

Clinton and Korea: From Cross-Recognition to Trilateral Package

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The now half-completed matter of cross-recognition (the US and Japan recognizing the DPRK; China and the Soviet Union [now Russia] recognizing the ROK) has changed dramatically since it became part of then Secretary of State Henry Kissinger's foreign policy agenda in the early 1970s. While the concept of quid pro quo cross-recognition as such is no longer operative as a separate aspect of US policy towards the Korean peninsula, it is alive but inextricably bound up in the more prominent North Korean nuclear issue.

This complex web of interlocked issues is illuminated in the joint statement issued by the US and North Korea at the end of their Third Round of talks in Geneva on 12 August 1994: the U.S. stated it is prepared to establish diplomatic relations with North Korea and assure construction of light water reactors if Pyongyang forgoes reprocessing, permanently freezes its current nuclear program, 'seals' its reprocessing facility, and "allows implementation" of its 1992 inspection agreement with the IAEA. President Kim Young Sam's offer to supply the reactors completely connects the political dots.¹

1 See R. Jeffrey Smith, "N. Korea, U.S. Pledge Closer Ties," *Washington Post* p.1, 13 August 1994. See also Andrew Pollack, "Seoul is offering Nuclear Plants to North Korea," *New York Times*, 15 August 1994.

While Pyongyang still has appeared to feel somewhat betrayed by the lack of reciprocity, its economic stagnation, periodic acts of terrorism, and burgeoning political confrontation with the international community over its nuclear activities has overshadowed if not obviated the issue and put it into a very different context. Cross-recognition has been transformed into an element of coordinated US, ROK and Japan trilateral diplomacy. Some have argued for delinking the establishment of diplomatic ties from the nuclear issue. The logic of this argument is that it would be useful to have a US presence on the ground in Pyongyang, and that establishing bilateral relations does not necessarily confer any moral judgment on a government; it merely means two governments have business to do with each other. Whatever the merits of such logic, at this point it is simply politically impossible to disconnect diplomatic recognition from the rest of the US–North Korea agenda.

In contrast to the tiny, incremental steps taken by the US and Japan in the direction of forging ties to North Korea, the full normalization of relations between Seoul and Beijing and Moscow in 1991–92 reflected the culmination of the Cold War and the logic of geo-economics. The Soviets desperately sought economic aid; PRC-ROK trade and investment had been mushrooming since the late 1980s. The US, in a nuanced but not insignificant 1988 policy shift, allowed its diplomats to engage in dialogue with North Korean officials, and subsequently eased visa restrictions, in some instances permitting senior North Korean officials to visit the US in a quasi-official capacity under the auspices of a DPRK think tank.² Since 1991, however, virtually all US official contacts with North Korea have been directly related to the nuclear issue. Nonetheless, high-level encounters such as the January 1992 visit by then US Under-

2 While ostensibly attended unofficial conferences, on a number of occasions ranking DPRK officials had unofficial contact with senior US officials in 1990–91 as they also attended their academic seminars.

Secretary of State for Political Affairs Arnold Kanter, and the now fortuitous June 1994 Kim Il Sung–Jimmy Carter tete-a-tete have assuaged Pyongyang's pique at a perceived denial of respect, if not legitimacy.

But it is the fear of nuclear proliferation that has animated US policy. Indeed, North Korea's quest for nuclear weapons has not only become a fixation of US policy towards the peninsula, but it has taken on a larger significance as a defining challenge of the global nonproliferation system. Advancing the process of US diplomatic relations with North Korea is but one element in what appears to be an emerging multi-phased package deal.

The final outcome of the third round of high-level talks begun on 5 August will take weeks if not months to be realized. North Korea's apparent decision to play its "fuel rod card" and not to reprocess removes much of the time-pressure and widens the window for diplomacy. The denouement will be an important indicator of whether a "soft landing" for North Korea and a process of tension reduction and reconciliation between the US and North Korea and between North and South Korea is possible. If a political bargain can be reached that halts Pyongyang's nuclear program in exchange for a package of security assurances, diplomatic and economic benefits, then it will not only strengthen global nonproliferation norms but open the door to a broader reconciliation effort including conventional arms reduction and a process of gradual steps towards peaceful reunification.

By the same token, failure to resolve the nuclear dispute would mean a burgeoning confrontation between Pyongyang and the international community resulting in either the implosion of the Kim Jong Il regime or a dangerous military confrontation, quite likely before the end of Bill Clinton's term. The US–North Korea talks have finally begun to test North Korea's motivations: Has Pyongyang been merely buying time to further pursue its nuclear ambitions or has it been seeking to bid up the price before it plays its nuclear card?

The role of cross-recognition in its current political context is more a catalyst than goal, more a means than an end. As the senior partner in the US-Japan and US-ROK alliances, for the US to embark on the process of normalized relations would legitimize engagement with North Korea and give a green light to Japan and to others. As discussed below, however, the highly partisan nature of the policy debate in the US is a major factor affecting the pace and scope of American engagement with the DPRK.

For the US, the Korea problem is of an order of magnitude qualitatively different from the series of foreign policy crises and human tragedies we have seen since the Gulf War—Bosnia, Somalia, Haiti, Rwanda. The Korean peninsula involves vital American interests, beginning with the safety of 37,000 troops deployed on the Peninsula, and the global risk of the proliferation and export of nuclear materials and their means of delivery, which would pose an intolerable threat to US interests. In addition, a North Korea with a burgeoning nuclear and missile arsenal triggering a new arms race in Northeast Asia—and no less, the possibility of a second Korean war where weapons of mass destruction might be employed resulting in massive devastation and loss of life—are also grave threats.

US policy concerns regarding North Korea have become part of the global issue of the fate of the entire nonproliferation system, now being played out in the diplomacy surrounding the extension of the Nuclear Nonproliferation Treaty (NPT) to be decided in April 1995, and the prospect of nuclear material and technology as well as ballistic missiles being exported to rogue regimes in the Middle East.

The calculus of the regional dimension of US policy towards North Korea involves: (1) concern of potential destabilization of the Asia-Pacific economic dynamism where the US with \$345 billion in annual two-way trade has a vital interest, and (2) the credibility—and sustainability—of key alliances with South

Korea and Japan, the pillars of the forward-deployed US security posture in Asia;

But US policy involves not merely avoiding the downside risks, but realizing important opportunities to advance American interests. Success in verifying the North Korean nuclear program would restore the International Atomic Energy Agency's (IAEA) credibility eroded by the Iraqi experience, where it declared Iraq in full compliance even as Baghdad had been pursuing a secret weapons program. Conducting a special inspection would mark the first time the IAEA ever used its dormant authority. Moreover, implementation of the December 1991 North-South Korean denuclearization agreement that included forsaking nuclear reprocessing or enrichment activities and creating a bilateral challenge inspection regime—necessary to resolve the nuclear issue—would set new nonproliferation precedents. Beyond the proliferation issue, successful resolution of the nuclear issue could catalyze the North-South reconciliation process, increase the possibility of peaceful reunification, and help bring North Korea into the community of nations. And more broadly, ending the North Korean nuclear threat issue and facilitating a North-South reconciliation process would restore lost US credibility and provide the Clinton administration a much needed foreign policy success.

US Political Dynamics: The Toughness Fallacy

Yet as the nuclear standoff has intensified, Korea has become a major partisan, test-of-the-Presidency Washington mega-issue. Prominent Republicans including Senator John McCain (Republican from Arizona) and former Bush National Security Advisor Brent Skowcroft have proposed pre-emptive strikes against reprocessing facility at Yongbyon if North Korea reprocesses spent reactor fuel. Another senator has sponsored legislation preventing any US aid to North Korea until it permits full IAEA

inspections (including solving the mystery of its past nuclear activities) and dismantles its nuclear program.³

In this political hothouse atmosphere, one in which facts—in this case with a disturbingly narrow information base to begin with—are of decreasing relevance, political posturing and in some cases well-intentioned, if misguided, calls grow louder for pre-emptive action against a country with few friends in Washington, along with the urge for an instant *denouement*. This environment will render the management of a highly complex issue—particularly the complex steps of the normalization process—exceedingly difficult. The tortured political process of opening ties to Vietnam is an instructive analogy. North Korea is far more difficult than Vietnam, yet only in the past year has a liaison office been opened in Hanoi and the embargo lifted. The 12 August Joint Statement mentions an exchange of liaison offices and at least implies a lifting of the U.S. trade embargo at the initial stages of a normalization process.⁴

Credible deterrence is the essential foundation of any successful US policy. It must be made clear to Pyongyang that not only if they use nuclear weapons it will “be the end of their country as they know it,” as Clinton stated during his 1993 visit to South Korea, but also if they start an armed conflict, US and South Korean war aims must be reunification by force. But those urging “tougher” action must address the question: Is the US prepared to *initiate* a military conflict to eliminate a *suspected* North Korean nuclear capability? The likelihood that we do not know where the necessary targets are, the high probability that an Osirak-like pre-emptive strike would spew radioactive fallout all over Northeast Asia and in any case trigger a North Korean military response, and the reluctance of South Korea, Japan and China to

3 See Frank Murskoski, op-ed piece in the *Washington Times*, 10 August 1994.

4 Joint Statement issued by the U.S. Mission in Geneva, 12 August 1994.

pursue such a course, all suggest that the risks of a pre-emptive strike outweigh the benefits at this time.

Deterrence, however, is not a strategy. Nor does the popular notion of "increasing pressure" offer much cause for optimism. The history of North Korean international behavior suggests that when squeezed into a corner it will not make concessions but will lash out. At the same time, the track record (see below) of US-North Korean interaction since 1990 suggests that if there is any hope of a diplomatic solution, its likelihood is increased when Pyongyang's concerns and legitimate interests are taken seriously. Reciprocity, a "trust but verify" process aimed at establishing trust by simultaneous reciprocal steps offers the most hopeful way forward.

State of Play

In regard to the status of its nuclear program, the 8,000 fuel rods it removed from its five-megawatt reactor in late May and early June lie in cooling ponds under IAEA surveillance. After a week of talks in Geneva, Pyongyang agreed to American technical assistance aimed at an alternative disposition of the rods than that of reprocessing. If North Korea does not reprocess the rods, which contain enough plutonium for at least five or six bombs, and does not refuel the reactor, it may widen the window for diplomacy considerably. However, the DPRK's freeze on its program announced during the Carter visit did not pertain to construction of its reprocessing facility, adding a new reprocessing line. And the North has a new 200-mwt reactor under construction and due to come on line in late 1995. If operative, this facility would provide quantities of plutonium sufficient for some nine or ten bombs per year. Any credible agreement reached by Washington and Pyongyang would have to include the dismantling of its reprocessing plant, the decommissioning of its operating reactor, and a halt on the construction of the

200-mwt reactor. Such moves would cap its current known nuclear program.

The current US–North Korea talks appear to have at least de facto established a deferral of the issue of special inspections of the two waste sites, of which Pyongyang has denied the existence to the IAEA, as well as other aspects relating to discrepancies in the history of North Korea's nuclear program. In the accord reached during the August Geneva talks, North Korea agreed to remain a party to the NPT and to allow implementation of its safeguards agreement with the IAEA. The interpretation of this commitment offered by the chief US negotiator, Asst. Secretary of State Robert Gallucci, is that "as a matter of principle, this agreement commits the DPRK to accept special inspections. What this agreement is silent on,...is exactly the timing of the implementation."⁵

The spiral of action-reaction that had accelerated the move towards confrontation in the period leading up to the visit of former President Carter saw North Korea ignore US and IAEA admonitions and de-fuel the core of its five-megawatt nuclear reactor—a move that may have been an effort to destroy the history of their nuclear activities and establish themselves as a nuclear threshold state. This may ultimately force a difficult choice between freezing North Korea's program and rolling it back.

A Brief History

This pattern of defiance goes back to 1986 when North Korea, under pressure from the Soviet Union, joined the NPT. (The normal 18 month period to adopt a safeguards regime was doubled, as the IAEA sent the wrong forms to Pyongyang!⁶) It

5 Gallucci comments at 13 August 1994 press conference, transcript provided by the US Mission in Geneva.

6 This was confirmed to the author both by a former IAEA official and by US government sources.

took six years before Pyongyang began to fulfill its obligations by signing a safeguards agreement and allowing the IAEA to monitor its nuclear facilities. A second phase of defiance began in the fall of 1992 when the IAEA essentially caught Pyongyang in a lie about its past reprocessing activity. The IAEA began requesting access to two suspected waste sites upon which the North built alleged "military facilities." It was after the IAEA formally demanded a special inspection in February 1993 that on 12 March of that year North Korea threatened to become the first state ever to withdraw from the 157-member Nuclear Nonproliferation Treaty (NPT). North Korea suspended its withdrawal one day before the 90-day period after which it would have taken effect. Consequently Pyongyang has claimed a special "twilight zone" status neither in nor out of the NPT. As a legal matter, neither the US nor the IAEA accept such North Korean interpretation of its status.

Between these two phases of defiance was an important interlude of cooperation, however limited. In September 1991, President Bush announced the withdrawal of ground-launched short-range nuclear weapons including artillery shells and the removal of nuclear weapons from surface ships worldwide. In November 1991 South Korean President Roh Tae Woo announced that there were no nuclear weapons on South Korean soil. In December 1991 North and South Korea signed unprecedented reconciliation and denuclearization accords. In January 1992, then Undersecretary of State Arnold Kanter held the highest level contact with North Korea in forty years, meeting in New York with Kim Young Sun, a senior official of the Korean Worker's Party. At the same time, North Korea's rubberstamp parliament ratified an IAEA safeguards agreement, and by May of 1992 the IAEA began to conduct inspections of North Korea's seven declared facilities.

A combination of events—the waste sites dispute and elections producing new governments in Seoul and Washington—may have led North Korea to test the incoming Kim and Clinton

administrations. In any case, diplomacy stalled from fall 1992 until the present. US policy has been incremental and focused on tactical issues, persuading North Korea not to withdraw from the NPT, to allow continuity of safeguards and allow inspectors to remain in North Korea. The policy finally broke down over the unobserved removal of the reactor core.

The point of this brief history is to glean lessons useful for the endgame. It is clear that when North Korean concerns were met in regard to security (e.g. removal of tactical nuclear weapons, canceling the Team Spirit military exercise) and legitimacy (top-political level meetings, vague promises of normalized relations and economic engagement) they responded positively. For many years they argued that alleged US nuclear weapons in the South were a threat. When that excuse was removed, they responded, albeit incompletely.

Cross-Recognition and the Art of the Package Deal

In light of the above, how should the administration seek to realize its goal of a denuclearized Korean peninsula? First, we should be clear that the nuclear issue is only the most urgent, and that any deal should be part of a larger process to reduce tensions and enhance the prospects for a soft landing for North Korea and a gradual process of peaceful reconciliation. The question of US and Japanese recognition of the DPRK is part of that process. It must also be recognized that in absolute terms, the nuclear issue is unresolvable: no verification regime can provide one-hundred-percent certainty that there is no covert program; a deal can provide relative confidence. Second, we should recognize that the nuclear card is the only one they have to play. Given the enormous levels of mutual distrust, a step-by-step, reciprocal process aimed at building trust is necessary. Thus, a package deal must be a multi-phased, reciprocal confidence-building framework with an incentive structure that

frontloads concrete benefits, yet leaves Pyongyang with something in its hand after the first phase.

In terms of US strategy, this should be viewed less as an arms control negotiation than a leveraged buy-out. The rationale for "rewarding" cooperative behavior is that we are seeking more than compliance with international norms: The IAEA has never conducted a special inspection; the North-South denuclearization accord goes beyond international norms. It may be recalled that Ukraine and Kazakhstan both received sizeable aid packages for their compliance with the NPT. Thus, there is a hard-nosed rationale for coming to terms with Pyongyang if it does cooperate. It must be added, that as North Korea is the most hermetically sealed state in the world, anything which opens it up cannot be viewed simply as a concession—it advances US interests.

Also, we must transcend the "blame game". As South Africa was welcomed into the nonproliferation regime fold when it revealed its hitherto secret nuclear arsenal, it should be made clear to North Korea that if it does "come clean" there will be a no-blame policy, not fingerpointing. In addition, making US concerns about North Korea's internal behavior (i.e. human rights) a condition for progress in the confidence-building process in general, and normalization in particular, would condemn it as well as the cohesion of the coalition to almost certain failure. Such issues must be deferred.

The incentives package must be structured with a recognition that the issues of North Korean Scud-B and Scud-C missile exports, the development of the Rodong-1 (and others under development), CFE-type conventional reductions are in a very different category from the nuclear issue. It is the DPRK's NPT membership that provides the legal and political basis for addressing the nuclear issue and for imposing UN sanctions. It is the North-South denuclearization accord which provides for more stringent nonproliferation and verification standards than the NPT.

Hence, the sequencing of positive incentives and the threat of negative ones (i.e. escalatory coercive measures) as a measure of progress or retrogression in the negotiating process is a means of synchronizing the expectations of the international community with those of Pyongyang. Continuity of safeguards, no refueling of the 5-mwt reactor and no reprocessing is the admission ticket, the minimum good faith required of North Korea to open the door to normalization and economic blandishments as part of a comprehensive solution. Any meaningful package must include South Korean and Japanese incentives in a coordinated fashion. In particular, the US must synchronize its policies with Seoul to prevent Pyongyang from using North-South summitry as a pressure tactic against US diplomacy. It is almost a certainty that while any Japanese initiation of movement towards normalization with North Korea will be coordinated with Washington, its implementation will likely occur in a much shorter time frame.

The phases of a comprehensive resolution of the nuclear issue should unfold along the lines outlined below.

PHASE 1—Goal: Pyongyang would: (1) take clear actions to place its nuclear program under IAEA routine inspections, (2) suspend construction of its reprocessing facility and 200-mwt reactor, (3) allow special inspections of the waste sites, (4) cooperate fully with whatever techniques the IAEA requires to determine past nuclear activities, and (5) renew its dialogue with the South to implement the 1991 agreements. Should the North seek to continue hiding its past activities then steps 3 and 4 may require deferral until a later stage, but they should not be taken off the table.

Response: the US would: (1) send the Secretary of State to Pyongyang, (2) lift the economic embargo, (3) exchange liaison offices, (4) offer technical business assistance, perhaps mobilizing Korean-Americans, (5) provide CNN downlinks, cultural exchanges, (6) offer PL480 food aid, and (7) devise, in conjunction with the ROK, Japan, and perhaps Russia, a multilateral

consortium for decommissioning North Korean graphite reactors and constructing and financing light water reactors and other alternative energy sources. The creation of a multilateral energy fund should be explored. South Korea would offer a first tranche of trade and investment, light industry assembly, for example, Japan would normalize relations (thus moving forward with cross-recognition) and offer a first tranche of economic aid, all of which should be project-designated. The US would also support initial discussions leading to North Korean participation in the World Bank and Asian Development Bank. It may be preferable to place the bulk of Japan's aid or reparations into a Korean Reconstruction Fund under World Bank auspices. It would be prudent to begin actively exploring the establishment of such a mechanism as part of the package deal.

PHASE 2: (1) Devise and implement a North-South challenge, on-site inspection regime, (2) North Korea adhere to Missile Technology Control Regime (MTCR) guidelines, (3) sign, ratify and implement the Chemical Weapons Convention (CWC) and biological weapons treaty, and (4) adhere to the Nuclear Suppliers Group standards. Cooperation on reconstructing North Korea's past nuclear activities should not be deferred past this stage.

Response: (1) Full normalization of diplomatic relations with the US and Japan by this stage. (2) Begin development projects for the Tumen area. This should be done in conjunction with North Korean membership in multilateral lending agencies, World Bank and Asian Development Bank. (3) US assistance in destroying chemical weapons.

PHASE 3: (1) North Korea would verifiably adhere to the MTCR over a defined period and abandon any new long-range missiles and (2) adhere to the CWC and biological weapons treaty, and (3) there would be initial progress in North-South conventional arms reduction within the framework of the joint military commission created in the 1991 reconciliation accord.

Response: (1) Large-scale economic projects could be undertaken such as hydropower, industrial complexes, major tourist projects for example at Mt. Diamond, and (2) the second South Korean tranche of investment and aid and a full Japanese aid or reparations economic package. Also would be (3) an offer to cancel Team Spirit permanently and put US ground troops on the table in the context of major reductions in North-South force levels at some stage in a North-South conventional reduction process as envisioned in the Military Commission created in the 1991 accords.

Future vs. Past

It is possible that the choice will be neither full cooperation nor confrontation. The fact that Pyongyang deliberately removed the fuel rods from its 5-mwt reactor suggests that it may be pursuing a strategy to force a choice between capping its nuclear program and rolling it back. Under this scenario, by destroying its past it would become a nuclear threshold state like India, Pakistan and Israel, which would pose a devil's alternative choice for the US. If North Korea took steps that fully met concerns about the future of its nuclear program but hedged on the past, the Northeast Asian actors in this drama would be greatly reluctant to pursue a confrontational course likely to lead to armed conflict. Yet such a course would jeopardize the NPT. But given the stakes of armed conflict in light of the realities of massive forward-deployed military forces along the DMZ, the larger danger of unchecked North Korean nuclear activities, and the likelihood of a short future for a pariah regime, capping the program now and working to resolve the ambiguity later may be the least-bad choice. Such an approach, however, would enormously complicate the politics of a comprehensive deal.

The Political Minefield of Normalization

As discussed above, US engagement with North Korea has become an explosive political issue in Washington. This reality will make it difficult for the Clinton administration to implement any accord with North Korea. Moves are already under way in Congress, for example, to ban the export of light water nuclear reactors to North Korea—the item that appears at the center of US–North Korea dialogue. Even in the best of circumstances the mechanics of normalization of relations, particularly with an adversarial regime, requires some degree of Congressional support and action. In the case of North Korea, Congress has a role to play in removing Pyongyang from the list of nations accused of supporting terrorism and thus banned from US aid or trade privileges.

The acrimonious debate over most-favored-nation (MFN) treatment for China also provides a useful illustration of how the interests-versus-values debate can paralyze US policy. It is instructive to note that, while the administration could conceivably open a liaison office in Pyongyang with minimal Congressional opposition, establishing full diplomatic relations is a more complex question. The range of economic engagement—a trade treaty that would lead to MFN for North Korea, an investment treaty to provide national treatment for US investment, a tax treaty to protect American investors from double taxation—all must also occur in the context of full diplomatic relations. Similarly MFN, as well as EXIM bank loans and Overseas Private Investment Corporation insurance, must occur after or concurrent with normalization. In this regard, the administration's reluctance to move to full normalization with Vietnam (where the principal political obstacle is personnel missing in action from the Vietnam War) has some relevance in assessing the likely prospects for normalization of US–North Korea ties. Vietnam is a case where major US business interests are pressing to move

forward, and where market-oriented economic reform is well underway. Neither of those factors exist for North Korea.

Such considerations underscore the difficulties ahead in actually normalizing US-DPRK ties, even if the notional three-phase plan for a settlement were to gain cooperation from North Korea. Normalization of US-North Korea relations will almost certainly be a protracted process.

Most prominently, regarding the supply of light water reactors—an enterprise whose cost is likely to exceed \$1 billion—the US role, beyond facilitating the coordination of what will almost certainly be a multilateral enterprise, is problematic at best. The project will likely require Japanese financing, South Korean engineering and maintenance, and perhaps Russian reactors. A direct US government economic role in the project is highly doubtful, though there are signs of interest among US private firms such as Westinghouse and Bechtel. For Seoul, engaging the North on the supply of light water reactors could be an important opportunity to advance the reconciliation process by embarking on a joint economic venture of such large proportions.

Political realities confronting US policy reinforce the importance of multilateral cooperation in realizing a comprehensive solution to the North Korean nuclear problem. They also illustrate how deeply enmeshed in the larger process the issue of cross-recognition has become, particularly, the US-North Korea aspect of it, and how it is related to the North-South reconciliation process.