

THE KOREAN PEACE PROCESS: PROSPECTS FOR PEACE REGIME BUILDING AFTER THE SUMMIT*

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The Korean summit was, indeed, historic, the first-ever meeting in 55 years since the division of the Korean peninsula. It produced an inter-Korean joint declaration of June 15, 2000. This landmark declaration provides a framework for institutionalizing a peaceful coexistence between the two Koreas. Chairman Kim Jong-il's decision to accept the summit meeting symbolizes his strategic policy change toward the South. The Korean peace process continues to build mutual trust and understanding on which a peace regime on the Korean peninsula will be established.

This article has three specific goals: (1) to reevaluate President Kim's policy of engagement which contributed to the historic summit meeting; (2) to examine the significance of the joint declaration and the new Korean peace process after the summit; and (3) to analyze key issues between the two Koreas in the peace process.

* The views expressed in this paper are author's and do not necessarily represent those of the Korea Institute for National Unification. The author expresses a special thank to Dalchoong Kim, President of the Sejong Institute, for allowing this paper to be presented in this journal. This paper was originally presented at International Conference on "Practical Steps From War To Peace on the Korean Peninsula" organized by The Sejong Institute and The Asia Foundation, September 20-23, 2000.

The author has proposed that the two-track approach, encompassing an inter-Korean track and an international track, to peace regime building is the best one. He maintains that the two Koreas need to work together to find alternatives a North Korea-U.S. peace treaty in order to establish a durable peace system on the Korean peninsula.

I. Introduction

The Korean summit between President Kim Dae-jung and Chairman Kim Jong-il was held in Pyongyang on June 13-15, 2000. It was, indeed, historic, this first-ever meeting in 55 years since the division of the Korean peninsula. The historic summit produced an inter-Korean joint declaration of June 15, 2000. This landmark declaration provides a framework for institutionalizing a peaceful coexistence between the two Koreas.

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The objectives of this paper are: (1) to reevaluate President Kim's policy of engagement which contributed to the historic summit meeting; (2) to examine the significance of the June 15 joint declaration and the new Korean peace process after the summit; and (3) to analyze key issues between the two Koreas in the peace process.

Although more than half a century has already passed since the two Korean states were born on the Korean peninsula in 1948, the Korean peninsula is still divided into the Republic of Korea (ROK or South Korea) and the Democratic People's Republic of Korea (DPRK or North Korea). Inter-Korean relations are still characterized by mutual

distrust, animosity, a lack of mutual cooperation and conflicting ideologies.¹ The Cold War system on the Korean peninsula still continues and needs to be dismantled.

Three major arguments are presented in this paper: First, peace regime building on the Korean peninsula will be the first step toward the Korean integration process. The two-track approach, encompassing an inter-Korean track and an international track, to peace regime building is proposed. Second, the two Koreas need to continue to remove key obstacles to the reconciliation, cooperation and peace process. Third, the two Koreas need to work together to find alternatives to the principles of an inter-Korean peace agreement and a North Korea-U.S. peace treaty. Let us take a brief look at the current situation in North Korea under Chairman Kim Jong-il.

II. North Korea Under Kim Jong-il

North Korea is suffering from multiple crises.² Its economy was in serious trouble in the 1990s due to the inherent defects in its Stalinist-type planned economy, economic mismanagement and corruption. In September 1995, for the first time in its history, the DPRK appealed to the World Food Program (WFP), the food-aid agency of the UN, for emergency food aid. The agency has responded with a series of emergency shipments to North Korea. Along with WFP, the Red Cross, NGOs and many countries including South Korea and the U.S. have provided sizable amounts of food to North Korea.

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- 1 For various aspects of inter-Korean relations, see Bae Ho Hahn and Chae-Jin Lee (eds.), *Patterns of Inter-Korean Relations* (Seoul: the Sejong Institute, 1999).
 - 2 For recent developments in North Korea, see Dae-Sook Suh and Chae-Jin Lee (eds.), *North Korea After Kim Il Sung* (Boulder, CO: Lynne Rienner, 1998); Nicholas Eberstadt, *The End of North Korea* (Washington, D.C.: The AEI Press, 1999); and Helen-Louise Hunter, *Kim Il-song's North Korea* (Westport, Connecticut: Praeger, 1999).

The famine situation in North Korea reached a dangerous level. A recent study on the North's famine estimated that some 2.5 million North Koreans died of starvation and hunger-related illnesses from 1994 to 1998.³ It seems that without continuous aid from outside, the death toll will not decrease. North Korea needs 6.5 million tons of grain a year, but actual production is estimated to have been around 4 million tons annually in the 1990s. Thus, the North has run annual shortages of more than 2 million tons. In 1995-1998, food imports from all sources totaled some 1 million tons per year, which fell far short of what the North needed to feed its people. In addition, North Korea's economy recorded a minus growth rate for the last nine consecutive years. But in recent months, North Korea's economy has steadily improved.⁴

North Korea seems politically stable. Kim Jong-il does not have the charisma and authority that his father used to enjoy, and his rule is sustained by adherence to the *juche* ideology, force and terror. Kim's rule is sustainable along with North Koreans' perception of having hostile and aggressive external enemies.⁵ Kim Jong-il, General Secretary of the Korean Workers' Party, the Supreme Commander and Marshall of the Korean People's Army, and Chairman of the National Defense Commission (NDC), has firmly established himself as the North Korean supreme leader. Under the 1998 new constitution, the reorganized NDC is the nation's most powerful organ, and the chairman is the nation's supreme leader in the political, military and economic areas.

3 Andrew Natsios, "The Politics of Famine in North Korea," *United States Institute for Peace Special Report*, August 2, 1999, p. 8.

4 Doug Struck, "N.Korea Back From the Brink: Aid Helps End Mass Starvation," *The Washington Post*, September 5, 2000.

5 In a similar context, Robert Scalapino argues that the North Korean government has sent three messages to the people to ensure their support for the regime, i.e., fear of external threat, unity under leader-party-nation, and unremitting labor. Robert A. Scalapino, *The Last Leninists: The Uncertain Future of Asia's Communist States* (Washington, D.C.: The Center for Strategic and International Studies, 1992), p. 56.

Kim Jong-il's power is heavily dependent on the military's support. He has promoted loyal men in the armed forces and provided the highest material benefits to the military. Consequently, the military's status and influence in North Korea have greatly increased and the military's hard line position on North Korean policies is likely to undermine efforts to establish peace and unification on the Korean peninsula.⁶

Diplomatically, North Korea was isolated.⁷ Its traditional allies, the Soviet Union and China, normalized relations with South Korea in 1990 and 1992 respectively and now China remains its ally. It is not certain whether North Korea will be able to rely on China automatically providing military aid and intervention in the case of a war on the Korean peninsula. North Korea has yet to establish diplomatic relations with the U.S. and Japan. North Korea was insecure, but it keeps stubbornly its own logic for survival.⁸ However, North Korea has recently expanded its diplomatic activities from self-imposed isolationism to forward diplomacy for its survival.

A number of different scenarios for North Korea's future are conceivable. Robert Scalapino suggests four possible scenarios for the Asian Leninist states (North Korea, China, and Vietnam), i.e., "muddling through," "big bang," (explosive upheavals and disintegration), a rapid transition to political pluralism and an open society, and "authoritarian pluralism."⁹ He predicts that the Leninist states are most likely to take the road to authoritarian pluralism in the short term. Nicholas Eberstadt lists three options available to the North

6 Dae-Sook Suh, "North Korea: The Present and the Future," *The Korean Journal of Defense Analysis*, vol. 5, no. 1 (Summer 1993), p. 74.

7 For North Korea's foreign relations in recent years, see Samuel Kim (ed.), *North Korean Foreign Relations in the Post-Cold War Era* (New York: Oxford University Press, 1998).

8 For an analysis of North Korea as a rational, insecure state, see Denny Roy, "North Korea as an Alienated State," *Survival*, vol. 38, no. 4 (Winter 1996-97), pp. 22-36

9 Robert A. Scalapino, *op. cit.*, pp. 84-86.

Korean regime, i.e., policy reform, “muddling through,” and collapse.¹⁰ According to his analysis, North Korea has neither the will nor the capability to carry out effective policy reform, has been “muddling through” since the revolutions of 1989 in Eastern Europe, and has been dealing with the possibility of its eventual collapse by using nuclear weapons as “a sort of insurance policy for the regime and its leadership.”¹¹

The North Korean regime will likely survive for decades.¹² The question is: How to manage the Korean peace process by controlling Pyongyang’s fall? In this connection, Seoul can pursue one of the two options: it can either seek a “crash-landing” of Pyongyang, or induce a “soft-landing.”

A crash-landing of Pyongyang or sudden collapse from within is not desirable for a number of reasons. Seoul does not have the economic capability enough to absorb North Korea. Considering Seoul’s economic setbacks in recent years and even under the South Korean economic recovery, Korean unification after the German model would be a heavy blow to Seoul’s economy and the Korean economy might lose its competitive edge for many years to come. The Korean people can-

10 Nicholas Eberstadt, “North Korea: Reform, Muddling Through, or Collapse?” in Henriksen, Thomas H. and Kyongsoo Lho (eds.) *One Korea? Challenges and Prospects for Reunification* (Stanford, CA: Hoover Institution Press, 1994), pp. 22-27.

11 *Ibid.*, p. 27.

12 Some analysts believe that North Korea is likely to survive for decades. Selig S. Harrison, for example, argues that North Korea is not likely to implode or explode in the foreseeable future, and “could well erode over a period of five to 10 years if the United States and its allies remain wedded to policies that exacerbate the economic problems facing the Kim Jong Il regime. Selig S. Harrison, “Promoting a Soft Landing in Korea,” *Foreign Policy*, no. 106 (Spring 1997), p. 60. Dae-Sook Suh, North Korea expert at the University of Hawaii, also shares Harrison’s view that North Korea is not likely to fall soon. Cf. Dae-Sook Suh, “North Korea: The Present and the Future,” p. 76. Hwang Jang-yop, the highest-ranking defector, also predicted that North Korea is not going to collapse within one or two years. “The North Korean Regime not to Fall Within 1-2 Years,” *Chosun Ilbo*, July 7, 1997.

not afford to lose their hard-earned economic prosperity for immediate national unification.

If North Korea's economic situation deteriorates, its famine spreads and its international isolation deepens, Kim Jong-il may attempt to hold to power by causing a crisis on the Korean peninsula. Under these circumstances, tensions in Korea and Northeast Asia are going to run high. Seoul's hard-line policy toward Pyongyang will strengthen the position of hard-liners within Pyongyang. In short, there will be a great danger of a war on the Korean peninsula. North Korea's political instability, poverty and social unrest may lead to an implosion in North Korea. It is, therefore, in Seoul's interest to help Pyongyang improve its economic situation and join the international community as a full-fledged member.

In contrast, a "soft-landing" in North Korea or gradual adoption of a market economy and liberal democracy is desirable and feasible. North Korea is currently trying to emulate Deng Xiaoping's economic development model. North Korea is trying to implement limited economic reforms to cure its chronic economic illness.¹³ Economic reform and an open-door policy, no matter how limited they may be, will set in motion irrevocable changes inside the Stalinist regime. As the economic structure begins to change under the impact of new economic policies and contacts with the outside world, the existing political and social structure is bound to change. A short cut to the peaceful unification of Korea is through inter-Korean economic cooperation.

The question is how to induce a soft-landing in North Korea. The best way is to bring North Korea out of international isolation and to engage it economically. Pyongyang is likely to engage in meaningful dialogue with Seoul if it is fully accepted as an equal member of the international community and its economic situation improves. An iso-

13 Kim Jong-il seems to be pursuing a limited economic reform policy intent on creating an "export economy" by establishing the Rajin-Sonbong economic zone in the far northeast of the Korean peninsula.

lated and insecure North Korea will retrench, but a self-confident North Korea will reach out and seek dialogue with Seoul for its survival.

To induce a soft-landing in North Korea, the Kim Dae-jung government in February 1998 adopted a new policy toward North Korea. Let us now turn to Seoul's new policy toward Pyongyang to search for a peace regime on the Korean peninsula.

III. Inter-Korean Perspective on Peace Regime Building: ROK's Engagement Policy Toward North Korea

With the inauguration of President Kim Dae-jung in February 1998, the South Korean government adopted a new policy toward North Korea known as the "Sunshine Policy."¹⁴ The basic objective of this new policy is to improve inter-Korean relations by promoting reconciliation, cooperation and peace. At the present stage, it can be pointed out that it is more important to establish peaceful coexistence between the two Koreas than to push for immediate unification. Two specific goals were: (1) peaceful management of the national division. The new government wants to reduce tensions and conduct arms control, thereby deterring another war on the Korean peninsula; and (2) promotion of a favorable environment for North Korea to change and open itself without fear.¹⁵ To induce North Korea's soft-landing, the South wants

14 For the further details, see the Inaugural Address by President Kim Dae-jung of the Republic of Korea, entitled, "The Government of the People: Reconciliation and a New Leap Forward, Seoul, February 25, 1998, in *Korea and World Affairs*, vol. XXII, no. 1 (Spring 1998), pp. 93-99. *Kookmin ui Jongbu Daebuk Jongchaek* (North Korea Policy of the Government of the People). (Seoul, Korea: Ministry of Unification, 1998). Text in Korean.

15 For details, see Pak Jonghwa, et al., *The Kim Dae-Jung Government, The Sunshine Policy* (Seoul, Korea: Millennium Books, 1999), pp. 89-117; For an official policy, see *Policy Toward North Korea for Peace, Reconciliation and Cooperation* (Seoul, Korea: Ministry of Unification, ROK, 1999)

to encourage the North to open itself and transform its economy by adopting a market-oriented economy.

President Kim's North Korea policy aims to engage the North in more exchanges and cooperation with the South, and encourage the North toward further opening and change. This policy is based on three principles: First, no armed provocation by North Korea will be tolerated. The ROK will maintain a strong security posture against North Korea to deter war and will make it clear that it will respond to any provocation. At the same time, South Korea will continue efforts to reduce tensions and build mutual confidence, thus creating a favorable environment conducive to a durable peace on the Korean peninsula.

Second, a takeover or absorption of North Korea will not be attempted. The ROK government has neither desire to harm North Korea nor to absorb it unilaterally. Rather than promoting the collapse of North Korea, South Korea intends to work toward a peaceful coexistence with the North, thus creating an atmosphere favorable to the formation of a South-North national community. Such a community will gradually lead to peaceful unification.

Third, reconciliation and cooperation will be expanded. The South Korean government will do its best to promote reconciliation and cooperation with the North in order to resolve the hostility between the two Koreas accumulated since the division of the peninsula. The South wants to implement the 1991 Agreement on Reconciliation, Non-aggression and Exchanges and Cooperation between the South and the North, often referred to as the Basic Agreement.

Under these three principles, the Seoul government has adopted six guidelines for implementing the ROK's new North Korea policy: (1) Strong national security and inter-Korean cooperation will be promoted in parallel; (2) The promotion of peaceful coexistence and inter-Korean cooperation will be a top priority; (3) An environment conducive to opening and system transformation in North Korea needs to be created; (4) Common interests need to be promoted; (5) The princi-

ple of self-determination and winning support from the international community should be adhered to; and (6) The implementation of a North Korea policy needs to be based on national consensus.

President Kim's government put forward six directions for implementing a new policy principles and guidelines. These are: (1) Reactivation of the 1991 Basic Agreement through inter-Korean dialogue; (2) Separation of business from politics; (3) Reunions of separated families; (4) Flexibility in providing food aid to North Korea; (5) Continued commitment to the light-water reactor project; (6) Creation of a peaceful environment on the Korean peninsula.

The Kim Dae-jung government has consistently implemented its engagement policy towards North Korea for the last two and a half years. As a result, this policy has become successful. First, the engagement policy has prevented a war on the Korean peninsula, and has contributed to an international environment in which the Cold War system on the Korean peninsula could be dismantled. Further, it has also contributed to the stable management of problems relating to North Korea's nuclear freeze and long-range missile testing.¹⁶

Second, the engagement policy has contributed to tension-reduction on the Korean peninsula and a favorable environment for improving inter-Korean relations. Thus, inter-Korean economic cooperation and exchanges on a non-governmental level have been substantially expanded. From Kim's inauguration in February 1998 to May 2000, over 10,000 South Koreans (Mt. Kumgang tourists excluded) have visited North Korea. The Mt. Kumgang sightseeing project constitutes a milestone in the history of inter-Korean cooperation since the division of the Korean peninsula. More than 240,000 tourists (including 356 foreigners) visited Mt. Kumgang between November 18, 1998, when the

16 For North Korea's nuclear issues, see Leon V. Sigal, *Disarming Strangers: Nuclear Diplomacy with North Korea* (Princeton: Princeton University Press, 1998); Young Whan Kihl and Peter Hayes, (eds.), *Peace and Security in Northeast Asia: The Nuclear Crisis and the Korean Peninsula* (Armonk, NY: M.E. Sharpe, 1997).

first cruise ship bound for Mt. Kungang left, and the end of May 2000. Inter-Korean trade began in 1989 with a meager turnover of approximately US\$18 million, and in 1999 inter-Korean trade volume reached US\$330 million.¹⁷

Third, the ROK government policy encouraged inter-Korean sports games, exchanges of separated family members, and cultural exchanges between Seoul and Pyongyang. The sports and cultural exchanges have been active in recent years, contributing to the mutual understanding of South and North Koreans.

The ROK's consistent policy of engagement toward the North contributed to Chairman Kim Jong-il's decision to agree to the landmark inter-Korean summit meeting.

The Significance of the Inter-Korean Summit Talks

President Kim Dae-jung and Chairman Kim Jong-il held historic summit meetings in Pyongyang on June 13-15, 2000.¹⁸ The Korean summit was the first since the division of the country in 55 years, and was significant in promoting mutual understanding and trust. The historic meeting produced a South-North Joint Declaration of June 15, 2000, which included the following:

1. The South and the North agreed to resolve the question of reunification independently and through the joint efforts of the Korean people.
2. Both sides recognized that there is a common element in the South's proposal for a confederation and the North's proposal for a low level of federation as the formulae for achieving reunification, and the South and the North agreed to promote reunification in that direction.

17 <http://www.kois.go.kr/government/president/2000/s-n/focus/rel.html>.

18 For South Korean government's official account of the summit, see *Together As One, The Inter-Korean Summit Talks: Opening a New Era in the History of Korea* (Seoul, Korea: Ministry of Unification, ROK, July 2000).

3. The South and the North agreed to promptly resolve humanitarian issues such as exchange visits by separated family members and relatives on the occasion of the August 15 National Liberation Day and the question of unswerving Communists who have been given long prison sentences in the South.
4. The South and the North agreed to consolidate mutual trust by promoting balanced development of the national economy through economic cooperation and by stimulating cooperation and exchanges in the civic, cultural, sports, public health, environmental and all other fields.
5. The South and the North agreed to hold a dialogue between relevant authorities in the near future to implement the above agreement expeditiously.

President Kim Dae-jung cordially invited Chairman Kim Jong-il to visit Seoul, and Chairman Kim will visit Seoul in the spring of 2001.

This five-point declaration resulted from a historic decision by President Kim Dae-jung and Chairman Kim Jong-il. Both leaders had frank heart-to-heart talks for over eleven hours to build mutual trust. Both understood each other's positions and policies. Let us take a look at the significance of the summit and the June 15 Joint Declaration. First, this was the first agreement signed by the leaders of the two Koreas in 55 years since the division of the Korean peninsula. Second, the Declaration confirmed the independence principle of solving the Korean issue by Koreans themselves. Establishment of peace on the Korean Peninsula, inter-Korean cooperation and national unification are issues that the South and the North should play principal roles in resolving through dialogue and negotiation.

Third, South and North Korea agreed that they would first lay a foundation for unification through peaceful coexistence, reconciliation and cooperation, and work out the common ground of their unification formulae through talks.

Fourth, Inter-Korean cooperation is needed to realize the reunion of separated families. Both leaders agreed that reuniting separated family

members is a humanitarian issue that must be resolved as a top priority. The South and North agreed that the issue should be worked out gradually. The process should be step-by-step, and not be a one-time deal. Rather it must be institutionalized so that ultimately, all separated family members will be reunited. As the first step, the two sides agreed to allow separated family members to meet one another on the occasion of the 55th anniversary of the National Liberation.

Fifth, promotion of inter-Korean economic cooperation is beneficial to both sides. Initial cooperative projects include the reconnection of the Seoul-Shinuiju railroad line and the anti-flood project on the Imjingang River. Both sides will discuss inter-Korean agreements on financial settlement, investment guarantees, avoidance of double taxation, and arbitration of disputes.

Sixth, there is an agreement on the return visit to Seoul by Chairman Kim Jong-il. The exchange of visits by the two leaders of the South and North will greatly improve bilateral relations, build mutual trust, and serve as an occasion to guarantee implementation of various inter-Korean agreements. The exact date for Chairman Kim's visit to Seoul will be determined in upcoming meetings. Seventh, the Declaration contributes to the stability of Northeast Asia and world peace. The two leaders has confirmed that they have no intention of invading the other side and they will refrain from any acts threatening the other side. President Kim urged Chairman Kim to settle pending international disputes with the parties concerned, including the North's missiles issue, at an early date so that Pyongyang's relations with neighboring countries would be improved. According to President Kim, Chairman Kim has said, "it is desirable that the American troops continue to stay on the Korean peninsula and that he sent a high-level envoy to the United States to deliver this position to the American side."¹⁹

19 Doug Struck, "South Korean Says North Wants U.S. Troops to Stay: Summit Declaration Called 'a Great Relief,'" *The Washington Post*, August 30, 2000.

In short, this landmark declaration provides a framework for building a peace regime on the Korean peninsula.

IV. Developments in Inter-Korean Relations After the Summit

Follow-up measures will be discussed, including the South and North Red Cross talks and agreements, the first and the second ministerial talks. Let us take a look at developments in inter-Korean relations after the June summit meeting.

1. The South and North Red Cross Talks and Agreements

The South and North Korean Red Cross met on June 27-30, 2000 at Mt. Kumgang Hotel, to negotiate the details of the agreement reached in the Joint Declaration to resolve humanitarian issues. The two sides agreed to exchange visits by separated families, set up and operate a permanent meeting place and repatriate unconverted long-term prisoners to North Korea.

The major agreements included: (1) Exchange visits of two 100-member groups of South and North Korean families in Seoul and Pyongyang on August 15-18, meeting with their families and relatives; and (2) the repatriation of all of the unconverted long-term prisoners who wish to return to the North in early September. These agreements were successfully carried out as scheduled.

The agreement is the first of the concrete projects produced after the South-North Joint Declaration. The agreement is a first step toward routine exchanges of South-North separated families, and a beginning of a standing mechanism to resolve various issues of separated families. By laying the ground for the separated families to confirm the whereabouts of their separated kin, exchange correspondence, and by setting up a permanent meeting place where they can meet regularly,

the agreement can resolve pains of the separated families. The agreement is significant in the sense that it was the first in 15 years since the two Koreas exchanged 50 separated families in 1985.

The agreement to repatriate unconverted long-term prisoners can also be construed in a positive manner to mean that separated families will eventually be able to live together in the region of their choice. On the repatriation of the South Korean prisoners of war, or those believed to be kidnapped by the North and currently residing in the North, the South Korean government will continue to work with the North to return them to the South.

2. The First Inter-Korean Ministerial Talks in Seoul

The first South-North Ministerial Level Talks were held in Seoul on July 29-31, 2000 to implement the June 15 joint declaration.²⁰ The South and the North agreed to: (1) on August 15, 2000, reopen the South-North liaison offices at Panmunjom, which had been suspended since November 1996; (2) cooperate and take appropriate measures to ensure that members of Chongryun (the General Association of Korean Residents in Japan) can form tour groups to visit their hometowns; (3) reconstruct the Seoul-Shinuiju Railway and discuss the issues relating to the construction at an early date; and (4) hold the second South-North ministerial talks on August 29-31 in Pyongyang.

The first inter-Korean ministerial level talks present several significant meanings. First, the talks reaffirmed the commitment of the two Koreas to implement the June 15th Joint Declaration to the 70 million Koreans and the world. In addition, through the ministerial talks, the two sides provided basic principles and approaches to implementing the declaration through negotiation and sincere dialogues between the

20 For details, see *The 1st South-North Ministerial Talks, 2000.7.31* (Seoul, Korea: Ministry of Unification, ROK, 2000).

two Koreas.

Second, reopening of the South-North liaison offices at Panmunjom indicates North Korea's policy change and its willingness to work together to resolve the Korean issue by the South and the North.

Third, by agreeing to let the pro-Pyongyang residents visit their hometowns in the South, the two sides were able to expand the scope of the separated families issue to extend to Koreans living abroad. Fourth, reconstruction of the Kyongui Railway marks the beginning of building an inter-Korean economic community. Fifth, the second inter-Korean ministerial talks were scheduled in late August, and both sides are expected to meet on the regular basis to implement the Joint Declaration.

3. The Second Inter-Korean Ministerial Talks in Pyongyang

Unification Minister Park Jae-kyu and the North's chief delegate, Jon Kum-jin, met on August 29-September 1 in Pyongyang, to discuss the follow-up measures after the first inter-Korean ministerial talks in Seoul, and made a 7-point statement as a result of the second inter-Korean ministerial talks. Chairman Kim Jong-il met with Minister Park Jae-kyu on September 1 and affirmed his efforts to implement the Joint Declaration. Kim and Park discussed issues of mutual concern in depth. Both sides agreed to continue to hold inter-Korean meetings to build trust and reduce tension on the Korean peninsula. Both sides didn't reach agreement on the issues such as the establishment of a military hotline and a meeting of defense ministers between the two Koreas. Although they failed to set a date, they on September 1 in Pyongyang agreed to hold inter-Korean military talks in the near future. The planned inter-Korean military talks would further improve relations and achieve peace on the Korean Peninsula. The two sides also agreed to hold a working-level meeting in September that will focus on making institutional arrangements for economic cooperation

such as an investment guarantee, the restoration of the Seoul-Sinuiju railroad line and the construction of a highway linking Munsan with Kaeseong in the North. Seoul and Pyongyang also agreed on exchange visits of separated families on two occasions in the latter part of this year. In the middle of September a group of 100 South Koreans is scheduled to visit Mt. Bakdu in the North, and a similar group of 100 North Koreans will climb Mt. Halla in the South. The two sides also agreed to hold a third inter-Korean ministerial meeting on September 27-30 on the Cheju Island.²¹

The second inter-Korean ministerial talks demonstrated once again that North Korea's foremost concern is economic cooperation. The North readily accepted the South's proposal to hold working-level talks on the legal framework for economic cooperation, including an agreement on investment guarantees. Pyongyang also drew a pledge by Seoul to provide food aid in the form of loans to North Korea. Furthermore, Chairman Kim Jong-il proposed to send an economic team to South Korea to study Seoul's economic development when he met Minister Park on September 1. These show the North's top priority is inter-Korean economic cooperation, rather than military and political issues. The agreement on the South's "loan" of rice to the North at the second inter-Korean ministerial talks is also noteworthy. It was the first time that the North formally asked for Southern rice aid.

Since 1995, the South Korean government and civic groups have sent food, fertilizer and other relief goods worth \$459 million to the North in grant-type aid. It has not yet been determined how the North will repay the loan. The decision to loan rice to the North is expected to weaken some criticism from conservatives in the South that the Seoul government has given up the principle of reciprocity in dealing with the North.²²

21 For details, see *Dong-A Ilbo*, September 2, 2000.

22 Shin Yong-bae, "N.K. emphasis on economic ties confirmed in talks with South," *The Korea Herald*, September 4, 2000

Korean Workers' Party Secretary Kim Yong-sun, a special envoy of Chairman Kim Jong-il, visited Seoul on September 11-14, 2000, to discuss pending issues, including Chairman Kim's visit to Seoul, reunion of separated families, inter-Korean defense ministers' meeting and inter-Korean economic cooperation, with Mr. Lim Dong-won, a special aide to President Kim. KWP Secretary Kim's four-day stay in Seoul provided better opportunities for strengthening inter-Korean ties. The two Koreas issued a seven-point joint press statement outlining the agreement they reached during his stay.²³ The agreement said that Chairman Kim will visit Seoul in the near future and that Mr. Kim Yong-nam, ceremonial head of the state, will also visit Seoul this year.

South and North Korea agreed to open inter-Korean economic talks on Sept. 25 to create institutional frameworks for bilateral economic cooperation, such as agreements on protection of investment and avoidance of double taxation. The two Koreas also agreed to organize a 15-member North Korean economic delegation's trip to Seoul in September.

With regard to military dialogue, the two Koreas agreed to a meeting between defense ministers on the Cheju Island on September 25-26, 2000. The inter-Korean defense ministers' meeting will discuss confidence-building measures, including the installation of a hotline and information sharing of each other's military exercises and troop movements. The Red Cross societies of the two Koreas are scheduled to resume talks on September 20 at Mt. Kumgang to discuss issues related to separated families, including the plan for two more exchange visits of separated families and the proposal to establish a permanent reunion place.

What should be done for the Seoul government to further improve inter-Korean relations in the coming months? The ROK government

23 For details, see Chon Shi-yong, "Two Koreas to begin dialog on promoting trade, investment," *The Korea Herald*, September 15, 2000; Dong-A Ilbo, September 15, 2000.

will continue to pursue a consistent policy of engagement with North Korea. The inter-Korean ministerial talks will discuss a visit to Seoul by Chairman Kim Jong-il. And to prevent any unexpected military incidents, the ROK government will call for the establishment of a direct military hot line between the two Koreas.

In the area of inter-Korean economic cooperation, the ROK government will push forward the projects that benefit both sides. The South needs to prepare an institutional and legal framework for settling accounts and guaranteeing investments, and then propose these to the North.

With regard to inter-Korean cooperation in the cultural, arts and athletic areas, related private organizations will take the initiative in promoting inter-Korean cooperation in collaboration with the ROK government. In sports, the ROK government successfully realized simultaneous entry of South and North Korea under the same flag inscribed with a blue picture of the Korean peninsula in the opening ceremony of the 2000 Sydney Olympic Games. Seoul also wishes to organize a single team in the 2001 World Table Tennis Championship; will urge the North to take part in the 2002 Asian Games; will try to hold part of the 2002 World Cup soccer finals in the North and form a unified team; and will push the revival of the traditional Seoul-Pyongyang soccer match.

While strengthening the coordination of policies with the United States and Japan, South Korea will support the participation of North Korea in the international community. The South will continue to pursue its North Korea policy in conjunction with the Perry process proposed in 1999 by former U.S. Defense Secretary William Perry.

The ROK government has received international support for the inter-Korean summit and the principle of resolving the Korean issue by Koreans peacefully, as the G-8 Summit, the ASEAN Regional Forum (ARF) in July 2000 supported it. The United Nations Millennium Summit in early September 2000 in a statement issued by the co-chairs of

the UN Summit²⁴ also supported the historic inter-Korean summit and the joint inter-Korean declaration. Such an effort will be also made at the Asia-Europe Meeting (ASEM) in October in Seoul.

If the peace process on the Korean peninsula continues in the future, there will be opportunities to implement Article 5 of the Basic Agreement (effective February 19, 1992), which is an important provision for establishing a durable peace system in Korea.²⁵

There are a few formulas for establishing a durable peace on the Korean peninsula. Among them, the four-party peace talks as an approach to peace are probably the best in order to establish a peace regime on the Korean peninsula from an international perspective. Let us now turn to the four-party Korean peace talks.

V. International Perspective on Peace Regime Building: The Four-Party Peace Talks

On April 16, 1996, the ROK and US governments jointly proposed a four-party peace conference to discuss the issue of building a new peace regime on the Korean peninsula.²⁶ The proposal called for a joint meeting of the four parties concerned—the two Koreas, China and the United States—as soon as possible and without preconditions.” “The

24 Chon Shi-yong, “Kim asks global leaders to back peace bid: Millennium Summit co-chairs issue statement supporting Joint Declaration,” *The Korea Herald*, September 8, 2000.

25 Tae-Hwan Kwak, “Basic Issues in the Peace Process on the Korean Peninsula,” Chapter 10, in Tae-Hwan Kwak and Edward A. Olsen (eds.), *The Major Powers of Northeast Asia: Seeking Peace and Security* (Boulder, Colorado: Lynne Rienner Publishers, Inc., 1996), pp. 217-220.

26 For details, see Tae-Hwan Kwak, “The Four-Party Peace Treaty: A Creative formula for Building a Peace Regime on the Korean Peninsula,” *The Korean Journal of Defense Analysis*, Vol. IX, No. 2 (Winter 1997), pp. 117-135; Tae-Hwan Kwak/Seung-Ho Joo, “The Four-Party Peace Talks: Inter-Korean Bilateral Agenda,” *Pacific Focus*, Vol. XII, No. 1 (Spring 1997), pp. 5-24.

purpose would be to initiate a process aimed at achieving a permanent peace agreement,” and “this process also should address a wide range of tension reduction measures,” according to the Korea-US joint announcement.

After sixteen months of protracted negotiations, the first round of preliminary peace talks was convened on August 5-7, 1997 in New York to decide on the date, venue, and agenda for substantive negotiations at the four-party peace talks. The US, China, and the two Koreas agreed to hold the four-party peace talks in Geneva and also agreed on the format for the peace talks, which envisages a general conference and sub-committee meetings on separate agenda items. As expected, the issue of determining the agenda items proved most difficult and the meeting was adjourned without agreeing on the agenda.

North Korea put forward the withdrawal of US forces from South Korea as an agenda item, and also proposed to discuss the issue of concluding a peace treaty between North Korea and the United States. On the other hand, South Korea proposed to discuss peace regime building and confidence-building measures between the two Koreas. The US wants a “general” agenda that focuses on stability, security and confidence-building measures. China proposed to discuss improvement of bilateral relations among the four parties along with confidence-building measures. Meanwhile, North Korean chief delegate Kim Gye-gwan noted that the withdrawal of 37,000 US forces stationed in the South is a “key issue” and that the establishment of a peace system on the Korean peninsula is possible only through the withdrawal of US forces and the signing of a peace treaty between the US and North Korea.

A second round of the four-party preparatory meeting was held in New York City on September 18-19, 1997. This meeting failed to produce an agreement on agenda items to be discussed at the four-party plenary session. At the second round, North Korea refused to soften its demands that the agenda for the four party peace talks include the

withdrawal of US troops from South Korea and a US-North Korea peace treaty. North Korea's firm position was viewed as its reluctance to hold the four-party peace talks with the Kim Young Sam government.

At the informal meeting, North Korea repeated its demand for a guarantee of massive food aid before the convening of the four-party Korean peace talks in Geneva. South Korea and the United States again rejected North Korea's demand, maintaining that food aid to North Korea should not be a precondition for holding the four-party peace talks.

On the other hand, South Korea and Washington proposed at the first round on August 5, 1997 that the four-party plenary session deal with two topics: peace regime building on the Korean peninsula and steps to reduce tension and building confidence between the two Koreas. South Korea, in fact, had slightly revised its position at the second round meeting by proposing a single, comprehensive agenda, i.e., peace regime building on the Korean peninsula and issues concerning tension-reduction.

The second round in September again stalled over the issue of US troops and food aid to North Korea. The North's demands for the agenda of the four-party Korean peace talks—the issue of US troops withdrawal and a Washington-Pyongyang peace treaty—are not acceptable to the United States and South Korea. However, the food aid issue could be negotiable. It appeared that North Korea would not participate in formal negotiations in the near future without a guarantee of massive food aid. At this point, South Korea could not take any further steps to realize the four-party peace talks unless North Korea showed willingness to compromise.

After the second round of the preliminary peace talks broke down, as North Korean chief delegate Vice Foreign Minister Kim Gye-gwan told reporters that "The only thing we require here is all the patience and time to settle these issues," Pyongyang needed more time. Thus, it

may be in the best interest of Seoul and Washington to wait until Pyongyang changes its attitude.

At the third round of the preliminary talks on November 21, North Korea agreed to participate in the plenary session of the four-party peace talks on December 9, 1997 in Geneva. The four parties agreed to an agenda- “the establishment of a peace regime on the Korean peninsula and issues concerning tension reduction there.” The agenda is deliberately broad and simple enough to assure that all parties are free to raise any issue at the plenary meeting.

Why did North Korea agree to hold the plenary session? There are three plausible explanations: (1) the US government assured that it would provide more food aid to North Korea; (2) China may have persuaded the North Korean leadership to join the plenary session in Geneva; and (3) North Korea may have thought that the issue of US troop withdrawal could be added on the agenda at the Geneva meeting.

The first plenary session was finally held on December 9-10, 1997 in Geneva to discuss the establishment of a peace mechanism on the Korean peninsula. Little progress was made at the meeting because North Korea repeated two of its long-lasting demands: US troop withdrawal and the conclusion of a peace treaty with the US, excluding South Korea. The four parties failed to agree on a specific agenda and the formation of sub-committees. They, however, did agree to the date of the second plenary session on March 16, 1998 and an ad hoc sub-committee meeting in mid-February in Beijing to prepare for the March meeting in Geneva and to come up with recommendations for the parties.

The second plenary session was held on March 16-21, 1998 in Geneva. The South proposed that Seoul and Pyongyang set up joint committees to implement the bilateral Basic Agreement signed in 1991. Pyongyang rejected the proposal. The four-party peace talks were delayed by more than five hours because of a dispute over who would sit where in the meeting room at the first day of the session. The four parties failed to agree on how to organize subcommittees to deal with

the agenda of the peace talks aimed to come up with a peace regime on the Korean peninsula. The second session of the four-party peace talks adjourned on March 21 without making any tangible progress, even failing to set the date for a next session.

The third plenary session of the four-party talks was held in Geneva from October 21 to 24, 1998. The four parties agreed to establish two subcommittees to discuss respectively the establishment of a peace regime on the Korean Peninsula and tension-reduction there. The four party delegations adopted a Memorandum on the Establishment and Operation of the Subcommittees to spell out the proper procedures the subcommittees should follow. Much procedural work was completed, while the substantive matters became items to be discussed at the fourth and future plenary sessions. They agreed to the date of the fourth plenary meeting in Geneva in January 1999.

The fourth plenary session of the four-party talks was held in Geneva from January 18 to January 22, 1999. The two subcommittees on the establishment of a peace regime on the Korean Peninsula and tension-reduction there—held meetings over two days during the fourth plenary on January 20-21. The two subcommittees agreed on procedures for their operation, exchanged substantive views, and reported to the plenary on January 22 on their activities. The establishment of procedures by the two subcommittees is expected to expedite progress on substantive issues in future sessions of the Four Party Talks. The four parties can now begin to discuss substantive talks designed to take concrete steps towards establishing a new peace regime in place of the armistice, and reducing tension on the Korean Peninsula. They also agreed that the fifth plenary session would be held in Geneva in mid-April 1999.

The fifth plenary session of the four-party peace talks was held in Geneva from April 24 to April 27, 1999. The two subcommittees held meetings over two days, on April 25-26. North Korea repeatedly insisted that the U.S. troop withdrawal and a peace treaty between the U.S.

and North Korea be agenda items to be discussed at the plenary session of the four-party talks. On the other hand, South Korea proposed confidence building measures, including establishing a hotline between the two Koreas' military authorities and mutual exchange of observers during military exercises. South Korea maintained that the four-party talks should first discuss issues easy to resolve.

In the subcommittees, detailed substantive views were exchanged and the subcommittees reported to the plenary on their activities, noting in their reports that serious differences in positions exist. The four parties failed to set agenda items, but agreed to continue to discuss substantive issues, and proposals for agenda items, at the next session.

The sixth plenary session of the four-party talks was held in Geneva in August 5-9, 1999. The four parties again failed to set agenda items because of North Korea's repeated demands for U.S. troop withdrawal and a US-North Korea peace treaty.²⁷

As discussed above, the four parties have had six plenary sessions where North Korea repeatedly maintains that the four party peace talks should deal with the two issues of U.S. troop withdrawal and the conclusion of a peace treaty between the U.S. and North Korea. The four parties have yet to set agenda items to be discussed at the four-party talks. While South Korea has kept its stand that it is desirable to start with those issues that are easily resolved, North Korea has tenaciously maintained its position that the withdrawal of U.S. troops and a Washington-Pyongyang peace treaty should be resolved more than anything else. Consequently they have made little tangible progress in the talks. All the four parties have achieved as of today is to organize two subcommittees: a peace regime building committee and tension

27 For the role of U.S. forces in Korea in building a peace regime from a South Korean perspective, see Cho Seong-ryoul, "A Peace Settlement on the Korean Peninsula and U.S. forces in Korea," *Vantage Point*, Vol.23, No.8 (August 2000), pp. 40-50; Kim Sung-han, "Inter-Korean Summit & Its Regional Implications," *IFANS Review*, Vol.8, No.1 (June 2000), pp. 13-25.

reduction committee.

As President Kim Dae-jung on August 24, 2000 said, “Through the four-party talks, attended by the two Koreas, the United States and China, there should emerge a complete consensus on establishing the permanent peace system on the Korean peninsula,”²⁸ a peace regime on the Korean peninsula must be established at the four-party talks. President Kim said in a dinner speech before 700 American leaders in New York on September 8, 2000, “As principal parties, the two Koreas should sign the peace treaty, which the United States and China will support and endorse.”²⁹ It is significant that President Kim wants to reactivate the deadlocked four party Korean peace talks in the new era of inter-Korean reconciliation and cooperation.

United Nations Secretary-General Kofi Annan called for an “international support structure” to bolster the current Korean peace process, which has been on track since the historic June inter-Korean summit. Although Mr. Annan didn’t specify what an international support structure should be like, some experts said that it might mean a structure to guarantee peace and stability on the Korean peninsula jointly by the UN and/or the four major powers. With regard to the type of international support structure, Annan said it should depend on ensuing developments on the Korean peninsula. UN Secretary-General Annan himself pledged his full support to the current efforts by the two Koreas to end the animosity that lasted half a century.³⁰ At the Millennium Summit, Mr. Annan met President Kim Dae-jung, and did not meet Kim Yong-nam, ceremonial head of state as chairman of the Presidium of the Supreme People’s Assembly, who cancelled his trip to the UN Millennium Summit because of an unfortunate security search

28 Lee Chang-sup, “Kim Proposes Inter-Korean Peace Accord,” *The Korea Times*, August 25, 2000

29 For details of President Kim’s dinner speech, see *The Korea Times*, September 10, 2000

30 Son Key-young, “UN Chief Annan Calls for ‘Int’l Support Structure’ on Korean Peace Process,” *The Korea Times*, September 3, 2000

incident at Frankfurt Airport in Germany.³¹

The two Koreas should play central roles in transforming the armistice agreement into a peace regime on the Korean peninsula at the four-party peace talks. Since the 1953 Korean armistice agreement is a multilateral treaty, a peace treaty to replace the armistice agreement in the future should also be a multilateral one. As an alternative to the two plus two formula, the four parties could sign an international agreement, which might be called, "Joint Declaration on a Comprehensive Peace on the Korean Peninsula." This joint peace declaration is in effect equivalent to a four-party peace treaty and a system of collective security, whereby a unification-oriented peace regime on the Korean peninsula will be established. The four parties will collectively guarantee this agreement. In addition, the UN Security Council could pass a resolution to guarantee a Korean peace agreement.

VI. Concluding Remarks

As discussed in this paper, North Korea is economically a failed state. In a desperate attempt for survival, North Korea is now slowly to outside world. President Kim's Sunshine Policy toward North Korea will not attempt to absorb the North, but help the North survive with its own system. At present, the survival of North Korea is in the best interests of both South and North Korea. Now is the opportune time for South and North Korea to sincerely cooperate with each other for building a peace regime on the Korean peninsula.

The missile agreement between the U.S. and North Korea in September 1999 and the comprehensive approach to North Korea as con-

31 For details, see Colum Lynch and Don Phillips, "Angry Over Airline Search, N. Korea Skips U.N. Summit," *The Washington Post*, September 6, 2000; "NK Blasts US Over Search Incident," *The Korea Times*, September 7, 2000; Chon Shi-yong, UN going ahead with Korea statement," *The Korea Herald*, September 7, 2000.

tained in the Perry's Report will contribute to the ending of the Cold War system on the Korean peninsula if North Korea is cooperative. I am cautiously optimistic about the future of inter-Korean relations.

Since neither the four major powers nor the two Koreas want another Korean war, a peace regime on the Korean peninsula could be achieved in the near future if the two Koreas really have the political will to do so. The June Inter-Korean summit produced the five-point Joint Declaration, which provides a framework for establishing peaceful coexistence between the two Korean states. Indeed, the summit meeting created a warm atmosphere to reduce mutual animosity, thus promoting both sides' incentives to make concessions.

The two Koreas need to compromise on their different approaches to peace regime building: South Korea needs to find an alternative to a South-North Korean peace agreement, while North Korea needs to give up a North Korea-US peace treaty. A durable peace on the peninsula will eventually be achieved when the two Koreas are willing to make joint efforts to achieve a peace regime.

A unification-oriented peace regime on the Korean peninsula needs to be established first and then the Korean unification process will follow. Unless the two Koreas demonstrate their desire to cooperate through sincere deeds and are willing to make concessions by working together for peace toward Korean reunification, there is little chance of establishing a peace regime on the Korean peninsula through mutual cooperation.

The historic summit has helped build up mutual trust and confidence between the two Koreas, and will promote closer economic exchanges and cooperation as well as government-to-government talks. A substantial momentum for preventing war and easing tensions is being created to induce the North to take part in the international community and vitalize economic cooperation aimed at enhancing interdependence between the two Koreas.

With the establishment of the Joint Military Commission, inter-Kore-

an government talks on military issues will be held to discuss a new Korean peace system from an inter-Korean perspective. The South-North liaison office resumed operation, and the two sides could discuss establishing permanent representative offices in the two capitals.

On the international level, the ROK government will reactivate the deadlocked four-party talks (the U.S, China, South and North Korea) to build a peace regime on the Korean peninsula by replacing the 1953 Korean armistice agreement. With such progress in the peace process, the two Koreas would be able to dismantle the Cold-War system on the Korean peninsula and realize peaceful coexistence, creating a state of de facto unification. If this peace process continues, the author is cautiously optimistic about peaceful inter-Korean relations.