The 13 February Action Plan and the Prospects for the North Korean Nuclear Issue

In collaboration with the Atomic Energy Commission (CEA)

Narushige Michishita

Spring 2007
Ifri is a research center and a forum for debate on the major international political and economic issues. Headed by Thierry de Montbrial since its founding in 1979, Ifri is a state-approved organization. Created in March 2005 as the Brussels-based branch of Ifri, Eur-Ifri is a state-approved European think tank, set up to contribute to the diversity of policy-thinking in Brussels with a view to stimulating the political debate and to feeding the decision-making process in the EU institutions.

The opinions expressed in this text are the responsibility of the author alone.
The 13 February Action Plan and the Prospects for the North Korean Nuclear Issue

Narushige Michishita
Though it has long been a concern for security experts, proliferation has truly become an important political issue over the last decade, marked simultaneously by the nuclearization of South Asia, the strengthening of international regimes (TNP, CW, MTCR) and the discovery of fraud and trafficking, the number and gravity of which have surprised observers and analysts alike (Iraq in 1991, North Korea, Libyan and Iranian programs or the A. Q. Khan Networks today).

To further the debate on complex issues that involve technical, regional and strategic aspects, Ifri's Security Department organizes each year, in collaboration with the Atomic Energy Commission (Commissariat à l'énergie atomique, CEA), a series of closed seminars dealing with WMD proliferation, disarmament and non proliferation. Generally held in English, these seminars take the form of presentation by an international expert. The Proliferation Papers is a collection, in the original version, of selected texts from these presentations. The presentation on which this report is based occurred on May 18, 2006.

Narushige Michishita is Assistant Professor (Security and International Affairs Program) at the National Graduate Institute for Policy Studies (GRIPS). Prior to that, he was a Senior Research Fellow at the National Institute for Defense Studies (NIDS) in Tokyo. He acquired his Ph.D. in International Relations from the School of Advanced International Studies (SAIS), Johns Hopkins University.


Text established by Nicolas Buchon
Contents

The 13 February Action Plan .................................................. 5

Nuclear Weapons Development ............................................. 7

Political Objectives .............................................................. 9

Rationales for Nuclear Development ....................................... 11

  Wartime Deterrence .......................................................... 11
  Peacetime Deterrence ....................................................... 12
  Compellence ........................................................................ 13
  Domestic Politics ............................................................... 14

Future Outlook ........................................................................ 15

  Scenario 1: Comprehensive Engagement ............................. 15
  Scenario 2: Partial Engagement .......................................... 17
  Scenario 3: Breakdown of the Action Plan .............................. 18
The 13 February Action Plan

On 13 February, the Third Session of the Fifth Round of the Six-Party Talks ended with the adoption of the “Action Plan” for the implementation of the September 2005 Joint Statement. The Action Plan has two phases — the initial phase and the “next” phase — but the core of the deal lies in the initial stage in which the parties agreed to exchange the nuclear freeze and the provision of energy. In the initial phase, North Korea will “shut down and seal” the Yongbyon nuclear facility, including the reprocessing facility, and invite back International Atomic Energy Agency (IAEA) personnel to conduct monitoring and verifications within 60 days. In return, the other parties of the talks will provide emergency energy assistance equivalent to 50,000 tons of heavy fuel oil (HFO) to North Korea.

There are other items in the initial stage such as North Korea discussing a list of all its nuclear programs with other parties, and the United States and North Korea starting bilateral talks toward full diplomatic relations. However, these items are rather nominal and symbolic in nature and will not likely produce meaningful results in a short period of time. The second phase is even more open-ended. In the second phase, North Korea will provide a complete declaration of all nuclear programs and disable all existing nuclear facilities. In return, the other parties will provide economic, energy and humanitarian assistance up to the equivalent of 950,000 tons of HFO. However, the timing and the details of the nuclear “disablement” and the provision of assistance are not specified, making it likely that the parties will disagree over how to interpret the words in the Action Plan. The Action Plan provides that five Working Groups (WG) on different topics will be established in order to discuss the details, but the effectiveness of the WG remains to be seen.

The Action Plan, therefore, represents the lowest common denominator for the parties involved. In agreeing to the plan, all parties made minimum necessary concessions, and gained minimum satisfactory outcome. For example, North Korea succeeded in bringing the United States back on the engagement track, but it had to freeze the important part of its nuclear facilities and be satisfied with 50,000 tons of HFO, a tenth of the amount that North Korea received annually under the 1994 Agreed

---


Framework. The United States had North Korea committed to the freeze of its nuclear facility again at the price far cheaper than in 1994, but had to soften its North Korea policy at the risk of appearing to give in to North Korea's brinkmanship diplomacy and reward its "bad behavior", or nuclear test more specifically. China and South Korea successfully persuaded the United States to go back on the engagement track. But to compensate for the U.S. concession, China had to provide strong political leadership, and South Korea had to bear the financial cost involved in implementing the Action Plan. Japan got upset about the shift in the U.S. position since the policy change left Japan alone on the containment track. However, it was not such a bad deal for Japan to be able to have North Korea's nuclear facilities frozen without making substantial financial contributions as it did under the Agreed Framework.

The U.S. policy toward North Korea seems to have been significantly affected by the developments in Iraq and Iran. The United States has decided to increase its commitment, particularly military commitment, to the situations in these countries, and the decision made it necessary for it to reduce its commitment to North Korea. Given the high priorities put on Iraq and Iran, North Korea policy was relatively expendable for the United States. This assessment might sound somewhat puzzling because the United States has become more engaged with North Korea diplomatically. However, it was the reduction in U.S. policy commitment to North Korea in the sense that the United States no longer aims at regime change, which seems to have been a hidden agenda for hard-liners within the Bush Administration,3 or at forcing North Korea to make a "strategic decision" to completely dismantle its nuclear programs in a short period of time. In other words, the U.S. policy objectives regarding North Korea have become much more limited. Now, the U.S. policy toward North Korea is about trying to achieve minimum attainable outcome with minimum necessary commitment.

---

Nuclear Weapons Development

In December 2002 North Korea set in motion a second round of nuclear diplomacy, following its first round in 1993-94, by announcing that it was resuming the construction and operation of nuclear facilities, and that it was withdrawing from the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) on January 10, 2003. In 2003 North Korea for the first time publicly characterized its possession of “nuclear deterrence force” as a policy option and began using nuclear weapons testing as a bargaining chip. In the 1990s, North Korea had persistently claimed that it had no intention of acquiring nuclear weapons, and kept on denying that it was developing them. This time around, however, it showed no sign of concealing the nuclear development program. In June 2003 North Korea for the first time publicly discussed the possession of “nuclear deterrent force” as a policy option, in February 2005 it announced that it had “manufactured” nuclear weapons “for self-defense”, and in October 2006 it conducted an underground nuclear test to bolster “its war deterrent for self-defense” and defy “U.S. nuclear threat, sanctions and pressure”.

It has resumed operation of its 5-megawatt nuclear reactor in Yongbyon, and in February 2005 it was reported that the country had two to three bombs at the lowest and 12 to 15 bombs at the highest. In addition, if it completes 50- and 200-megawatt nuclear reactors, it could extract enough weapons-grade plutonium to make several dozen warheads a year.

Moreover, North Korea has made progress in weaponizing its nuclear devices. Under the Agreed Framework, central components of its nuclear program — the production, extraction, and accumulation of plutonium — were frozen. However, as the freeze did not cover the development of a detonator, the miniaturization of warheads (or nuclear devices), and the development of delivery means, it is believed that North Korea has continued work on these projects even after 1994. If North Korea had made progress on the miniaturization of warheads, in particular, it would have serious ramifications because it means these can be mounted on ballistic missiles. In this regard, the ties that existed between North Korea and Pakistan are noteworthy.

North Korea has also made progress in developing medium- to long-range ballistic missiles that can be used as a delivery vehicle. In the second half of the 1990s, it began deploying No Dong missiles with a range

of 1,300 kilometers. At present, it has deployed about 200 No Dong missiles capable of covering almost the entire territory of Japan. It is believed that No Dong missiles are designed to accommodate nuclear warheads, conventional warheads, cluster bombs, and chemical warheads. In addition, North Korea is developing longer-range Taepo Dong missiles.

On 5 July 2006, North Korea launched seven ballistic missiles including several Scud and No Dong missiles, and one Taepo Dong 2 missile in the Sea of Japan. While the Scud and No Dong missiles were successfully launched, the Taepo Dong 2 apparently failed to fly as it was designed to. To avoid bringing the situation too close to the brink, the North Koreans did not launch missiles, particularly the No Dong, in the direction of Tokyo. However, the successful launch of No Dong missiles had significant implications for the security of Japan given the fact that reportedly some 200 of them have been deployed. The Taepo Dong 2 is less of an immediate military threat than the No Dong or Scud given its technological immaturity and its inability to be fired from mobile launchers. Deployed in relatively primitive fixed silos, the Taepo Dong missile would be a vulnerable system, easy to be preempted in case of crisis or war and, therefore, its significance does not lie with its military utility but with its political-diplomatic utility as a scare weapon or a bargaining chip.

The most important diplomatic objective of North Korea’s missile launch seems to have been to get the United States and Japan back on the engagement track by giving the impression that the North Korean leaders were irrational and unpredictable and, left to their own devices, dangerous. By launching missiles, the North Koreans might also have attempted to distract Japanese public attention away from the abduction issue. In addition, there seems to have been another new element in North Korea’s decision not to inform China of the missile launch: North Korea might have initiated brinkmanship diplomacy vis-à-vis China. Faced with the rapidly increasing economic and human interactions with China, North Korea has become concerned about the negative consequences that they might produce. Moreover, they seem to be frustrated by the Chinese decision to let the North Korean bank accounts in Macao be shut down, and by the “lack” of Chinese effort to convince Americans to lift the “sanctions.”

North Korea’s long-term objective was to get something like the 1994 Agreed Framework. However, in order to get it, the way to go, at least for the time being, was to further escalate the situation. As it turned out, North Korea decided to do so, and demanded that the United States engage in serious bilateral talks with the country.
Political Objectives

For all its provocative actions, however, there is no sign that suggests any significant change in the political objectives of North Korea, to judge from the way it has been conducting its nuclear diplomacy. It appears that North Korea is still seeking to ensure regime survival by improving relations with the United States. North Korea already has clearly indicated its position. During high-level talks held in October 2002 between the United States and North Korea, the North Korean delegate reportedly told his U.S. counterpart that if the United States (a) concludes a non-aggression treaty with North Korea, (b) signs a peace agreement, (c) lifts economic sanctions entirely, and (d) accepts its invitation to President George W. Bush to visit North Korea, it would abandon its nuclear program. The same month North Korea officially clarified that it was ready to seek a negotiated settlement of the nuclear issue on the condition that the U.S. recognizes the DPRK's sovereignty (non-interference with internal affairs), assures the DPRK of non-aggression, and does not hinder the DPRK's economic development. At U.S.-China-North Korea tripartite talks held in Beijing in April 2003, North Korea came up with a “proposal for a package solution to the nuclear issue and the order of simultaneous actions”. At the six-party talks held in August 2003, also, North Korea restated the same proposal, and made its contents public.

According to the proposal for a package solution, the United States is to (a) conclude a non-aggression treaty with North Korea, (b) establish diplomatic relations with it, (c) guarantee economic cooperation between the DPRK and Japan, and between the two Koreas, (d) compensate for the loss of electricity caused by the delayed provision of light-water reactors and complete their construction. In return, North Korea will (a) allow nuclear inspections and not make nuclear weapons, (b) finally dismantle its nuclear facilities, and (c) put on ice the test-firing of missiles and stop their export. And these actions will be taken simultaneously in four stages. First, the United States will resume the supply of heavy fuel oil and sharply increase humanitarian food aid, and North Korea will declare its intention to scrap its nuclear program. Second, when the United States concludes a non-aggression treaty with the DPRK and compensates for the loss of electricity, North Korea will freeze its nuclear facilities and nuclear materials, and allow monitoring and inspection of such facilities and materials. Third, when diplomatic relations are established between the United States and the DPRK, and between Japan and the DPRK, North Korea will settle the missile issue. Finally, when the light-water reactors are completed, North Korea will dismantle its nuclear facilities.

8 Mainichi Shimbun, November 28, 2002.
Given this, North Korea’s long-term objective remains to be that of obtaining something like the 1994 Agreed Framework. And, in order to get it, it escalated the situation by conducting multiple missile tests and nuclear test in 2006. In February 2007 the United States responded positively to the North Korean “overture”.

Rationales for Nuclear Development

North Korea’s nuclear development seems to have four major rationales: wartime deterrence; peacetime deterrence; compellence; and domestic politics. Wartime deterrence refers to North Korea’s ability to deter the United States and, to a lesser extent, Japan from supporting South Korea in case of war. Peacetime deterrence has enabled North Korea to achieve its most fundamental goal: regime survival. North Korea has attempted to exercise compellence, by means of nuclear and missile development, on the United States and Japan to get them to normalize relations with North Korea and provide economic assistance to the country. Finally, it seems to have used nuclear development as a symbol of Kim Jong Il regime’s legitimacy and the success of its “army-first policy”.

Wartime Deterrence

Wartime deterrence seems to have been the original purpose of North Korea’s nuclear development. Since its endeavor to unify the Korean Peninsula in 1950 failed after the United States intervened in the war, North Korea has sought ways to drive the U.S. forces out of Korea, or at least deter them from intervening in the situation in case of war. The North Koreans can exercise this wartime deterrence by asking whether the Americans would be willing to sacrifice, or put at great risk, Tokyo, Washington, or New York for the sake of defending Seoul. This is the type of question that the Soviets were asking the Americans during the Cold War: “Would you be willing to sacrifice Washington or New York for London or Paris?” We also asked a question of whether we could fight for Kuwait in 1991 if Saddam possessed nuclear weapons.

In this sense, it is noteworthy that North Korea has already deployed some 200 No Dong missiles, taking Tokyo hostage. We are not sure whether the North Koreans are capable of arming No Dong with nuclear warhead. However, regardless of actual capabilities, wartime nuclear blackmail will likely work quite effectively on Japan, the only nation that experienced the nuclear attack on its land. By threatening Tokyo, the North Koreans would ask the Americans whether they are willing to sacrifice Tokyo for Seoul. As an ally of both Japan and South Korea, the United States would be put in an extremely difficult position. Moreover, if North Korea successfully develops Taepo Dong missiles, it would be able to
extend such a threat to major cities in the United States such as Washington, New York, and Los Angeles.

Most likely, the United States and Japan would say that they would not give in to such blackmail, and North Korea would not actually use nuclear weapons against them. However, the actions that the United States and Japan could take would be seriously compromised, and the level of support they could provide to South Korea would be significantly limited. As a result, the South Koreans would have to stand alone in war and, even if they prevailed in the end, the cost of war would be tremendously high.

**Peacetime Deterrence**

In 2003 North Korea started to reprocess materials contained in the 8,000 spent fuel rods, and resumed the operation of the 5-megawatt reactor, both of which had been “frozen” since 1994 under the Agreed Framework. This means that North Korea has probably obtained enough plutonium for five to six additional nuclear weapons, and continues to produce annually fissile materials which, if reprocessed, would be enough for one to two bombs. In this sense, credibility of North Korea’s nuclear deterrent has been improving.

In the “second” nuclear diplomacy, the North Koreans have become vocal about their intention to possess “nuclear deterrent”. In April 2003, North Korea contended that “Only the physical deterrent force, tremendous military deterrent force powerful enough to decisively beat back an attack supported by any ultra-modern weapons, can avert a war and protect the security of the country and the nation. This is a lesson drawn from the Iraqi war.” On April 18, North Korea declared that “we are successfully reprocessing more than 8,000 spent fuel rods at the final phase”. On April 30, it released a statement that “the reality (...) compelled it to opt for possessing a necessary deterrent force and put it into practice” to “deter the moves to stifle the DPRK with a physical force”. And on June 9, North Korea declared: “If the U.S. keeps threatening the DPRK with nukes instead of abandoning its hostile policy toward Pyongyang, the DPRK will have no option but to build up a nuclear deterrent force.”

Unfortunately, since North Korea’s conventional forces are not being modernized and the counter-fire capabilities on the U.S.-ROK side continue

---

to improve, relative importance of nuclear weapons in North Korea’s deterrent has grown and will continue to do so in the future.

However, the fact remains that using nuclear weapons would result in the end of the North Korean state. In this sense, North Korea’s nuclear deterrent is credible only in the extreme scenario in which the United States blatantly invades the country and threatens its regime survival. Nuclear deterrent would be less credible in the face of more limited use or threat of force.

**Compellence**

North Korea also uses nuclear capabilities, both actual and potential, to compel the United States and Japan to normalize relations with and provide economic assistance to the country. This contrast between ends and means is one of the most interesting characteristics of North Korean military-diplomatic campaigns. North Korea’s message is: Unless you abandon your “hostile policy” and normalize relations with us, we will continue to develop and deploy dangerous weapons, and we might sell them to somebody else or even use them.

This approach has produced some results, but there were also limits. First, North Korea signed the Agreed Framework with the United States in 1994, and the two countries came to the verge of substantially improving the bilateral relations toward the end of 2000. In 2002 North Korea succeeded in inviting Japanese Prime Minister Koizumi to Pyongyang to talk about normalization. Japan and North Korea agreed to “make every possible effort for an early normalization of the relations”. However, North Korea has yet to achieve its ultimate goal of normalizing diplomatic relations with the United States and Japan.

Second, North Korea succeeded in having the United States eliminate some of the sanctions it had imposed on North Korea since the Korean War, and obtaining some economic assistance from the United States and Japan. North Korea has received substantial amount of heavy fuel oil from the United States, and acquired food and agricultural assistance. However, it has not succeeded in eliminating all the sanctions that the United States imposes on it. On the contrary, the United States imposed additional financial sanctions in 2005, to which North Korea issued extremely strong condemnation.

Third, North Korea decided to freeze the critical part of its plutonium-based nuclear facilities in 1994 and the freeze lasted until 2003. However, at the same time, it has maintained all of its nuclear facilities, and resumed their operations in 2003. It initiated a covert uranium-based nuclear program sometime between 1997 and 2001. It conducted a nuclear test in October 2006.

All this suggests that North Korea’s strategy has been executed half-heartedly and has produced commensurately half-hearted results. The reason behind this is the fact that North Korea is using the same set of tools to achieve two separate objectives. In other words, it is using the same nuclear capabilities for both deterrence and compellence. This is the fundamental dilemma that North Korea faces.

**Domestic Politics**

Domestic political considerations might be making it difficult for North Korean leaders to give up nuclear capabilities. North Korea has been using the possession of “nuclear deterrent” as a vindication of leadership of Kim Jong Il and the Workers’ Party of Korea’s Songun (military-first) politics. North Korean media has reported that Kim Jong Il’s Songun idea and his politics enabled the DPRK to successfully stand against “the outrageous nuclear blackmail of the imperialists and turned the country into an impregnable fortress with strong self-defensive nuclear deterrent”.16

It seems that the North Koreans are using nuclear weapons as an ultimate guarantor of the regime and/or the symbol of its legitimacy. Nuclear weapons as a symbol appear to have become particularly important given the fact that the National Defense Commission, a military organization, has become the nation’s supreme decision-making body. The more the North Koreans use nuclear weapons for political purposes to justify and legitimize the current leadership, the more difficult it would become for them to give up these weapons.

---

Despite the criticism coming from some quarters, the 13 February Action Plan will likely remain viable for some time. On the one hand, the U.S. policymakers have learned that the 4 years of tough policy on North Korea did not produce the expected results such as regime change or “complete, verifiable, and irreversible dismantlement” of North Korea’s nuclear programs. On the other hand, the North Korean leaders must have learned that it is hard to get the United States on the engagement track and, therefore, it should not miss this window of opportunity to reengage the United States. However, the story will not be that simple in the long run, and we do not know exactly what might happen in the second phase of the Action Plan.

In this context, we will have to wait and see what will happen to the 13 February agreement. Generally, there are three future scenarios. One is “comprehensive engagement” in which all non-North Korea parties of the Six Party Talks, including the United States and Japan, will engage North Korea in a dynamic and strategic way. The second scenario is “partial engagement” in which China and South Korea will take lead in engaging North Korea while the United States and Japan, while making nominal and symbolic commitment, take a hands-off approach toward North Korea. The third scenario is something in which the Action Plan will break down, and North Korea will get back to the brinkmanship diplomacy while other parties will start putting pressure on North Korea again.

**Scenario 1: Comprehensive Engagement**

Comprehensive engagement is what we have been pursuing in the Six Party Talks and what the September 19, 2005 Joint Statement envisioned. In this scenario, the Action Plan will grow into a more full-fledged agreement that includes security assurances to North Korea provided by other members of the Six Party Talks. The “continuity of safeguards” between North Korea and the International Atomic Energy Agency (IAEA) stipulated in the Agreed Framework is restored, and North Korea accepts IAEA safeguards. A roadmap is created to lay out a path that begins with a freeze on Pyongyang’s nuclear program and ends with its eventual dismantlement. In addition, it is possible that North Korea, making use of the long-waited opportunity, will seek to improve its
relationship with the United States. Short of that, it might agree to hold
inter-Korean Summit meeting.

Next in this scenario is linking the above process with other regional
security concerns, most notably North Korea’s medium to long-range
ballistic missiles. Currently, more than 100 No Dong missiles capable of
reaching Japan are reportedly fielded. If the North achieves miniaturization
of nuclear warheads, North Korea could launch nuclear strikes against
Japan. At present, however, there is no international framework in place to
discuss the problem of these missiles. It was partly why Japan has decided
to take part in the Six Party Talks, and to focus on having North Korea
abandon its nuclear development program before addressing the missile
issue. However, when the full-fledged agreement on nuclear dismantlement
is reached, an agreement for a phased reduction and ultimate elimination of
North Korea’s No Dong and Taepo Dong missiles should be pursued to
address regional security concerns. The Intermediate-Range Nuclear
Forces (INF) Treaty reached by the United States and the Soviet Union in
1987 successfully eliminated 846 U.S. and 1,846 Soviet intermediate-range
missiles and other related systems within four years. We can learn lessons
from this example.

Finally, South Korea recognizes the need to allow North Korea to
maintain some level of deterrent capabilities. For example, in November
2004 President Roh stated that the North Korean contention that their
nuclear weapons and missiles constituted a means of safeguarding their
security by deterring threats from the outside was “understandable”, and
argued that the North Korean nuclear issue boiled down to whether security
would be provided to the North, and whether or not it would be given an
opportunity to overcome its plight through reform and openness.17 In this
case, South Korea can consider ways to balance its need to better
defend itself and North Korea’s need to maintain some level of deterrent in
future formal or informal confidence-building and possibly arms control
arrangements. After peaceful settlement of the nuclear issue, North Korea’s
deterrent must be based on non-nuclear conventional forces such as long-
range artillery, multiple rocket launchers, and short-range ballistic missiles.
Combined with multilateral security assurances, such arrangements would
encourage North Korea to forgo its nuclear programs. In addition, North
Korea’s chemical and biological capabilities must be reduced and
eliminated over time through inter-Korean or multilateral agreements, but it
will take a long time in any case. As North Korea’s nuclear and other WMD
programs are dismantled, a new military equilibrium should be established
to keep the local and regional security environment stable.

17 “Address at a Luncheon Hosted by the Los Angeles World Affairs Council”, Cheong Wa Dae, Office
of the President, Republic of Korea, November 12, 2004.
Scenario 2: Partial Engagement

Despite its rhetoric that the country is "self-reliant (Juche)", North Korea has always sought to find great power patrons. In the Cold War period, the Soviet Union and China provided such patronage.\(^{18}\) After the end of the Cold War, North Korea lost the commitment from these communist friends, and started to seek an alternative patronage from the United States.\(^{19}\)

After ten years of struggle, North Korea has come to realize two things: one is that the United States might not be willing to provide such an alternative; the other is that China, together with South Korea, could become a new patron. Both China and South Korea have increased their strategic weight in the past ten years and have become willing to make stronger commitment to the survival of the North Korean regime. In this context, a situation might be created where the United States, in conjunction with Japan, continues to crack down on North Korea’s illicit activities, strengthen counter-proliferation policy such as Proliferation Security Initiative, and develop missile defense and other defense measures while China and South Korea seek to prevent Kim Jong Il regime’s catastrophic collapse. In this “partial engagement” scenario, the United States and Japan attempt to provide minimum political and economic support to the implementation of the Action Plan and will continue to strengthen their deterrent capabilities against North Korea while China and South Korea continue to engage North Korea.

One of the expressions of deepening Chinese commitment is Hu Jintao’s visit to North Korea in October 2005. Chinese top leader’s visit to North Korea took place for the first time since Jiang Zemin’s visit in September 2001. Wang Jiarui, head of the International Department of the Central Committee of the Communist Party of China, said that China would not only provide North Korea with economic aid, but also help it build factories, and that it would “render help to the best of our ability when North Korea faces difficulties”.\(^{20}\) In return, Kim Jong Il went to China in January 2006 and visited major special economic zones in the country. Since 2000 trade between China and North Korea has grown annually by 30 percent on average, contributing to an estimated 3.5 percent annual growth rate for the North Korean economy. In 2005 China’s trade with North Korea totaled $1,305 million, up from $488 million in 2000. Trade with China amounted to 40 percent of North Korea’s total trade in 2004, about twice the size of the inter-Korean trade in the same year.\(^{21}\) China has become the most important external partner for the North Korean economy.

---

\(^{18}\) The Soviet Union abandoned North Korea in 1990, and China followed suit in 1992, therefore forcing North Korea to look for an alternative patronage.

\(^{19}\) In fact, North Korea succeeded in isolating South Korea and creating a fairly good relationship with the United States in 1996-1997 when South Korean President Kim Young Sam took some high-risk policy initiatives to destabilize North Korea. At that time, U.S. policy makers sometimes felt more comfortable with North Korean interlocutors than with South Koreans.


\(^{21}\) Lee Young Hun, “Bug-Jung Muyeog-ui Hyeonhwang-gwa Bughan Gyeongje-e Michineun Yeonghyang (Current Status of North Korea-China Trade and Its Impact on North Korean Economy)”, Institute for Monetary and Economic Research, February 13, 2006; Ministry of Unification, Peace and...
Second, sea change in South Korean politics has helped North Korea’s position. Based on Roh Moo-hyun’s Policy for Peace and Prosperity, South Korea strongly promoted a proactive and accommodative engagement, the so-called Sunshine policy, toward North Korea. As a result, economic transaction between the North and the South has increased from $111 million in 1991, $425 million in 2000, $642 million in 2002 to $1,056 million in 2005. In 2005 the South-North Korea trade surpassed $1 billion for the first time, up 51.5% from 2004. Moreover, South Korea regularly provides humanitarian assistance to North Korea. In 2005 it sent 350,000 tons of fertilizer and 500,000 tons of rice to North Korea.

Scenario 3: Breakdown of the Action Plan

Despite the optimism in the short run, the story will not be that simple in the long run. In the second phase of the Action Plan, North Korea should provide a “complete declaration of all nuclear programs” and disable “all existing nuclear facilities.” However, given the multiple policy objectives involved in North Korea’s nuclear development, it is far-fetched to expect the country to abandon its nuclear programs in a relatively short period of time. Or worse, North Korea may never abandon its nuclear programs. Moreover, from the North Korean perspective, the promised economic, energy and humanitarian assistance earmarked to the second phase is absolutely not enough to trade with its nuclear programs. Up to the equivalent of 1 million tons HFO (including the initial shipment of 50,000 tons of HFO) will be provided in the second phase, but it is merely a two-year equivalent of the HFO that North Korea was receiving under the Agreed Framework. (Under the Agreed Framework, North Korea received 500,000 tons of HFO annually from the United States.)

It is therefore likely that North Korea will start demanding more assistance, including the provision of light-water reactors, in the course of events. Moreover, unless the United States makes a more fundamental policy shift, North Korea might reinvigorate brinkmanship diplomacy with nuclear and/or missile-related activities. Even if North Korea froze its nuclear facilities, it will be able to conduct additional nuclear tests by using plutonium that has already been extracted.

---


22 The “Sunshine policy” goes further than détente, since it implies that South Korea proactively helps North Korea to pave the way for eventual unification.

The current situation resembles the second scenario in which the United States leads the process without making a fundamental policy shift toward engagement while China and South Korea shoulder actual burden. In conclusion, the 13 February Action Plan was an important first step, but we have yet to see whether it will develop into the first scenario, degenerate into the third scenario, or stop at where it is now.
Previous Proliferation Papers 2005/2006

  Read full text (pdf-381 ko)

  Read full text (pdf-399k)

  Read full text (pdf-62k)

  Read full text (pdf-96k)

  Read full text (pdf-113 ko)

  Read full text (pdf-99k)