

Prospect for the North Korean Nuclear Issue

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Since the beginning of 2009, a series of North Korean provocative acts have led to growing doubts about the ability of the United States and other members of the six party nuclear talks to achieve a negotiated end to Pyongyang's nuclear programs. Such doubts are held by the great majority of U.S. experts on North Korea. They are embodied in the section on "The North Korean Challenge" in the 2010 Council of Foreign Relations report, *U.S. Policy Toward the Korean Peninsula*. As this report points out, the doubts also are embodied in the Obama Administration "strategic patience policy" toward North Korea. This pessimism is shared by many experts in Japan and South Korea. Even some Chinese experts on North Korea have expressed these doubts. Nevertheless, in the wake of the North Korean artillery shellings of a South Korean island in the Yellow Sea in late November 2010, some Korean experts and political commentators have called on the Obama Administration to activate nuclear negotiations with North Korea, apparently believing that renewed talks would soften North Korea's bellicose behavior and actions.

This adds a second question to the original question of whether there are realistic prospects for negotiating a cessation of North Korea's nuclear programs. This second question can be stated as follows: Would the act of negotiating with North Korea change Pyongyang's behavior for the better for a meaningful length of time?

In addressing the first question, the doubts and pessimism are justified. North Korea's provocative acts since January 2009 have been multiple and in rapid sequence. They have been accompanied by a hardening of North Korea's negotiating position on the nuclear issue, which this paper will discuss.

¹ Presented at the 2010 NIDS International Symposium on Security Affairs, sponsored by the Japanese National Institute for Defense Studies (NIDS), December 2-3, 2010 (Updated January 4, 2011).

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Nuclear Programs and Weapons Integral to Kim Jong-il's Regime Survival Strategy

It seems to me that there is an additional, more fundamental, reason for doubts about negotiating an end to North Korea's nuclear programs. That is the multiple roles, which the nuclear programs play in Kim Jong-il's strategy for maintaining the North Korean regime. Maintaining the regime has a specific definition in Kim's thinking: continuing the regime in the Stalinist mode created by his father after World War II. This goes beyond the value of nuclear weapons for military power. Increasing military power clearly was Kim Il-sung's rationale for beginning the nuclear program. By the time of his death in 1994, plutonium production was in place. The Central Intelligence Agency estimated in 1993 that North Korea had produced enough plutonium for one or two atomic bombs. Kim Il-sung's motives and policy objectives for the nuclear program appear to have been primarily military: to give North Korea greater flexibility to pursue options for using military force against South Korea and to deter and limit the U.S. military response to a North Korean attack on South Korea. An important context for his motives and policy objectives was the still strong North Korean armed forces of over one million with a continued supply of arms and military technology from the Soviet Union.

A crucial change in these motives and policy objectives occurred when Kim Jong-il succeeded his father in 1994. Nuclear weapons became a central element in Kim Jong-il's strategy to realize key non-military goals. These goals were crucial to Kim in response to the acute economic crisis which he faced after 1994, the political dangers to his rule as a result of the economic crisis, and the haunting specter of the collapse of communist regimes in the Soviet Union and Eastern Europe. It could be accurately described as a regime survival strategy.

Kim Jong-il's strategy and policies have been cynical but effective as a regime survival strategy. They begin with his decision to reject turning North Korea toward the kind of economic reforms that China and Vietnam had instituted. In the 1996-1998 period, he rejected proposals to begin economic reforms. A number of officials in favor of reforms reportedly were purged. Kim opted to preserve the Stalinist economic system that he inherited from his father based on government control over industry and agriculture, a state rationing system as the main means of distributing goods, and controls over wages and prices. And like the Soviet system, Stalinist economic controls were important in maintaining the absolutist communist political system.

The economic policy changes of the 2002-2005 period, called by some the “Reformative Phase,” could have been an opening to reforms, but the regime’s allowance of quasi-private consumer markets and use of foreign currency proved to be a tactical adjustment rather than a move toward real reform. Market practices were never legalized. After 2005, the Government began a concerted campaign to roll back the tactical “reforms.” It placed new restrictions on the quasi-private markets, which resulted in a closing down of many. Outright confiscation of food from farmers on the collective farms increased, often carried out by the North Korean military. In late 2009, the regime redenominated North Korean currency and imposed new controls over the use of foreign currency, all intended to confiscate the independent wealth of more affluent North Koreans.

Even during this “Reformative Phase,” Kim Jong-il retained his fundamental opposition to economic reforms. His policies were similar to the “Khrushchevism” of the Soviet Union in the late 1950s when Nikita Khrushchev lessened some of Stalin’s controls but never crossed the bridge to a dismantling of the system.

Kim’s rejection of real economic reforms has been crucial in setting the context for his other policy decisions. Rejection of Chinese-style economic reforms removed the best option for overcoming the economic crisis. Kim created other options to reshape economic priorities and gain needed income and thus ensure maintenance and survival of the regime.

Kim’s re-shaping of economic priorities focused on directing economic and financial resources to benefit the North Korean elite: members of the Workers (Communist) Party, officials of the central governmental bureaucracy, and the military officer corps. His primary objectives were to ensure a certain level of livelihood for members of the elite and thus to secure their loyalty. The elite received a substantial priority in the allocation of food and consumer goods, including imported luxury goods.

The other end of Kim’s priority to the elite was a policy toward the masses of North Koreans which, it seems to me, can be legitimately termed a forced poverty policy. As economic resources dwindled and were concentrated on the elite, the non-elite North Koreans increasingly were deprived of basic necessities: food, medicines, and basic consumer goods. Of course, the most dramatic manifestation of this was widespread starvation and malnutrition, which continues to this day.

Kim Jong-il’s prioritization of the elite in the allocation of economic resources was part of his widely proclaimed “military first policy.” Kim initially acted at

least partly in response to an attempted coup against him plotted within a command of the North Korean army in the northeast in 1996. Kim saw in the plot potential unrest in the military that the economic crisis could exacerbate. His response was an extensive distribution of promotions and consumer-luxury gifts to members of the officer corps. The military first policy, however, went beyond this. Military leaders were put in more powerful positions within the government and the Workers Party. The National Defense Commission eventually was created as the chief policy-making body of the regime, and military membership in it has grown steadily.

In addition to signs of military unrest amidst the failing economy, Kim Jong-il also faced the serious problem of the deterioration of North Korea's conventional military forces. With the demise of the Soviet Union in 1990-91, North Korea lost its chief sources of weapons and military equipment. The economic crisis had a profound weakening of North Korea's own military industries, cutting production substantially. As foreign exchange resources dwindled, the government's ability to supply the military with petroleum reserves dropped. Military exercises and training suffered accordingly. Food shortages affected rank and file soldiers. Widespread malnutrition meant that a large proportion of the 16-year old draftees into the North Korean army suffered from stunted physical growth and probably stunted mental abilities.

The deterioration of North Korea's conventional forces presented Kim Jong-il with two problems. One was political--to satisfy the need of the military leadership for a military capability of sufficient stature. The other was military--to maintain military power in relation to South Korea and the United States. Nuclear programs were Kim's solution to both problems. The military was to have a distinct and growing nuclear capability to compensate for continued conventional force deterioration in the 2000s. The nuclear programs became a prized possession of the military leadership. In the 2000s, the role of the military leadership in setting nuclear policies grew steadily and now appears to be dominant. A statement by the North Korean military General Staff on April 18, 2010, strongly suggested that the military leadership had played a lead role in the decision to withdraw from the six party talks (announced just five days earlier) and that, in the future, the military

leadership would control decisions on the nuclear program.² The power of the military over nuclear programs adds another factor to a pessimistic assessment of U.S. prospects for negotiating an end to these program and Pyongyang's nuclear weapons capability.

Kim Jong-il's rejection of economic reforms and his concentration of economic resources on the elite and the military leadership led him to devise three new strategies to secure economic and financial resources in the absence of a normal economy. The most visible was the securing of large scale food aid from the United Nations, the United States, South Korea, and China. Kim Jong-il was highly successful until 2008, and it allowed him to divert a high portion of the overall food resources to the elite and the military. This was symbolized by the photographs taken by the South Korean military in early 2008, showing North Korean military trucks unloading bags of rice with South Korean Red Cross markings at North Korean front line military positions on the demilitarized zone. Outside food aid dwindled after 2007 due to a combination of foreign disillusion over North Korea's nuclear activities and the advent of the Lee Myung-bak Administration in South Korea. However, Kim Jong-il has continued to make overtures and demands to China and South Korea for increased food aid.

The second strategy was a major expansion of illicit economic, financial, and smuggling activities overseas. These have been widely publicized and were symbolized by the \$25 million account that North Korean trading companies had in Banco Delta Asia. Chief among these illicit activities has been the counterfeiting of products under foreign labels (cigarettes, pharmaceuticals) and the counterfeiting of U.S. currency. The production and smuggling of illegal narcotics has been a second significant activity. In recent years, information indicates that North Korea has earned close to \$1 billion annually through illicit counterfeiting and smuggling. Counterfeit cigarettes alone reportedly earns North Korea several hundred million dollars annually. Bureau 39 of the Workers Party, directly under Kim Jong-il, is widely reported to control this program through a global network of North Korean "trading companies" that have access to foreign banks and contacts with allied criminal syndicates in other countries.

² Korean Central Broadcasting Station, April 18, 2009. The General Staff declared that "our army from the beginning had no expectation for the six-party talks" and that the North Korean military now was "not being confined by the agreement of six-party talks." The military, in the future, "will advance on a road of reinforcing the country's defense power, including nuclear deterrent, in every way."

The third strategy brings in the nuclear programs. The strategy has been to expand North Korean arms sales to other countries, particularly other anti-U.S. states, and move from arms sales into military collaborative arrangements with several of these states. These collaborative arrangements include joint development of nuclear facilities and nuclear weapons. The Syrian nuclear reactor bombed by Israel has been the symbol of this, but Iran is the key country. Nuclear collaboration with Iran is an important component of multifaceted North Korean military assistance. The other components are North Korean arms and training to Hezbollah and Hamas through Iran and Syria and the joint development of missiles with Iran (and Syria).³ Much of following discussion of North Korean-Iranian nuclear collaboration is drawn from my two reports written at the Congressional Research Service, *North Korea's Nuclear Weapons Development and Diplomacy* (chapter on Nuclear Collaboration with Iran and Syria) and *North Korea: Terrorism List Removal* (chapter on New Reports of Support of Terrorist Groups).

North Korean nuclear collaboration with Iran is an extension of collaboration in the development of Iranian missiles modeled on North Korean missiles or encompassing North Korean missile technology. Missile collaboration accelerated after 1993; since then, North Korean assistance has been vital in the development of several Iranian missiles. A cross-over of collaboration into the development of nuclear warheads that could be mounted on these missiles was a logical extension of cooperation between Iran and North Korea. Early reports of North Korean-Iranian agreements for nuclear collaboration, often citing Central Intelligence Agency sources, began in 1993-1994. A key cross-over point was in the early 2000s, triggered by the successful joint development of the Iranian Shahab 3 and Shahab 4 missile; the Shahab-3 is a model of the North Korean Nodong intermediate range missile.⁴ A reported North Korean-Iranian agreement, probably in 2003, either initiated or accelerated work to develop nuclear warheads that could be fitted on the Nodong-Shahab-3 missile. Subsequent reports, citing German intelligence

³ Since 2007, the U.S. State Department has cynically refused to address questions of whether North Korea was providing arms and training to Hezbollah, despite research by the myself and others revealing extensive information of such North Korean assistance. Finally, on August 12, 2010, Secretary of Defense Gates stated in San Francisco that "North Korea continues to smuggle missiles and weapons to other countries around the world--Burma, Iran, Hezbollah, Hamas. . . ."

⁴ Douglas Frantz, Iran closes in on ability to build a nuclear bomb; Tehran's reactor program masks strides toward a weapons capability, a Times investigation finds, *Los Angeles Times*, August 4, 2003, p. A1. Military source: DPRK, Iran planning joint development of nuclear warheads, *Sankei Shimbun* (internet), August 6, 2003.

sources, other western intelligence sources, and Iranian sources, described North Korean nuclear experts in Iran. The National Council of Resistance of Iran, an exiled opposition group that correctly revealed secret Iranian nuclear facilities in 2002, issued a report in February 2008 that gave details of North Korean-Iranian collaboration in nuclear warhead development, including the location of facilities where this work was ongoing.⁵ Since 2007, the International Atomic Energy has presented Iran on several occasions with evidence pointing to an Iranian program to development nuclear warheads for the Shahab-3 missile.

Joint development of a nuclear warhead is the most threatening component of North Korean-Iranian nuclear collaboration, but there are other components. Iranian nuclear experts reportedly have been on-site observers of North Korean nuclear tests. European and Israeli defense and government officials stated in 2007 and 2008 that North Korea and Iran had concluded a new agreement for North Korea to share with Iran data from its October 2006 nuclear test.⁶ Such an agreement undoubtedly has a reverse side--that Iran would share with North Korea data acquired from a future Iranian nuclear test.

In April 2008, the Bush Administration, under pressure from Congress, reluctantly disclosed information concerning North Korean involvement in the construction of the nuclear reactor in Syria, which Israel had bombed. However, the Administration's disclosure omitted the rest of the story--Iran's involvement in the Syrian reactor with North Korea. European intelligence documents--apparently German--reported that North Korean and Iranian scientists were working together at the reactor site at the time of the Israeli bombing. The Japanese newspaper, *Sankei Shimbun*, carried several articles on North Korean-Iranian collaboration on the Syrian reactor by its diligent correspondent, Takashi Arimoto. These included Arimoto's report of July 12, 2008, which named Iranian officials who had visited the reactor. In March 2009, a Swiss newspaper report cited "a former German defense ministry official" that Iran had financed the construction of the Syrian

⁵ Marc Champion, Iran arms claim is lodged--Tehran is developing nuclear warheads, exile group tells U.N., *Wall Street Journal Asia*, February 21, 2008, p. 9. Ironically, despite this report and other reports of North Korean-Iranian collaboration in developing nuclear warheads, the International Atomic Energy Agency has made no attempt to investigate the reports; and the United States and other members of the IAEA have not proposed that the Agency conduct investigations.

⁶ Jin Dae-woong, Concerns grow over missile links between N.Korea, Iran, *Korea Herald* (internet), January 28, 2007. UK press: North Korea aids Iran in nuclear testing, *Dow Jones International News*, January 24, 2007. Israel PM to charge NKorea link with Iran, Syria, *Agence France Presse*, February 26, 2008. Takashi Arimoto, Iranian delegation observed North Korea's nuclear test, *Sankei Shimbun*, June 25, 2009.

nuclear reactor.⁷

Another form of nuclear collaboration involves the increasingly reported Iranian program to develop underground bunkers and tunnels for elements of Iran's nuclear program. The project, estimated to have cost hundreds of millions of dollars, reportedly included the construction of 10,000 meters of underground halls for nuclear equipment connected by tunnels measuring hundreds of meters branching off from each hall. Specifications reportedly called for reinforced concrete tunnel ceiling, walls, and doors resistant to explosions and penetrating munitions.⁸ Under agreements with the Iranian Revolutionary Guards, North Korea reportedly participated in the design and construction of the bunkers and tunnels. In early 2005, Myong Lyu-do, a leading North Korean expert on underground facilities, reportedly traveled to Tehran to run the program of North Korean assistance.⁹ North Korea has been cited by South Korean and U.S. intelligence officials as having several thousand underground military facilities in its own territory--thus, the expertise shared with Iran.

When one considers how the multifaceted collaboration strengthens Iran's role in the Middle East, there can be no doubt that the return benefits to the North Korean Government from its collaboration with Iran are huge. Militarily, if they succeed in developing nuclear warheads that can be mounted on the Nodong-Shahab-3 missile, North Korea could use the technology to produce these warheads in North Korea for some of the estimated 200-300 Nodong missiles already deployed in North Korea. Or North Korea could receive a share of the warhead production in Iran and transport these warheads to North Korea. Either option would give North Korea a nuclear delivery capability against Japan and South Korea that it does not have now. Such a delivery capability would force Japan and South Korea to consider major changes in their defense policies toward developing more long-range strike capabilities.

Kim Jong-il has proclaimed that 2012 will be the year when North Korea will become a powerful, modern state. Many analysts believe he is talking about achieving an economic renaissance by that year. It seems to me it is more likely that his goal is to achieve one or both of two fundamental strategic military goals:

⁷ Tomotaro Inoue, N Korea missile test; test-firing of new Scud missiles by N. Korea, Syria, Iran fails, *Kyodo News*, August 14, 2009.

⁸ Nukes too deep to hit, *Newsweek*, November 3, 2008, p. 8, 10.

⁹ Robin Hughes, Tehran takes steps to protect nuclear facilities, *Jane's Defence Weekly*, January 25, 2006, p. 4-5

to successfully test a missile that could reach U.S. territory and develop nuclear warheads and mount them on missiles. Kim Jong-il apparently calculates that achievement of these strategic military goals will alter the military balance in Northeast Asia to such a degree that the United States, South Korea, and Japan will have to acknowledge North Korea as a nuclear weapons state and deal with it in more accommodating, concessionary ways, including financial concessions.

The financial gains to North Korea from nuclear and other forms of collaboration with Iran are currently huge. Iran finances the joint projects and pays North Korea handsomely for its assistance. I believe that the Pyongyang regime earns between \$1.5 billion and \$2.0 billion annually from its collaboration with Iran. This money is a fundamentally important part of Kim Jong-il's strategy of subsidizing the North Korean elite in order to maintain the regime.

The subsidization of the elite continues to work. Despite reports in 2009 and 2010 of growing food shortages and hardships among the North Korean masses, North Korea reportedly continues to import large quantities of luxury goods, including 200 automobiles from China prior to April 2010. Recent visitors to Pyongyang have reported that the elite citizenry there appear to be reasonably well off.

It is in this broad context of Kim Jong-il's regime survival strategy that we should view the benefits to North Korea of nuclear programs and nuclear weapons. Kim Jong-il and his regime have much more to lose than military options if they give up nuclear programs. The livelihood and stability of the regime would be threatened. Abandoning nuclear programs likely would rupture Kim Jong-il's relations with North Korean military leaders, given their vested interest in the programs. In the aftermath of Kim's stroke in 2008 and the subsequent rise of the military's role in the power structure, it now seems doubtful that Kim and his civilian advisers could make a decision to negotiate a genuine denuclearization agreement with the United States and the other six parties.

Nuclear Weapons Capabilities

The role of nuclear programs and weapons in Kim Jong-il's regime maintenance strategy and the power of the North Korean military over the nuclear programs are two obstacles to U.S.-Japanese-South Korean denuclearization goals. A third obstacle is that the United States and its allies have three North Korean nuclear weapons programs to deal with, not just one program. The three are:

(1) the plutonium program; (2) the highly enriched uranium program; and (3) nuclear collaboration with Iran. These give North Korea a choice of paths toward expanding nuclear weapons production in the future in terms of both quantity and quality. Real denuclearization will have to eliminate all three. Apparent progress toward eliminating one program would be a facade if North Korea accelerated one or both of the other programs. The success in disabling the plutonium facilities at Yongbyon in 2008 has been offset by North Korea's now revealed uranium enrichment plant at Yongbyon. The much touted North Korean missile moratorium of 1999-2006 was another facade. North Korea stopped missile tests but continued to develop missiles with Iran, Pakistan, and Syria, which these countries tested--for themselves and for North Korea.

At the end of the Bush Administration, North Korea's plutonium program at Yongbyon was shut down because of the disablement process that had been partially implemented under a Bush Administration-North Korean agreement of late 2007. In April 2009, the North Korean Government announced that it had restored operation of the plutonium reprocessing plant at Yongbyon and would reprocess a remaining batch of nuclear fuel rods into weapons-grade plutonium--enough for one atomic bomb. However, the nuclear reactor and fuel fabrication plants at Yongbyon have remained shut down. Recently-cited construction activity at Yongbyon could be intended to restore operation of these facilities, but this is uncertain at the present time. The shutting down of Yongbyon is a positive limitation of one of the three programs, but it is only a first step. Its principle meaning seems to be that North Korea has shifted its nuclear priorities to uranium enrichment, probably including collaboration with Iran in uranium enrichment.

U.S. officials and nuclear experts have stated that the amount of plutonium produced at Yongbyon since the early 1990s, and especially since 2003, would give North Korea the potential to produce between four to eight atomic bombs. David Albright of the Institute for Science and International Security estimated in February 2007 that North Korea had a stockpile of reprocessed plutonium of 28-50 kilograms, enough for between 5 and 12 nuclear weapons. South Korea's Defense Minister stated on November 3, 2010, that North Korea has about 40 kilograms of plutonium. Dr. Sigfried Hecker, a U.S. nuclear expert who has visited North Korea several times, has stated that if North Korea restarts the nuclear reactor at Yongbyon, the Yongbyon complex could produce enough plutonium for one nuclear bomb annually.

The question of whether North Korea has produced additional nuclear weapons with the plutonium it apparently has acquired may depend on whether North Korea can accomplish its fundamental strategic goal of developing a nuclear warhead that could be fitted on its missiles. Experts believe that any atomic bombs developed to date, including the bombs tested in 2006 and 2009, are designed similar (but smaller than) the plutonium bomb dropped by the United States on Nagasaki in August 1945. However, North Korea has few delivery systems that could deliver such a bomb to a U.S. or Japanese target. Thus, Pyongyang might not produce additional Nagasaki-type bombs but would retain sufficient weapons-grade plutonium until it could use it to produce a nuclear warhead.

A key North Korean objective of the May 2009 nuclear test may have been to make technical progress toward development of a nuclear warhead. Statements by U.S. officials reflect apparent uncertainty over whether North Korea has achieved progress toward a warhead capability. However, recent South Korean statements assert that North Korea is making serious progress. The head of the National Intelligence Service reportedly told the Korean National Assembly's Intelligence Committee on June 27, 2010, that North Korea could develop nuclear warheads within two years.¹⁰ Kim Tae-hyo, President Lee's Secretary for National Strategy, stated on October 6, 2010, that North Korea's nuclear threat has reached an "alarming level" and was "evolving even now at a very fast pace." He described North Korea as seeking to develop nuclear warheads and deploying them.¹¹ Again, it seems to me that this is Kim Jong-il's main goal to achieve for North Korea the status of a powerful nation by 2012 and recognition as a nuclear weapons state.

After years of denials, North Korea on June 13, 2009, admitted that it had a nuclear program based on the development of **enriched uranium**. On September 4, 2009, North Korea claimed that "experimental uranium enrichment has successfully been conducted to enter into completion phase." North Korea's claims of a second component of its nuclear programs seemed to refute the doubts expressed by Bush Administration officials in 2007 and 2008, especially Assistant Secretary of State Christopher Hill, that North Korea had a viable uranium enrichment program. As a result, Hill negotiated with North Korea to produce a declaration of North Korea's nuclear programs in which North Korea was not required to acknowledge having a uranium enrichment program. Pyongyang's claims also contradicted the long-

¹⁰ Reported by *Chosun Ilbo*, June 28, 2010.

¹¹ Reported in *Joongang Daily*, October 6, 2010.

expressed doubts by Chinese officials that North Korea had a uranium enrichment program that could produce nuclear weapons in the future.

North Korea demonstrated the accuracy of its 2009 claims by showing U.S. scientist, Sigfried Hecker, a major uranium enrichment centrifuge facility at Yongbyon. Hecker described a modern, technically advanced plant. He saw “more than 1,000 centrifuges.” North Korean officials told him that the facility contained 2,000 centrifuges. Hecker said that the uranium enrichment facility “could be readily converted to produce highly enriched uranium bomb fuel.”¹² Hecker’s report quickly produced warnings from U.S. officials that North Korea likely has at least one other undisclosed uranium enrichment plant. U.S. officials also concluded that North Korea’s uranium enrichment program was more advanced than Iran’s program.¹³

However, the more important comparison of North Korea and Iran is that North Korea’s progress toward highly enriched uranium parallels Iran’s potential path toward nuclear weapons, highly enriched uranium. It increases the rationale for the third component of North Korea’s nuclear programs: **nuclear collaboration with Iran** to jointly develop a nuclear warhead that could be mounted on a jointly developed missile. Such a warhead would be a uranium warhead. Intelligence findings, including a CIA assessment in 2004, and an array of nuclear experts believe that North Korea and Iran both received from Pakistan’s A.Q. Khan designs for a uranium-based nuclear warhead that had been developed by Khan for the Pakistan Ghauri missile, another missile modeled on the Nodong missile.¹⁴ This likelihood means that the final step for North Korea and Iran will be to produce the highly-enriched uranium and incorporate it into Khan’s warhead design. Thus, development of the needed centrifuge infrastructure would appear to be another component of North Korean-Iranian nuclear collaboration.

Thus, as alluded to in the recently revealed report of the U.N. Security Council’s investigative group on sanctions against North Korea, nobody should doubt that North Korea and Iran are working together on developing a uranium nuclear warhead.

¹² Scientist: North Korea secretly built new nuclear facility, *Associated Press*, November 21, 2010.

¹³ Reported in *Donga Ilbo*, December 16, 2010, and *New York Times*, December 14, 2010.

¹⁴ David E. Sanger, U.S. widens view of Pakistan link to Korean arms, *New York Times*, March 14, 2004, p. A1. William J. Broad and David E. Sanger, Pakistani’s nuclear black market seen as offering deepest secrets of building bomb, *New York Times*, March 21, 2005, p. A9. Joby Warrick, Smugglers had design for advance warhead, *Washington Post*, June 15, 2008, p. A.1. David E. Sanger and William J. Broad, Officials fear bomb design went to others, *New York Times*, June 16, 2008, p. 1.

Thoughts on Dealing With the Poor Prospects for New Nuclear Negotiations

A resumption of nuclear negotiations with North Korea would present the United States, Japan, and South Korea with a daunting and probably insurmountable task to negotiate an agreement for North Korea's denuclearization or even to make meaningful, partial progress toward that goal. The nature of this task is demonstrated by the hardening of North Korea's negotiating positions that Pyongyang had adopted since the start of 2009--probably under the growing influence of the North Korean military in the aftermath of Kim Jong-il's stroke. These negotiating positions can be summarized as follows:

- As a precondition to North Korea returning to six party talks, the Obama Administration must agree to lift United Nations sanctions prior to talks and must agree to begin a bilateral negotiation with North Korea over a Korean peace treaty. North Korea's demand for a bilateral peace treaty negotiation (an old proposal going back to 1974) appears aimed at moving the negotiating of nuclear issues, including North Korea's demand for an end to "the U.S. nuclear threat," into this bilateral negotiation. This would have the effect of scuttling the six party talks. Despite inaccurate press reports that North Korea has agreed to return to six party talks, North Korean officials have continued to raise with visiting Americans the demand for a bilateral Korean peace treaty negotiation.
- North Korea will not give up its nuclear programs and weapons in return for normalization of diplomatic relations with the United States and economic aid from the United States. Normalization of relations must come before denuclearization as a preliminary step toward denuclearization.
- North Korea wants to be recognized as a nuclear weapons state.
- North Korea no longer has a plutonium stockpile of 31 kilograms that it declared in June 2008 because North Korea has "weaponized" all of its plutonium.
- Denuclearization must include the entire Korean peninsula and must include the elimination of the "U.S. nuclear threat" to North Korea. North Korea repeatedly has defined the "U.S. nuclear threat" to include the composition and major operations of U.S. military forces in South Korea and around the Korean peninsula and the U.S. "nuclear umbrella" over South Korea embodied in the U.S.-South Korea Mutual Defense Treaty. *Nodong Sinmun*, the official

Communist Party journal, stated bluntly on April 17, 2010, “all the issues that are required to resolve the nuclear issue”: “the pullout of U.S. troops [from South Korea], end of joint military exercises and a peace treaty between the DPRK and the U.S., all at the same time.”

- Any system of verification and inspections must include inspections inside South Korea, including U.S. bases in South Korea.

The hardening of Pyongyang’s negotiating positions is a fourth factor that renders the prospects of any ideas for advancing nuclear negotiations as lying between poor and non-existent. I claim no exception for the following thoughts.

The first task for the Obama Administration is to open the way to six party talks by pushing back against North Korea’s two pre-conditions: a lifting of U.N. sanctions and U.S. agreement to begin a bilateral negotiation of a Korean peace treaty. Since North Korea issued these pre-conditions in December 2009, the Obama Administration has been too passive in its response to them. There has been no diplomatic pushback. As a result, Pyongyang has been encouraged to persist in these pre-conditions. The Obama Administration should assert that negotiations must make specific progress beyond the present level of disablement of Yongbyon before any sanctions would be lifted. The Administration also needs to detail the U.S. position on a peace treaty negotiation directly to North Korea, to China, and in public statements. The U.S. position should have the following components:

- A rejection of bilateral negotiations. A peace treaty negotiation must include South Korea as a full participant.
- Regarding China’s participation in a peace treaty negotiation, the United States does not object to China’s participation, but this issue should be settled between China and North Korea.
- Any Korean peace treaty must include a settlement of issues between South Korea and North Korea and normalization of their relations.
- The United States would be willing to negotiate over U.S. troops in South Korea, but this must be linked to North Korean conventional forces and missiles. And such a negotiation must run parallel to and be linked to successful negotiations over North Korean nuclear programs.

A second task should be to enter into consultations with China regarding a new

round of nuclear negotiations. China is extremely important in exerting outside influence on North Korea. However, China's role in the North Korean nuclear issue since 2002 has as many negative elements as positive elements. Thus, it seems to me that the Obama Administration should judge carefully China's future positions and the level of U.S. cooperation with China and reliance on China.

The Obama Administration should query China on what Beijing believes a new round of nuclear talks could accomplish and what the United States and other six party governments should do to reach these goals. The Obama Administration needs to make a careful judgment whether China's views of a new round of nuclear talks have sufficient similarity to U.S. views. It seems to me that this judgment should give priority to China's views on what could be accomplished on North Korea's highly enriched uranium program and North Korea's proliferation activities, especially with Iran. It also should emphasize China's willingness to revisit the verification-inspections issue, which caused negotiations to deadlock in 2008.

The Obama Administration should press China on the kind of pressure China would exert on North Korea in order to get concessions from Pyongyang. On the other side, the Administration would need to be flexible in reacting to Chinese views on the kinds of concessions the United States should make to reach meaningful goals. Such flexibility is especially important regarding "symbolic concessions" that may give the North Korean regime political benefit but no material benefit.

If China's views have sufficient similarities to U.S. priorities, the Obama Administration should develop an early stage negotiating strategy designed to get Chinese cooperation. If China's views are too separate from U.S. priorities, the Obama Administration ought to lower the level of consultations with China and de-emphasize six party meetings in Beijing. As an alternative, the Administration could consider proposing three-party meetings, including South Korea, with alternate meetings held in Seoul and Tokyo.

Priority issues for the United States in negotiations should begin with revisiting the verification-inspections issue. North Korea's willingness to accept a thorough system of inspections should be a litmus test for whether negotiations have any chance of success. This should be ascertained early in any new round of talks. The now revealed uranium enrichment program makes the establishment of an intrusive, active inspections organization an essential first step in any new nuclear negotiation. Little can be accomplished in new talks if North Korea is allowed to operate secret

facilities for weapons-grade plutonium and plutonium bombs and, as U.S. officials now are warning, secret uranium enrichment facilities. Other discussed initial negotiating objectives, a full dismantling of the Yongbyon plutonium facilities or securing a North Korean moratorium on nuclear testing, would have little value in comparison with a full-scale verification system. North Korea has shifted its priorities from plutonium to uranium enrichment. A nuclear testing moratorium would have little value if Iran tested a nuclear warhead that could be mounted on North Korean-Iranian missiles.

The flawed June 2008 North Korean declaration of nuclear programs also should be revisited. This time, a North Korean declaration of uranium enrichment sites and the location of atomic bombs and stored plutonium must be required. Finally, through either a new declaration or another negotiating track, the Obama Administration must insist that North Korea discuss its nuclear relations with Iran.

In short, the gap between North Korea's negotiating positions and realistic U.S. negotiating positions is huge, Grand Canyon-like.

Would a Nuclear Negotiation Itself Soften North Korean Behavior?

Calls for a major Obama Administration initiative to resume talks with North Korea appear to be motivated primarily by a belief that a new negotiation, by itself, will soften North Korea's bellicose behavior toward South Korea. A resumed negotiation could have that effect but only for a short time. Unless North Korea obtained the benefits it would seek in a new negotiation, its patience would dissipate probably within a few months. Symbolic benefits, like visits by high-ranking U.S. officials, could extend a more peaceful period. In the end, however, North Korea would demand material benefits--money and food. Pyongyang might offer limited, easily reversible concessions as part of its demands for money and food. If it did not receive these in satisfactory amounts, it likely would turn against the negotiation in the form of another boycott, and it could be expected to resume military provocations against South Korea. In short, a new negotiation would have to result in a substantial payoff to North Korea in order for the negotiation to soften North Korea for an indefinite period.

North Korea would not allow a negotiation with the United States to govern its policy toward South Korea for any length of time. Pyongyang separates its strategy toward South Korea from its strategy toward the United States. Its current strategy

toward South Korea seems to be to humiliate the South Korean Government through military provocations and force either it or the broader South Korean body politic back into the former “sunshine” policy of extending unconditional financial and food aid to North Korea. If South Korea participated in financial and food payoffs to North Korea through a nuclear negotiation, that might soften North Korean behavior for a longer period of time. However, it is South Korea’s response to North Korea’s payoff demands that North Korea judges in North-South relations, not any U.S. response in nuclear negotiations.

Non-Nuclear Strategies

This paper has presented four factors leading to a pessimistic outlook for the ability of the United States, South Korea, and Japan to negotiate an agreement under which North Korea would terminate its nuclear programs: (1) the importance of nuclear programs in Kim Jong-il’s regime survival strategy; (2) the powerful hold the North Korean military has over the nuclear programs; (3) the multiple nature of Pyongyang’s nuclear programs; and (4) North Korea’s hardening negotiating positions, especially since January 2009. A pessimistic outlook thus raises the question whether are non-nuclear strategies that Washington, Seoul, and Tokyo could follow that might produce better results than relying exclusively on nuclear negotiations. I offer these thoughts.

It seems to me that negotiations with North Korea no longer should ignore the missile issue, because of North Korea’s clear aim to mount nuclear warheads on its missiles within a few years, probably by 2012. U.S. proposals should include North Korea joining the international Missile Control Technology Regime (MTCR) and the establishment of a verification-inspections system for missiles. Negotiations over missiles probably would be separate from nuclear talks. A four-party negotiation involving Japan and South Korea would be appropriate, given the North Korean missile threat to them. If North Korea refused to join the MTCR, South Korea should remove itself from MTCR restrictions on its missile program and develop longer-range missiles that could reach targets throughout North Korea.

I strongly believe that the United States and its allies need to develop a new negotiating agenda with North Korea that focuses on economic reforms. Such an agenda would link any new offers of economic or financial aid to the North Korean Government’s willingness to undertake economic reforms along the lines of

Chinese and Vietnamese reforms. Offers aid in this context could include a role for the International Monetary Fund and the World Bank in developing a program of reforms with North Korea. There are good rationales for developing an economic reform agenda in future talks with North Korea. One is that the economy is North Korea's most vulnerable weakness. The regime might well be more susceptible to pressure on its economy than on its nuclear weapons. In 2010, there has been a clear debate on economic policies within the North Korean Government. A second rationale is that China has escalated pressure on North Korea in 2009 and 2010 for economic reforms. Hu Jin-tao reportedly pressed Kim Jong-il for economic reforms during Kim's August 2010 visit to China. China reportedly has denied North Korea's repeated requests for increased food and financial aid. A U.S.-South Korean-Japanese economic reform agenda would create a policy line in parallel to China's and could establish a line of cooperation with China. At a minimum, it would influence favorably the important strata of Chinese officials and scholars who believe that China should reduce its support of North Korea.

A third rationale is that an economic reform agenda and conditionality for aid would give the South Korean Government a strong argument to resist mounting domestic pressure and pressure from North Korea to resume unconditional financial and food aid to North Korea. In November 2010, President Lee Myung-bak stated that future international economic aid to North Korea should be conditioned on economic reforms. President Lee and other South Korean officials have called on North Korea to adopt "Chinese-style reforms and open its markets." These statements should be the first step in the adoption of an economic reforms agenda by South Korea, the United States, and Japan.

A fourth rationale is that economic reform conditionality in offers of aid to North Korea would complete the circle made up of U.S. efforts to enforce United Nations and U.S. sanctions against North Korea. A U.S. and allied success in sharply reducing the money flow into the North Korean regime from arms sales, counterfeiting, and illegal drugs might force the North Korean leadership to consider other options. Achieving that sharp reduction in the money flow will be difficult and will require stronger U.S. pressure against third countries that allow the Bureau 39 network to operate within their borders.

A fifth rationale goes back to the original thesis of this paper: that North Korea's rationale for its nuclear programs is their place in Kim Jong-il's multi-faceted strategy for regime survival--a strategy that begins with his unwillingness to adopt

Chinese-style economic reforms. With a succession regime in North Korea likely in the near future, there may be an opportunity to turn new North Korean leaders toward economic reforms. The timing is right for such a strategy.

In new nuclear negotiations, North Korea will demand substantial financial and food aid for new limited nuclear agreements, like a return of IAEA monitors or a nuclear or missile test moratorium. Should such aid be linked only to limited progress on the nuclear issue, or should it be conditioned, too, on North Korean economic reforms? It seems to me that the arguments for a linkage to economic reforms is strong. Too many past limited nuclear agreements have collapsed to justify new installments of large financial and food aid linked only to such agreements. Economic reforms, implemented in parallel with deliveries of aid, would prove more difficult for North Korean leaders to reverse. This was shown in 2010 when the regime backed down from its program to re-impose Stalinist controls over currency and quasi-private markets. It seems to me that the lesson to be learned from Kim Jong-il's nuclear strategy and his motives is that internal reforms in North Korea may be the only future path toward denuclearization.

Finally, an important agenda outside nuclear negotiations is for the Obama Administration to follow-up on its promise of discussions of "enhanced deterrence" with Japan and South Korea. Enhanced deterrence discussions should focus on responses if North Korea mounts nuclear warheads on missiles. They should consider a Japanese response that develops a long-range strike capability that could reach North Korea. They should consider whether South Korea should abandon the restrictions on its own missiles imposed by its adherence to the MTCR. They should consider changes in the U.S. force structure in the Western Pacific that would send a stronger deterrence message to a nuclear missile-armed North Korea. Such changes could include strengthened U.S. air power in South Korea and Japan, more frequent naval deployments in the Sea of Japan and the Yellow Sea, and returning U.S. heavy bombers to permanent stationing on Guam. In the 1970s and 1980, nothing impressed the North Koreans more about the U.S. military presence in Northeast Asia than those frequent B-52 bomber exercises near North Korea.

Enhanced deterrence would replace nuclear negotiations if North Korea succeeds in achieving its fundamental strategic goal of mounting nuclear warheads on missiles. With a credible nuclear threat against its perceived adversaries, there would be absolutely no possibility--zero--that the current regime in Pyongyang would relinquish that achievement. This situation may confront the United States,

Japan, and South Korea sooner than their leaders seem to believe, as North Korea's surprise revelation to Sigfried Hecker demonstrates.