



North Korea Reaches Out

By John Feffer

After more than fifty years of conflict, the Korean Peninsula is poised for a dramatic breakthrough. The successful June summit between the leaders of North and South Korea is only the latest in a series of diplomatic advances. Over the past year, North Korea has been patching up relations with friends and adversaries alike. In South Korea, meanwhile, a strong political consensus continues to favor engagement with the north. The United States can play a critical role in hastening progress in Korea, if the Clinton administration can overcome cold war resistance in Congress, the Pentagon, and the State Department.

From Washington's point of view, the chief obstacles to peace in the region are Pyongyang's missiles and weapons of mass destruction. In 1994, the U.S. considered bombing North Korea's suspected nuclear weapons facilities. The Agreed Framework, negotiated at the last moment, committed the two countries to a set of sequenced compromises. The U.S. agreed to provide

heavy oil, begin lifting economic sanctions, and help construct two light-water nuclear reactors in North Korea to compensate Pyongyang for the freezing of its nuclear program.

In 1998-99, the two countries again collided—over North Korea's rocket launch in August 1998 and accusations from both sides of noncompliance with the Agreed Framework. A turning point occurred in September 1999, when the United States recommitted to lifting economic sanctions and North Korea promised to suspend testing of its long-range missiles. This

year, the two countries have discussed a U.S. visit by a high-ranking North Korean official and, once again, the possible exchange of liaison offices.

This U.S.-North Korean rapprochement is taking place within the context of a much larger process of engagement. North Korea has been dubbed the most isolated country in the world, as manifested by the 1993-94 nuclear crisis. But in the past year, North Korea has made up for lost time in improving relations with the most powerful capitalist countries in the world. This policy bore fruit in January, when North Korea estab-

lished its first official tie with a G-7 country, Italy. Normalization of relations between North Korea and Australia followed in May. In April, North Korea and Japan restarted talks that may lead to formal recognition. If issues such as alleged North Korean abductions of Japanese citizens are resolved, Japan will provide billions of dollars in compensation for its colonial crimes.

North Korea is extending diplomatic feelers in many directions, but the approach is not scattershot. Normalized relations with the Philippines have eased entry into the Association of Southeast Asian Nations Regional Forum (ARF). The wooing of Kuwait will better cement relations with the Organization of Petroleum Exporting Countries (OPEC), which is currently financing a major North Korean irrigation project. At the same time, North Korea has not abandoned its previous alliances, concluding a new treaty with Russia and strengthening relations with China through a visit by leader Kim Jong Il in late May.

The most important developments in the last year, however, have taken place across the divided Korean Peninsula. The June 13-15 summit, when South Korean leader Kim Dae Jung visited Pyongyang, has paved the way for a crisis hot line, a rail link between the two countries, reunions of families divided by the Korean War, a reciprocal visit to the South by Kim Jong Il, and more economic assistance flowing northward.

This official meeting has been preceded by numerous nongovernmental initiatives. Over 200,000 South Koreans have now visited Mt. Kumgang in the north, thanks to the Hyundai corporation. Joint soccer games and musical concerts have expanded unofficial contacts. Relatively speaking, business across the divided peninsula is booming. Inter-Korean trade hit an all-time high in 1999, a 50% increase over the year before. Hyundai, although suffering from recent cash-flow problems, is at the head of the pack, with plans to build a major industrial park and tourism complex in the north. Samsung has established a North-South Korean joint venture in Beijing to produce computer software.

Despite these developments, the fate of the Korean Peninsula remains uncertain. North Korea, increasingly dependent on foreign aid, is still gripped by a food crisis and a severe energy shortage. The region remains heavily militarized, and North Korea's neighbors continue to be suspicious of its motives. The inter-Korean summit may help to reverse these trends, and Washington could take several steps to help tip the balance in a peaceful direction.

Key Points

- As North Korea has become more engaged internationally, new opportunities have emerged for Korean reunification and greater security in East Asia.
- Relations between the two Koreas have progressed at an official level, with the June summit, and unofficially through economic and civic contacts.
- The United States can play a key role in reducing tensions and encouraging economic cooperation in the region.

Problems With Current U.S. Policy

In many respects, the Clinton administration has broken with cold war traditions in its policy toward North Korea. The decision to create the Korean Peninsula Energy Development Organization (KEDO) to help rebuild the energy capacity of a declared adversary—through the Agreed Framework—was an extraordinary act of trust building. In addition, the administration has been generous with its foreign aid. In 1999, for instance, the U.S. provided 53% of the \$380 million in international aid for North Korea.

Despite these generous gestures, Clinton administration policy has been flawed and contradictory. It has employed economic carrots and military sticks in an attempt to coax and threaten North Korea into being cooperative. This asymmetric approach has alleviated short-term suffering in North Korea, but it has also contributed to escalating military tensions in the region.

Even the economic carrots have not been without blemishes. For instance, as Clinton administration insiders admit, the decision to create KEDO was based on an expectation that the North Korean government would collapse before the nuclear plants come on line. And indeed, due to a mixture of internal politics and a failure of strong leadership, construction of the plants has been delayed by several years. Such delays have not inspired North Korean confidence in the U.S. ability to abide by agreements.

The more critical failure has occurred around economic sanctions. After the September 1999 meetings, the Clinton administration formulated new regulations that would permit most bilateral trade. Nine months later, the administration had not yet implemented the new regulations (but recently promised to do so by June 25). Washington has also not removed North Korea from the so-called terrorism list. According to the U.S. government itself, North Korea has not initiated terrorist activities since 1987, the year before the list was established. North Korea has agreed to all U.S. demands on this issue, except for the repatriation of Red Army members responsible for hijacking a Japanese airliner in 1970. Yet this issue properly pertains to Japanese-North Korean relations. Washington's delays on sanctions are a disturbing indication that the U.S. responds more to North Korea's aggressive acts than to its peaceful overtures.

Although these failures to follow through on economic promises are disappointing, the continued use of military sticks may prove in the long run to be the more damaging aspect of U.S. policy. For Clinton's entire tenure, the U.S. has refused to consider altering its military posture in the Asia-Pacific region. The U.S. military continues to hold costly joint exercises with its allies in the region, has concluded a new basing arrangement with the Philippines, and has developed a new military plan that endorses a preemptive strike against North Korea. The administration is forging ahead on Theater Missile Defense (TMD), the regional "Star Wars," which enrages not only North Korea but China and Russia as well. From Pyongyang's point of view, Washington is raising the military stakes in the region, so that even the relatively benign tripartite coordination of policy with Japan and South Korea resembles encirclement, not consensus building.

To justify its military presence in the region, the U.S. government cites the threat of North Korea's weapons program, specifically its ability or desire to build an intercontinental missile. But according to arms control experts, this threat is exaggerated—by both North Korea and the United States. In reality, North Korea's missile program is technologically suspect and more useful as a bargaining chip than for military purposes. Contrary to some congressional assertions, North Korean missiles cannot reach the United States and cannot carry nuclear payloads. North Korea's longest range missile, the Taepodong 2, has never been tested.

Critics of North Korea remain skeptical of Pyongyang's current diplomatic overtures. North Korea is viewed as simply buying time, rather than truly engaging with the outside world. As *The Economist* has editorialized, "It is certainly too early to detect any strategic shift in North Korea's thinking about the outside world, nor is there any real sign that the poverty-stricken country is preparing to adopt real reforms at home."

Yet, North Korea opted for a strategic shift in outlook over a decade ago, when it established joint venture laws and a free trade zone.

Domestically, a range of "real reforms" have already taken place, resulting in the decentralization of authority, greater scope for private economic activity, and a wider range of contacts with South Korea and other countries. Although this is not a Chinese "rush to the market," the changes all point to greater engagement with the outside world.

Instead of encouraging these changes through the lifting of sanctions and the lessening of military tensions, U.S. conservatives continue to expect North Korea to collapse prior to absorption by the south. South Korea, chastened by the costs of such a German scenario, is pursuing a different strategy, a "slow motion" unification that proceeds patiently and incrementally.

Peaceful unification is advanced by an economically viable North Korea. According to some reports, the North Korean economy is already showing signs of recovery. In 1999, state revenues improved by 3%, reversing a decade-long decline. The South Korean government can encourage this trend with its post-summit commitments of economic assistance, initially \$450 million.

The Clinton administration has expressed concerns that South Korean President Kim Dae Jung is proceeding unilaterally, offering economic incentives without securing agreements on North Korean missile production or sales. Instead of chastising its ally, Washington should consider developing its own innovative approaches to strengthen prospects for unification.

Key Problems

- The Clinton administration has taken some steps to improve relations with North Korea, notably by providing food aid and energy assistance.
 - The administration, however, has yet to acknowledge or substantially encourage changes in North Korea's economic policy.
 - Further, the administration has refused to alter its offensive military posture in the region. Indeed, with Theater Missile Defense and other policies, Washington has recently upped the military ante in East Asia.
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Toward a New Foreign Policy

Despite its initially cautious response to the summit, the United States can still move boldly to end the cold war in Asia if it holds to its earlier economic promises and begins to rethink its security position in East Asia. The Clinton administration should start by taking North Korea off the terrorism list, which will improve economic relations between the two countries and remove an obstacle that has prevented a high-level North Korean delegation from visiting the United States.

Sanctions are counterproductive, discouraging precisely the kind of economic activity that the U.S. government would otherwise prefer to encourage in North Korea. The elimination of sanctions will not produce a sudden flood of trade between the two countries, but it will clear the way for North Korea to receive multilateral loans, and it will send an important signal to East Asia that the U.S. is willing to move beyond the cold war.

As it makes good on its commitments in the economic realm, the U.S. must also begin to address the security issues in the

region. Both sides talk of "keeping their powder dry." It is the responsibility of the stronger party to make the first move. Washington's offensive posture—bases, military presence in South Korea, TMD, joint maneuvers—does nothing to allay Pyongyang's fears of invasion. The U.S. must consider the following steps:

Key Recommendations

- The United States must remove North Korea from its terrorism list and help North Korea better address its economic problems.
- The United States must refashion its military position in the region by beginning to negotiate troop withdrawal from South Korea, canceling Theater Missile Defense, and encouraging regional security dialogue.
- The Clinton administration should follow the South Korean lead by avoiding zero-sum tactics and encouraging civic initiatives that build bridges between the two Koreas.

- Cancel joint exercises with South Korea, and put the issue of U.S. troop withdrawal on the negotiating table. The North Korean military threat has been inflated, and the South Korean military can already counter any North Korean "threat" without U.S. troop support. North Korea's entire government budget of \$9.4 billion is smaller than South Korea's military budget of \$13 billion.
- Cancel TMD. This system is wildly expensive (\$60 billion over the next fifteen years), technically flawed, and disruptive to U.S. relations with numerous countries. An East Asian "space race" is already pushing countries to develop satellites. Rather than encouraging this race, the U.S. must lead the way in restraining the militarization of space.
- Encourage regional security dialogue. U.S. military withdrawal from the region should avoid creating a

vacuum in its wake that might encourage major arms programs in South Korea or a remilitarized Japan. Only an effective multilateral security framework that oversees confidence building measures and regional force reductions can ensure a nonhegemonic peace in the region. As part of this approach, the U.S. must reduce arms sales to the region and abandon the costly Pentagon doctrine of maintaining the capacity to fight two wars simultaneously.

The U.S. must also consider a deeper change in negotiating style. The Kim Dae Jung government is no longer pursuing zero-sum tactics in its relations with North Korea. Rather, South Korea is making conciliatory moves to create an improved atmosphere more likely to encourage North Korean reciprocity. As the 1994 Agreed Framework negotiations demonstrated, North Korea responds positively when its negotiating partner acts first and in good faith. Moreover, as North Korea becomes increasingly engaged in world politics, it will put greater value on compliance with international agreements on proliferation and nuclear weapons production. Instead of extracting bilateral concessions, the U.S. should begin to think in terms of achieving its goals through a multilateral framework.

By reducing tension in the region, the U.S. can also help support the innovative South Korean policies, particularly from civil society. Prior to the summit, civil movements were out in front of the South Korean government—establishing 250 sister-farm relationships; donating shipments of clothes, milk, and eggs; and helping to reforest hills stripped bare for firewood. These efforts are concrete examples of unification from below.

The U.S. must accept that it is not the boldest actor in its relations with North Korea. Italy has led the way by establishing diplomatic relations; Russian President Vladimir Putin will visit Pyongyang in July; South Korea is pushing ahead with concrete economic projects. The two Koreas will have to work out unification largely by themselves. But the U.S. can still make an important contribution by removing barriers that discourage economic cooperation with North Korea and retiring some of the huge and costly U.S. arsenal in Asia, before disengaging from the peninsula and allowing "slow motion" unification to gather momentum.

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