
North Korea Conundrum

In collaboration with the Atomic Energy Commission (CEA)

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Department**

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Proliferation Papers

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 Studies 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 a presentation by an international expert. The *Proliferation Papers* is a collection, in the original version, of selected texts from these presentations.

The following text is based on a presentation given by Gray Samore at Ifri, on December, 16th, 2002.

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North Korea's Motivations and Strategy

North Korea's strategy can best be described as "déjà vu all over again." Once again, North Korea has been caught cheating on its nuclear commitments and once again Pyongyang is seeking to parlay the violation into a political negotiation with the United States, threatening to proceed with its nuclear weapons program if the U.S. does not meet its demands.

If this sounds familiar, recall that in late 1992 North Korea violated its Full Scope Safeguards (FSS) agreement with the International Atomic Energy Agency (IAEA) and refused to allow special inspections to verify its pre-1992 plutonium production, which the U.S. estimated could mount up to 10 kilograms, enough for one or two nuclear weapons. In the ensuing standoff with the IAEA, the IAEA Board of Governors found North Korea in violation of its safeguards agreement and reported the violation to the UN Security Council. In response, North Korea threatened to withdraw from the NPT, largely on the grounds that it faced a nuclear threat from the U.S. In May 1993, the UN Security Council passed Resolution 825 calling on North Korea to reconsider its threat to withdraw from the NPT, to honor its safeguards obligations under the NPT, and urging all Member States to facilitate a solution.

On the basis of UNSC Resolution 825, the U.S. entered into bilateral negotiations with the DPRK in June 1993. During these negotiations, North Korea's original demand for a security assurance from the U.S. evolved into a more complex package that ultimately produced the Agreed Framework (AF) of October 1994. Under the AF, North Korea immediately froze its plutonium production facilities (graphite moderated reactors, fuel fabrication facility, reprocessing plant, and spent fuel rods) under IAEA supervision and agreed to eventually comply with FSS in exchange for the supply of replacement nuclear power (Light Water Reactor project) and interim heavy oil supplies. The agreement was structured so that North Korea was not required to comply with FSS until a "significant portion" of the LWR project was completed.

In other words, the Agreed Framework capped further production of plutonium, but allowed North Korea to retain a residual nuclear weapons capability (nominally enough plutonium for 1-2 bombs), while the LWR project proceeded. Sooner or later, however, the AF would have confronted Pyongyang with a difficult choice once a significant portion of the LWR project was completed. Either Pyongyang would have been forced to comply with FSS (i.e., declare its plutonium holdings and give up its residual nuclear weapons capability) or run the risk that the AF would collapse. Although the LWR project was subject to many delays, it was

slowly moving ahead towards completion of a significant portion at some point in the middle of the decade, 2004 or 2005.

Anticipating this dilemma, North Korea had a strong incentive to develop an alternative source of fissile material production so it could declare its plutonium stocks to the IAEA as required by the AF, but still retain a secret nuclear capability. As we now know, the North found a willing partner in Pakistan, which provided gas centrifuge uranium enrichment technology in exchange for No Dong missiles sometime in the late 1990s. Although there were hints and rumors of nuclear cooperation between Pakistan and North Korea in the late 1990s, the U.S. did not get confirming information until earlier this year. According to recent public statements, the CIA believes that North Korea began constructing a production scale centrifuge plant (designed to produce enough weapons-grade uranium for two bombs a year) about two years ago, and the CIA estimates that the plant could be fully operational by mid-decade. If this estimate is correct, the first supplies of weapons grade uranium would have become available at about the same time as North Korea would have been required to declare its plutonium stocks under the AF.

Unfortunately for Pyongyang, its strategy to develop an alternative source of weapons grade material went astray when the secret enrichment program was detected. As you all know, the U.S. announced on 16 October that North Korea acknowledged in a private meeting between Assistant Secretary James Kelly and Vice Foreign Minister Kang Sok Ju in Pyongyang on 4-5 October that it was pursuing a clandestine gas centrifuge uranium enrichment program in violation of the Agreed Framework. According to American accounts, North Korea initially denied US accusations, but then “defiantly” acknowledged the program, which it justified as a response to U.S. threats and hostility. North Korea’s “confession diplomacy” was a surprise to Washington, presumably intended to force the U.S. into negotiations.

Publicly, North Korea responded to the October 16 U.S. announcement with a Foreign Ministry statement on October 25, complaining that the U.S. had produced “no evidence” that the DPRK was violating the Agreed Framework and accusing Washington itself of violating the Agreed Framework, by, among other things, failing to deliver the Light Water Reactor project on time, and failing to provide the DPRK with a formal assurance against the threat or use of nuclear weapons. At the same time, the North offered to resolve the “nuclear issue” if “the U.S. legally assured the DPRK of non-aggression, including the non-use of nuclear weapons.” Presumably, North Korea is following the same gambit as in 1993. If negotiations with the U.S. begin, North Korea will probably introduce new demands; for example, Pyongyang might be willing to convert the LWR project into conventional energy plants.

The U.S. Response

Now let me turn to the US response. North Korea's "admission" that it was pursuing a secret enrichment program confronted the United States with a menu of unappetizing policy options. With its attention fully focused on the diplomatic and potential military campaign against Iraq, Washington had little enthusiasm for a near term confrontation with Pyongyang that would divert energy away from Iraq and upset America's allies in East Asia, who feared pushing the North into desperate actions. Even without the focus on Iraq, the Bush Administration (like the Clinton Administration) recognizes that military options against North Korea are not realistic because North Korea is capable of inflicting enormous damage in a conflict, even without the use of nuclear weapons.

Though military options were ruled out, Washington was equally determined not to negotiate a new agreement with Pyongyang that would offer fresh incentives for the North to abandon the enrichment program, already banned under existing agreements. For many senior officials within the Bush Administration, who were already skeptical about the wisdom and morality of the Agreed Framework, North Korea's admission provided a strong justification to abandon the Agreed Framework and demonstrated that North Korea couldn't be relied on to honor any agreement it negotiated. Even officials who favored engagement with the North could not justify a new deal that would "reward" North Korea for violating existing agreements.

Given constraints on either military or diplomatic options, Washington opted to pursue a cautious middle course – what might be called a "gradual pressure strategy" – slowly building international political and economic measures to pressure North Korea to "completely and visibly" eliminate its nuclear weapons program as a precondition for any further bilateral discussions. At the same time, the U.S. has emphasized that it seeks a peaceful solution and held out the prospect that resolution of the enrichment issue might lead to steps to 'improve the lives of the North Korean people.' In pursuit of its gradual pressure strategy, the U.S. orchestrated international statements against North Korea (such as the APEC declaration and the recent IAEA Board of Governors resolution), tried to enlist (with mixed success) agreement from China, the Republic of Korea, and Japan to link bilateral assistance to resolution of the nuclear issue, and achieved agreement within KEDO in mid-November to suspend heavy oil shipments to North Korea beginning in December.

This approach has allowed Washington to increase pressure on North Korea while maintaining alliance solidarity and avoiding a crisis on the peninsula. Whether this strategy can actually succeed in forcing the North to abandon its enrichment program without getting anything in return is another matter. In contrast to the crisis in 1993-94, North Korea is

weaker and has more to lose if it takes actions that escalate tensions and result in a cut off of external assistance. Pyongyang is also facing a relatively united front from the U.S., Russia, and China. At the same time, some officials in Washington are skeptical that the gradual pressure strategy will ultimately be successful.

In the first place, the gradual pressure strategy is difficult to manage because of conflicting views among key countries over the pace and substance of pressure. China, for example, has tremendous potential leverage over North Korea, but is Beijing really prepared to cut off vital assistance if the North does not abandon its enrichment program? As much as Beijing opposes the emergence of a nuclear-armed North Korea, it is even more concerned by the consequences of a North Korean collapse or a military confrontation that would inevitably increase US military presence in the region. In essence, Beijing believes that a resolution will require some kind of accommodation between the U.S. and North Korea.

Similarly, there are likely to be limits on the willingness of Seoul and Tokyo to use their leverage to resolve the enrichment issue, compared to other issues of particular concern to the Republic of Korea and Japan. Right now, Tokyo is the closest to Washington's position, in part because public anger over "abductees" makes it easier for Tokyo to link normalization talks to resolution of the nuclear issue. There appears to be little danger that Tokyo will make a separate peace with the North, but Japanese officials worry that the U.S. approach will lead to a North Korean nuclear and missile breakout, which would directly threaten Japan. As a result, Tokyo will be cautious about applying too much pressure to North Korea without also offering a "face saving" way out for Pyongyang.

The situation with the Republic of Korea is even more complex. Although there are significant rhetorical differences between the two leading candidates – Lee Hoi Chong, who advocates strict linkage between bilateral assistance to DPRK and the nuclear issue, and Roh Moo Hyun, who argues for more "sunshine" and engagement – in practice, neither of the candidates is anxious to pick a fight with North Korea. This reflects the strategic reality of Seoul's vulnerability to North Korean artillery, but also the underlying political trends in the South, such as the emergence of a younger generation with a more benign view of the North Korean threat and more nationalist views toward the Republic of Korea's alliance with the US. As a result, there is a real danger that the US-Republic of Korea alliance could splinter if Washington is seen as overly inflexible and aggressive, provoking a crisis on the peninsula.

Aside from the difficulties of alliance management, the biggest weakness of the gradual pressure strategy is that North Korea is unlikely to sit still while the screws are gradually tightened. At some point, the North will have to respond to show that it can't be pushed around and raise the stakes in an effort to increase pressure on the U.S. to negotiate. For example, the North's initial reaction to KEDO's decision in mid-November to suspend oil shipments was very mild, but just as everyone was beginning to relax, the North announced on December 12 that it was retaliating by restarting the 5 MW reactor and resuming construction of the 50 and 200 MW reactors.

This North Korean move was very carefully calculated. First, from Pyongyang's perspective, it is logical and proportional because oil was nominally provided under the AF to generate electricity in place of the frozen reactors. With oil shipments suspended, the North can argue that it needs to restart the 5 MW reactor to make up for lost oil supplies. Second, the move was relatively restrained – intended to increase political pressure on Washington, but not precipitate a crisis. Restarting the 5 MW reactor does not immediately increase North Korea's nuclear weapons capability because it will take a year of operations to produce a significant amount of plutonium. The larger 50 and 200 MW reactors cannot be completed for several years at best.

At the same time, the North retains higher cards to respond if there is further escalation of tensions. Among its options, the North can formally withdraw from the NPT, expel IAEA inspectors from North Korea, and (in the worst case) begin to separate plutonium from spent fuel stored in North Korea, which could produce enough plutonium in a matter of months for several additional nuclear weapons. Restarting the 5 MW reactor was a signal from Pyongyang that it is prepared to take more threatening steps to unfreeze its nuclear weapons program if it is pushed further.

Future Developments

What will happen in the future? At least for the moment, Washington has little inclination to escalate tensions further. It remains preoccupied with Iraq and is waiting for the outcome of the South Korean elections and inauguration of a new government in Seoul in February. The initial White House reaction to North Korea's decision to restart the 5 MW reactor was very restrained. At the same time, there is no serious thought in Washington of changing U.S. demands that North Korea dismantle its secret enrichment program as a pre-condition for further discussions.

Depending on the outcome of Iraq, Washington is likely to look for ways to increase pressure on North Korea next year. One point of leverage is food assistance. The World Food Program (WFP) announced that it will run out of food for the North in April and some officials in Washington are already beginning to argue that food aid should not be renewed because consumption is not sufficiently monitored. Another major issue will be whether to suspend KEDO's light water reactor (LWR) project. There is strong political logic to suspend (or at least slow) the project to increase pressure on Pyongyang and respond to the North's decision to unfreeze its indigenous reactors, but there is also a significant danger that the North would respond by formally withdrawing from the NPT and resuming reprocessing or missile testing. Any North Korean "breakout" from the nuclear freeze under the Agreed Framework could result in a strong international response, such as the suspension of humanitarian food assistance or the imposition of economic sanctions through the UN Security Council, which, in turn, could significantly increase tensions and the risk of conflict on the peninsula.

In the end, if pressure on the North fails to achieve results and the Agreed Framework completely collapses, Washington will face difficult choices. Some officials in Washington believe the U.S. and its allies may have no choice but to adopt a strategy of containment and deterrence, seeking to isolate the North Korean regime as much as possible and hoping that it eventually collapses without a war. This is not an attractive option. Over time, an unrestricted North Korean nuclear weapons program would undermine the international nonproliferation regime and potentially increase regional pressures for proliferation. Would a desperate Pyongyang be prepared to sell nuclear materials to raise cash, just as it currently sells missiles? What would happen to the North's nuclear arsenal in the context of domestic instability or increased regional tensions?

Having raised the importance of proliferation as an international security threat, it will be politically difficult for the U.S. not to respond forcefully if the North embarks on an unrestricted nuclear weapons program. But, at the same time, a forceful response runs the risk of straining relations between the U.S. and its allies and unintentionally increasing the risk of war, which Washington wishes to avoid. As an alternative to this dilemma, Washington might reluctantly decide to enter into negotiations with the North. One diplomatic approach could be to replace the Agreed Framework with a more comprehensive agreement, including intrusive inspections to verify that North Korea's nuclear weapons program is truly dismantled. Alternatively, one could seek a more limited agreement to freeze or dismantle North Korea's enrichment program. For the time being, however, there is

virtually no political support in Washington for any negotiated approach, which would be difficult to achieve in any event.