of the Kim dynasty, appears to have consolidated and stabilised its position. Fears that the country, which is largely isolated economically and politically, could collapse amid struggles for succession and domestic strife have so far proven unfounded.

However, even under the new regime, it still remains unclear whether and how the conflict over North Korea's nuclear weapons, which continues to flare up intermittently, can be resolved. The new leaders in Pyongyang do not currently appear to be prepared to give up their nuclear ambitions. Also, due to the upcoming presidential and congressional elections in the US and the imminent changing of the guard at the head of the Communist Party in China, neither Washington nor Beijing appear willing to become involved more closely at this time. Therefore, the conflict is unlikely to emerge from its current stasis before next year.

In principle, the international actors have two options for compelling North Korea to give up its nuclear weapons and missile programmes: They can either continue the policy of containment through sanctions, or resume the policy of dialog. Only if Washington and Beijing can agree on a joint position will it be possible to break the established pattern of confrontation and rapprochement and to achieve a long-term solution of the conflict together with North Korea.

Longstanding nuclear ambitions

The origins of the conflict over the North Korean weapons programme go back to 1993, when inspections by the International Atomic Energy Agency (IAEA) first suggested that the official statements made by Pyongyang over its nuclear research programme were not compatible with the information established by the inspectors. The suspicion was that the regime had removed a substantial number of fuel rods from its ostensibly civilian nuclear programme and had reprocessed their plutonium for military purposes. US experts estimated that the plutonium isolated in this process might be sufficient for one or two nuclear devices; however, Pyongyang declared that it had only extracted 100g of the material. The North Korean regime responded to the accusations by announcing its departure from the Nuclear Non-Proliferation Treaty (NPT) on 12 March 1993 and undertaking further steps for plutonium reprocessing.

In October 1994, the threat of an imminent military escalation of the crisis was prevented through the Agreed Framework, a bilateral agreement between the US and North Korea. The parties to the conflict agreed that North Korea would terminate its existing gas-graphite reactor programme as well as facilities for plutonium reprocessing; in return, the US pledged to build two light water reactors together with an international consortium and to supply 500,000t of heavy crude oil. North Korea did indeed end its plutonium production; however, implementation of the agreement's other terms proved to be

more difficult: First of all, the US Congress, now with a Republican majority, issued new demands. For instance, further steps towards fulfilling the agreement would only be made if Pyongyang also stopped trading in missile technology and made progress in respecting human rights. On the other hand, Pyongyang provoked its critics by conducting missile tests and military encroachments against South Korea. When in October 2002 US intelligence services voiced their suspicion that North Korea had secret facilities for uranium enrichment, the Agreed Framework collapsed. Subsequently, in 2003, Pyongyang declared its ultimate withdrawal from the NPT, expelled IAEA inspectors, and resumed plutonium enrichment.

Over the following years, the constellation of the conflict shifted: While the attention of the US was firmly fixed on the wars in Iraq and Afghanistan, China – Pyongyang's most important political and economic ally – adopted a leadership role in initiating new talks. Together with Moscow, Beijing prevented tougher sanctions by the UN Security Council, while pushing North Korea towards agreeing to multilateral negotiations. The resulting Six-Party Talks (China, Japan, North Korea, Russia, South Korea, US) of 2005 seemed to be successful, and the participants signed a joint declaration of intent to resolve the conflict. Shortly thereafter, however, the agreement was put into question once more when voices in the US administration demanded that North Korea also disarm in the conventional sphere before further negotiations. Pyongyang responded to these new demands in July 2006 by testing various missiles, and on 9 October 2006 conducted its first nuclear test. The UN Security Council unanimously condemned this step and imposed a comprehensive sanctions regime (Resolution 1718), which was intended to cut off the North Korean regime's trade in missile and nuclear technology and in conventional weapons systems and to refuse the political elite access to luxury goods and assets in overseas bank accounts.

Once more, a phase of aggravated conflict was followed by another phase of willingness to cooperate. At the end of 2006, the parties returned to the negotiating table. While the talks remained largely unsuccessful over the following years, they did at least cause the North Korean nuclear programme to be suspended in 2007 and 2008 and made it possible for IAEA inspectors to examine some of the installations. In 2009,

Confirmed and suspected North Korean proliferation activities

Importers of ballistic missiles/missile technology from North Korea (since 1970): Egypt, Syria, Libya, Yemen, Iran, United Arab Emirates, Pakistan, Iraq (deal concluded, but not realised)

Recipients of nuclear technology or relevant material from North Korea: Syria, Libya, probably Myanmar

Source: Nonproliferation Review, Daedalus, IISS

Pyongyang resumed its provocative policies, not only testing several ballistic missiles within just a few months, but also conducting a second nuclear test on 25 May 2009. The regime also confirmed the existence of a uranium enrichment programme. In return, the UN Security Council unanimously tightened the existing sanctions regime (UN Resolution 1874). A further missile test by North Korea in April 2012 was a failure.

The North Korean threat potential

It is difficult to give a precise estimate of North Korea's nuclear capability. Since the IAEA inspectors were expelled in April 2009, reliable information has been in short supply. US government officials as well as US scientists believe that Pyongyang has sufficient weapons-grade plutonium for four to eight nuclear weapons. The uranium enrichment programme makes assessment more difficult because it opens up a "second path to a nuclear bomb" for the regime. It is doubtful, however, that North Korea has already enriched sufficient quantities of uranium to be able to use it for nuclear weapons. It is also questionable whether the country is already able to develop nuclear warheads for medium- and long-range missiles.

However, Pyongyang's nuclear programme is only one point of contention in the ongoing conflict. Also disputed are its exports of missile and nuclear technology as well as of conventional weapons. According to studies, the regime has been responsible for 40 per cent of the global exports of missile systems – in particular, modified short-range missiles based on the design of the Soviet Scud missile – to countries such as Iran, Syria, Yemen, and Egypt. Furthermore, Pyongyang has sold Nodong missiles with a range of more than 1,000 km to Iran and Pakistan. At the same time, North Korea has exported nuclear technology to countries such as Libya and Syria and has cooperated with the proliferation network of Pakistani scientist Abdul Qadeer Khan (see map). The country is thus one of the main catalysts of nuclear proliferation. For the regime, which operates under precarious economic conditions, such exports represent an indispensable source of income; various analysts believe that it has been able to generate revenues of up to US$1 billion annually in this way. Should this revenue source dry up, the effects on the already desolate national economy would be devastating.

Stumbling blocks on the path to agreement

The resolution of the conflict is further complicated by the fact that North Korea's determination to retain its nuclear and missile programmes is motivated by several factors: In addition to the economic interests mentioned above, it is mainly considerations of security and prestige that are preventing it from abandoning these programmes. On the one hand, Pyongyang regards its security as being under existential threat by US policies perceived as hostile and by the US military presence in the region. This threat perception is further aggravated by the fact that North Korea does not regard either Russia or China as completely reliable allies. In Pyongyang's perception, its nuclear arsenal therefore serves as a security guarantee against a US-initiated forcible regime change. The fact that the Libyan regime of Muammar Ghaddafi was violently overthrown in 2011 only a few years after relinquishing its nuclear weapons programme has been registered with particular interest in Pyongyang.

On the other hand, possession of nuclear weapons carries the promise of enhanced prestige, both domestically and overseas. Thus, the country in its new constitu-

Switzerland and North Korea

- Switzerland and North Korea established diplomatic relations in 1974. The Swiss ambassador in Beijing is accredited in North Korea. In Pyongyang itself, the Swiss Agency for Development and Cooperation (SDC) has maintained a Cooperation Office since 1997.
- The SDC has been active in North Korea since 1995. Since the conclusion of the SDC special programme at the end of 2011, Switzerland has conducted a purely humanitarian programme. Activities are geared towards local requirements and the UN Millennium Development Goals. The focal areas are agricultural use of sloping land and protection against erosion; improving health with clean drinking water and sanitary installations; and deliveries of milk powder as part of the UN World Food Programme. Switzerland also supports the activities of the ICRC in North Korea with an annual contribution of around CHF500,000. Annual total expenditures are around CHF6.5 million (2012). Overall, the budget of the SDC medium-term programme for North Korea (2012–2014) stands at approximately CHF16.25 million.
- After flooding in the summer of 2012, Switzerland provided CHF200,000 in humanitarian emergency relief for reconstruction.
- In the area of peace support, Switzerland has repeatedly made available its good offices to the parties involved by providing conference venues in Geneva, most recently in October 2011. Switzerland has also supported the identification of confidence-building measures between the parties to the conflict. Already since 1953, it has supplied soldiers for the Neutral Nations Supervisory Commission (NNSC). Currently, five Swiss officers are stationed on the military demarcation line between North and South Korea at Panmunjom.
- Since 2003, a political dialog has been underway between Switzerland and North Korea. Topics include bilateral, regional, international, and multilateral matters. The tenth round of talks takes place in Berne in 2012.
- Economic trade between the two countries is extremely limited. In 2011, Swiss exports amounted to around CHF860,000, and imports stood at about CHF240,000.
- Beginning in 2006, Switzerland applied UN Security Council Resolutions 1718 (2006) and 1874 (2009) by applying sanctions measures against North Korea. These relate primarily to trade, services, financial assets, and travel. Among other interdictions, it is forbidden to supply munitions and weapons, to export goods and technology, or to provide financial services that may relate to programmes for weapons of mass destruction. In the case of certain natural persons and legal entities, financial and other assets have been frozen.

tion proudly describes itself as a nuclear power. The North Korean government also uses the nuclear programme to remind the population of the perceived existential external threat while distracting it from economic hardship. "Progress" in arms technology is often used by the regime for internal demonstrations of power and strength. On the foreign policy front, Pyongyang seems to expect that possession of nuclear weapons will bring international esteem and enhanced status, especially vis-à-vis non-nuclear South Korea. This seems to be indicated, at least, by the statements issued by the regime after the two nuclear tests, demanding that the US should now negotiate "on par with" North Korea. Thus, not the least of the purposes of the nuclear programme is to create leverage in the negotiations with Washington.

Policy options: Containment or dialog?

In view of these complex layers of significance attached to the nuclear programme, it seems unrealistic to expect that the regime will give it up completely and unilaterally in the near future – its importance for the survival of the North Korean polity is simply too great. Against this background, there are essentially two policy options open to the international group of actors: On the one hand, they – led by the US and with UN Security Council authorisation – could continue the policy of containment that they have applied in recent years, particularly since the second North Korean nuclear test in 2009: A strict sanctions regime would continue to proscribe imports and exports of missile systems, missile technology, and conventional weapons to and from North Korea. Assets of the political elite and of official North Korean government agencies would remain frozen, and exports of luxury goods to North Korea would remain banned. At the same time, the country would be required to abstain from further ballistic missile or nuclear weapons tests and to suspend its nuclear arms programme. This would be the prerequisite for new talks.

Such an approach can only promise success if the international actors are willing to apply the sanctions regime consistently and to inspect North Korean exports where suspicions arise. The experience of the past few years has shown that North Koreas export options can indeed by restricted with such an approach, despite suspicions that China has not implemented the sanctions altogether consistently. Overall, however, when one considers the economic importance of exporting arms technology for the regime in Pyongyang, the sanctions do appear to be having a certain effect – not least because they are accompanied by the Proliferation Security Initiative (PSI) implemented in 2003. This initiative is designed to prevent the proliferation of weapons of mass destruction and relevant technologies by countries such as North Korea or Syria, for instance by intercepting illegal cargo shipments.

A strategy that is entirely based on containing North Korea would focus on preventing further exports of nuclear technology and missile components without once more offering North Korea positive incentives or leeway in negotiations. This would prevent North Korea from using its nuclear programme as a bargaining chip in any negotiations as well as from exploiting disagreements between the states concerned for its own advantage. On the downside, the international actors would lose their – albeit minor – influence on the further course of North Korea's nuclear policy.

The alternative would be a policy of dialog aimed at involving the North Korean regime in renewed Six-Party Talks. Such a policy would mean abandoning the demand that Pyongyang relinquish all elements of its nuclear programme even before negotiations start. Instead, all parties would return to the negotiating table without preconditions in order to work out a schedule for the further procedure. Similarly to the Agreed Framework, this could involve agreements on reciprocal intermediate steps. Such an approach could be patterned on the substance of the 1994 agreement, compensating Pyongyang for incremental, verified relinquishment of its nuclear and missile programmes by lifting sanctions, through economic incentives, and by normalising relations. This approach would require North Korea to readmit IAEA inspectors and to make the status of its nuclear weapons programme transparent. The advantage of conducting inspections and resuming negotiations is that reliable information on the country's nuclear programme and the state of affairs in North Korea's domestic politics would become available. At the same time, negotiations would contribute to a longer-term establishment of trust between the parties to the conflict and would prepare the ground for rapprochement.

Such a development seems unlikely in the immediate future. The topic will probably

only return to the international agenda after the presidential elections in the US and South Korea, which take place later this year, and following the changing of the guard in the Chinese leadership. Then, however, an opportunity to resolve the conflict may arise if the US and China succeed in developing a joint strategy for breaking the deadlock. Beijing will have a crucial role to play here. China must try to combine two highly divergent, complex sets of interests: On the one hand, it will be intent on stabilising North Korea economically and politically in order to prevent a collapse of the regime. On the other hand, China will want to demonstrate that it is capable of enforcing a regional order. Beijing's aim in doing so is to limit US influence in the region on the one hand, while also averting a "nuclear chain reaction" that might lead to Japan and South Korea also pursuing atomic weapons. It is therefore not entirely inconceivable that China will carefully increase its pressure on Pyongyang in the near future – without, however, risking a collapse of the North Korean regime. It is true that Beijing keeps emphasising in public that it has next to no influence on North Korea. However, statistics on the significantly increasing economic dependency of North Korea on its northern neighbour seem to indicate the opposite.

In the meantime, there are also cautious signs from Pyongyang indicating that the country may at least be prepared to return to the negotiating table and continue the Six-Party Talks. The new regime under Kim Jong-Un may have realised that its bargaining position is unlikely to improve in the future, given the existing sanctions and the gradually diminishing support from China. The coming year may therefore present an opportunity to resume talks aimed at resolving this smouldering conflict after many years.

Author: Ursula Jasper
ursula.jasper@sipo.gess.ethz.ch

Responsible editor: Daniel Trachsler
analysen@sipo.gess.ethz.ch

Translated from German:
Christopher Findlay

Other CSS Analyses / Mailinglist:
www.sta.ethz.ch

German and French versions:
www.css.ethz.ch/cssanalysen

ISSN: 2296-0244

Previous issues