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SPECIAL REPORT 10

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Release Date:
December 1994

The North Korean Nuclear Challenge *The Post-Kim Il Sung Phase Begins*

Introduction

The situation on the Korean Peninsula reached a possible turning point on July 8, 1994, with the death of North Korea's eighty-two year-old president, Kim Il Sung. The passing of the North's founder and only leader of the Communist State had been predicted for years as an event that could open new possibilities for dramatic change on the Korean Peninsula. Almost four months after Kim's death, however, the nature and extent of changes in Pyongyang's policies remain unclear. Uncertainties persist over the course of North Korea's leadership transition and prospects for North-South relations, as well as the North's willingness to implement the October 21 U.S.-Democratic People's Republic of Korea (DPRK) framework agreement. Future periods of heightened confrontation, if not crisis, over the North's nuclear program can not be ruled out. The United States, South Korea, and North Korea's other neighbors face significant challenges in determining policy adjustments that might encourage the new North Korean leadership to take actions to reduce tensions and promote regional stability in Northeast Asia.

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Key Points

- The October 21, 1994 U.S.-DPRK framework agreement outlines the steps for dismantling North Korea's plutonium production capability and improving U.S.-DPRK relations. It will be years before the agreement can be fully implemented, and a renewed crisis could occur if any elements in the agreement are not carried out. North Korea's continued adherence to its pledge not to refuel its five megawatt (MW) experimental reactor or reprocess spent fuel rods currently in wet storage, and to freeze construction of its 50 MW and 200 MW graphite reactors, is critical to implementing the agreement and is essential for further progress.
- It will be important to support the U.S.-DPRK agreement with parallel progress in the North-South Korean dialogue to reduce tensions on the peninsula and to ensure that the relationship between Washington and

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Seoul remains one of confidence. Progress in U.S.-DPRK relations has raised South Korean fears of losing control over developments on the peninsula and of a weakening of the U.S.-Republic of Korea (ROK) alliance.

- Washington must be attentive to South Korean concerns and reassure Seoul of the undiminished commitment of the U.S. to South Korea. This requires not only exceptional governmental measures to coordinate policy, but also efforts to build public support for common policy as the U.S. and South Korea both parties deal with North Korea on nuclear and other issues.
- South Korea should be actively involved in diplomacy with North Korea, relying on the South's economic, political, and military strengths and searching for appropriate opportunities to reactivate the North-South dialogue. The South will have a major role in supplying North Korea with light-water reactors. At the same time, the United States should take steps to ensure that the degree of progress toward normalization of U.S.-DPRK relations does not outpace the development of North-South relations.
- There is still little reliable information about how the North Korean political succession is proceeding. Kim Il Sung's death may not have precipitated a period of policy paralysis in North Korea, but it has created considerable uncertainty for outsiders. Doubts remain among foreign observers about whether the elder Kim's son and designated successor, Kim Jong Il, will ultimately consolidate his power. These questions persist despite the younger Kim's stepped-up public appearances following the ceremony marking 100 days of mourning for his father and reports that the elder Kim, before his death, approved a policy of improving U.S.-DPRK relations at the cost of relinquishing the North's nuclear program. Even if Kim Jong Il is finally named as North Korea's state and party leader, the transition has made it more difficult to achieve progress in the North-South dialogue.
- To encourage North Korea's commitment to implement the October 21 agreement, the United States must maintain close cooperation with South Korea, Japan, China, and others so that the post-Kim Il Sung leadership does not doubt the international consensus in support of the agreement's implementation. Maintenance of an international coalition on these issues is critical to convincing Pyongyang that it cannot succeed in diplomatic maneuvers designed to split off elements of the coalition or to stall in implementing the agreement.

Delay in the North Korean Leadership Transfer

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There continue to be signs of delay in carrying out the transition to new leadership in the DPRK. Between Kim Il Sung's death in early July and early November North Korea has been without an officially named state president or party general secretary, although reports suggest that Kim Il Sung's son and long-designated successor Kim Jong Il is, indeed, in charge. (As of November 8, 1994, Kim Jong Il was expected to be named to the positions of General Secretary of the Korean Worker's Party (KWP) and/or President.) Kim Jong Il's first public appearance in three months at an October 16 ceremony marking the passing of 100 days of mourning since Kim Il Sung's death--as well as subsequent public appearances--seem designed to confirm that Kim Jong Il is de facto leader. Kim Jong Il is reported to have approved the signing of the U. S.-DPRK joint agreement in his capacity as chairman of the National Defense Commission of the North Korean state.

Life goes on as usual in Pyongyang

Whatever the uncertainties of the formal succession, the public mood in Pyongyang appears calm to recent outside observers. There has been a slowdown in international travel to the North, and the security apparatus appears more cautious in dealing with foreign visitors. But there is neither visible disruption of daily life as the public goes about its routine tasks nor an evident increase in armed security on the streets of Pyongyang. Moreover, the leadership appears to have made special efforts to ensure that there is no breakdown in the availability of goods and services in the capital during this critical period. Circumstances in other parts of the country are largely unknown to the outside world, however, and reports suggest that some North Korean provinces may be experiencing food and energy shortages.

The initial emphasis in both the North Korean media and in official statements to the outside world has been on continuity rather than change. Pyongyang's willingness to resume the third round of negotiations with the United States was expressed as early as August through official policy statements and messages, such as one from Kim Jong Il to former President Jimmy Carter. These communications, as well as the agreement subsequently reached with the United States, have sought to stress that the policies and promises made by Kim Il Sung before his death will be carried out. One important exception, however, has been Pyongyang's statement that the planned summit between North and South Korea, announced at the end of Mr. Carter's visit to Korea in June, will not be rescheduled for the time being.

North Korea's leaders face major political and economic challenges

The apparent calm and sense of policy continuity in Pyongyang, even if an accurate picture of current circumstances, does not change the fact that North Korea and its new leadership must deal with major challenges that could

threaten the regime's survival. The central question continues to be the status of North Korea's succession and the evolution of its leadership in the post-Kim Il Sung era. North Korean officials stationed abroad state that Kim Jong Il is firmly in control, and there is no tangible evidence to date to refute that assertion.

However, Kim Jong Il has been practically invisible as a leader, making few public appearances since the first week of mourning following his father's death. While all aspects of governance have gone forward in the absence of Kim's formal designation as party and/or state leader, it may be significant that during the mourning period, external communications formerly issued in Kim Il Sung's name were put forward under the authority of the Central Committee of the Korean Worker's Party.

An evolution in the status of the North Korean leadership is inevitable as the first-generation gerontocracy is replaced in top positions by younger leaders. Many observers anticipate that this process is likely to be evolutionary rather than sudden, and that performance, not revolutionary credentials, will be the key to Kim Jong Il's generation consolidating political control.

The most pressing domestic challenge facing the new leadership is reinvigorating the economy. Although there have been some reports that this year's harvest was not bad, the internal economy continues to be constrained by energy shortages and transportation bottlenecks. North Korea's economy has contracted for four years in a row--down by as much as 25 percent in 1993 from the 1989 level. The prospects for stimulating growth through promoting foreign trade have been blocked thus far by foreign opposition to the nuclear program and by the North's unpaid external debts--estimated at \$10.3 billion at the end of 1993, equal to roughly one-half of the DPRK's annual GNP.

The most serious external challenge facing Pyongyang's new leadership is the need to reestablish an equilibrium in international relations in the post-Cold War era. While South Korea benefited in the late 1980s from its policy of *Nordpolitik*, which led to normalization of Seoul's relations with Russia, China, and other former socialist countries, North Korea has found itself increasingly isolated. Pyongyang must come to grips with the reality that less confrontational relationships, not only with the United States but also with South Korea and Japan, will be necessary if the North is to improve its international situation and its economy.

Will the North choose isolation or integration?

The leadership transition raises a number of questions that have important implications for U.S. and South Korean negotiations with North Korea. Given current conditions, should we anticipate political paralysis or turmoil in the North? Might we see a gradual economic opening (albeit under tight political control) following the Chinese model of reform? Is it likely that economic opening itself will heighten internal political tensions? Some outside observers

forecast a political collapse, pointing to the experience of other countries that were organized around the failed ideology and institutions of Marxist-Leninist socialism. While an economic opening on the Chinese model is not out of the question, Kim Jong Il's claim to his father's mantle rests largely on his role as principal interpreter and defender of the policy of *ch'uche*, or "self-reliance," which implies constraints on opening North Korea to the outside world. The widely differing possibilities for North Korea's future have forestalled consensus among American, South Korean, and other policymakers who feel that they have some ability to influence Pyongyang's policy options--and no doubt are mirrored by uncertainties among North Korea's leaders themselves.

North Korean sincerity in international negotiations continues to be questioned in many quarters, even following the announcement of the October 21 U.S.-DPRK agreement. The long experience of South Korean negotiators is that Pyongyang insists on framework agreements cast in vague principles which are then skewed in unacceptable ways when the time comes for implementation, thus creating a pretext for North Korean refusal to proceed. Although the October 21 U.S.-DPRK framework agreement is quite specific on key issues, some South Koreans feel that North Korea will nevertheless use such a strategy in implementing this latest agreement.

Others have argued that, tactics aside, North Korea has no intention of giving up its nuclear weapons program or rejoining the Nuclear Non-Proliferation Treaty (NPT). Implementation of the framework agreement will test the hypothesis that the North's possession of nuclear weapons--or at least ambiguity about the status of the program--is seen by Pyongyang as critical leverage in its quest for eventual domination of the Korean peninsula. As a result, these individuals have asserted, the U.S.-DPRK nuclear agreement is a charade; by negotiating, the United States has fallen into the North Korean trap.

Still other observers, however, point to North Korea's willingness to continue the U.S.-DPRK negotiations in Geneva after Kim Il Sung's death, even during the mourning period, as evidence of a North Korean desire--indeed, a need--to strike a deal. These observers of the North Korean scene note that the dynamic and the stakes of U.S.-DPRK agreement--and the international acceptance that a relationship with the United States symbolizes for North Korea--are inevitably different from the dynamics of the North-South talks. While that presumed difference has not made the U.S.-DPRK negotiations an easy process, observers point out that the North's need to improve relations with the United States has been reflected in the fact that Pyongyang ultimately agreed to a deal with Washington that if implemented fully, will result in the elimination of North Korea's overt nuclear weapons program and the establishment of a more normal U.S.-DPRK relationship.

Bitter recriminations between Pyongyang and Seoul

Kim Il Sung's death abruptly ended prospects for an historic presidential summit between Kim and South Korean President Kim Young Sam--announced in Seoul on June 18 following President Carter's return from

Pyongyang--that some observers believe would have led to dramatic improvement in North-South relations. Instead, the familiar cycle of negative rhetoric between the two leaderships has intensified in recent months. South Korea did not offer official condolences on the death of Kim Il Sung, highlighting instead his responsibility for initiating the Korean War in 1950 and other atrocities that have sustained the division of the peninsula.

At the same time, the North Korean leadership encouraged South Korean private citizens to defy their government's policy on condolences, provocatively inviting South Koreans to attend Kim Il Sung's funeral in Pyongyang and stepping up anti-South Korean propaganda, including vicious personal attacks on ROK President Kim Young Sam. In the face of these North Korean provocations, the domestic challenge for Kim Young Sam since Kim Il Sung's death has been twofold: to show stalwart leadership and strength on the one hand, but to avoid the appearance of being politically marginalized by progress in U.S.-DPRK negotiations, or of losing needed leverage with which to engage North Korea in the future, on the other hand.

Nonetheless, many observers believe that Kim Young Sam's August 15, 1994 Liberation Day speech did not help to improve the atmosphere between North and South Korea. In that speech, President Kim offered to supply the North with light-water reactors, but he emphasized that all aspects of the nuclear issue--including questions about the past--would have to be resolved before the South would do so. President Kim called on North Korea to "undertake bold reforms including improvement of the human rights situation." In so doing, some observers argued, Kim raised issues that both threaten the regime's survival and challenge North Korean hopes that, by maintaining ambiguity regarding past nuclear activities, Pyongyang can retain an element of deterrence.

Clinging to a Cold War mentality on the peninsula

The zero-sum character of North-South relations (a gain for one being a loss for the other) has not changed since the end of the Cold War, despite favorable developments in international relations surrounding the peninsula. As a result, in the absence of dramatic initiatives such as the now-deferred presidential summit, and despite commitments to resume dialogue, the prospects for progress in North-South relations are not promising. North Korean propaganda has continued to center on dividing the South politically, and indeed South Korean domestic politics have been riven by conflicting policy perspectives on how to deal with the North. Some observers have argued that the South--having outdistanced the North decisively in the economic and political competition on the peninsula and, in alliance with the U. S., able to prevail in a war with the North--should be a magnanimous winner, that it has a special responsibility to make bold, positive moves that might restart North-South talks.

Other observers, however, fearful of the DPRK's strategy to divide the United States and South Korea and cause turmoil and division in the South, worry

that progress between the United States and North Korea will undercut South Korea's leverage to encourage Pyongyang to return to the North-South negotiating table. Having previously insisted on strict linkage between progress on these two tracks, the South boldly determined last March to drop the formal linkage lest it be seen as blocking agreement on the nuclear question. At the same time, Washington and Seoul concur that North Korea cannot be allowed to make progress in U.S.-DPRK talks at the expense of North-South relations.

New Pressures for Progress in North-South Dialogue

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While no formal preconditions for parallel progress have been reestablished, the need for movement on the North-South front is even more acute now that the United States and North Korea have reached an agreement. This situation will put pressure on Pyongyang to reengage with Seoul if the North expects rapid progress in implementing those aspects of its agreement with the United States regarding overall normalization of relations and the supply of light-water reactors (where the South will be a major player). But that situation also means that Seoul will need to adopt a more proactive policy toward the North, not arbitrarily blocking the light-water reactor project or simply reacting to Pyongyang's offensive propaganda. This will be no easy task inasmuch as--beyond the issues of legitimacy and face--North-South economic, cultural, or political contacts carry very high risks of introducing--in Kim Il Sung's phrase--the "flies and mosquitoes" that could eventually undermine the North's *ch'uche* system of self-reliant autarky.

A growing number of South Koreans have pressed for engaging the North on the economic front, delinking economic interaction from the nuclear issue. Following a policy review that was initiated in the wake of the October 21 U.S.-DPRK agreement in Geneva, Kim Young Sam announced the lifting of restrictions on direct South Korean business contacts with the North on November 8. Initial investments by South Korean companies will be confined to light industry, and curbs on large-scale infrastructure projects may be lifted pending progress in inter-Korean dialogue. Economic cooperation, it has been argued, is an area where North and South Korea have complementary interests that could be the basis of a process of reconciliation. According to this line of reasoning, controlled economic opening between North and South Korea could build a context for broader cooperation--and tension reduction--in other areas.

Unresolved issues between Pyongyang and Seoul

If a means can be found to reactivate a North-South dialogue, a broad agenda can be pursued. The December 1991 Seoul-Pyongyang Agreement on Reconciliation, Nonaggression, Exchanges and Cooperation (the so-called "Basic Accord") provides a framework for exploring these issues, but the Basic Accord remains to be unimplemented because of a breakdown in North-South dialogue. Although exchanges are particularly sensitive for North Korea, the initiation of direct mail and telephone services, family reunions, and further cultural contacts could be pursued as well as easing the level and tone of propaganda on both sides, as pledged in the Basic Accord. Adoption of confidence-building measures and the phased pullback of certain military forces from areas on both sides of the Demilitarized Zone are important to easing tensions and starting a broader process of military stabilization, conventional arms control, and confidence-building on the peninsula. Replacement of the 1953 Armistice with permanent and reliable peace arrangements is another issue that must be dealt with primarily by North and South Korea, albeit through modalities that are likely to require UN and U.S. participation. Moreover, the U.S.-DPRK framework agreement of October 1994 contains a DPRK pledge to implement the 1991 North-South Declaration on the Denuclearization of the Korean Peninsula, in which North and South have mutually pledged to forgo the development of nuclear weapons capabilities and to allow mutual inspections of nuclear sites.

The range of issues to be resolved if the process of peacebuilding and reconciliation between the two Koreas is to begin has remained remarkably unchanged over the past decade, with the exception of one important new issue: the South Korean role in supplying light-water reactors to North Korea as part of a settlement of the nuclear issue. Since the provision of light-water reactors to North Korea is the centerpiece of the U.S.-DPRK framework agreement, Pyongyang's earlier objection to a central role for South Korea in providing the reactors could be a potential problem that could stall progress in implementation.

Possible channels for North-South dialogue

If North-South relations are to improve, an appropriate channel of dialogue is necessary for addressing the major issues. A presidential summit does not seem a practical or desirable option at this time for either side, though both have indicated that the principle of a summit meeting is still valid. Although Red Cross talks proposed by the South shortly after Kim Il Sung's death were rejected by the North, such talks might be renewed in the future. Other possible options include the resumption of committee meetings under the 1991 Basic Accord, or preparatory meetings that could lead to resumed North-South talks at the deputy prime minister/party secretary level. Some observers have suggested that, as in the June, 1994 visit to Korea of former President Jimmy Carter, an American intermediary could serve as a catalyst for resumption of North-South talks. How such an intermediary would function, however, is the subject of some controversy.

The United States and the North Korean Challenge

The North Korean nuclear challenge has been an example of the perverse phenomenon of "the power of weak nations" which has confounded U.S. policy makers on more than one occasion in the post-Cold War era. Unlike Haiti, Cuba, and Bosnia, North Korea poses a serious security challenge to U.S. interests out of proportion to its size. The United States is reluctant to bring the full force of its power to bear because of the potential consequences of a military crisis--in the case of Korea, the possibility of precipitating a second Korean War. Thus, the U.S. has found its approaches constrained by the ability of a smaller state to create leverage over issues that are important to a variety of American interests--including the security of a long-time and important American ally--but do not directly threaten U.S. national survival.

The major challenge U.S. policymakers have faced in formulating and implementing a policy to deal with the North Korean nuclear issue has been balancing its nonproliferation objectives with concerns for regional stability. Close coordination of policy has been required both with the nonproliferation community and with American allies and others in the region, but this is complicated by competing priorities. This delicate balancing act will continue to be a central feature of U.S. policy formulation in dealing with North Korea even as the administration presses Pyongyang to implement the terms of the October agreement. That agreement, however, for the first time specifies a practical series of actions that, if fully implemented, will freeze and then eliminate North Korea's nuclear weapons program in return for the supply of proliferation-resistant light-water reactors, compensation for lost energy production capability until construction of the first light-water reactor is completed, and improved diplomatic relations between North Korea and the United States. The agreement has been officially welcomed by China, Japan, and South Korea, among others, and will require significant financial, technical, and political support from South Korea and Japan to guarantee its implementation. In addition, administration officials point out, this agreement is clearly preferable to the alternatives of heightened military confrontation or unchecked proliferation not only in Northeast Asia, but also possibly in the Middle East.

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Freezing Pyongyang's nuclear program

The first major element of the October 21 framework agreement is a continuation of the freeze on refueling North Korea's five MW experimental nuclear reactor and on reprocessing spent fuel rods currently in wet storage--which contain enough plutonium to make four or five nuclear bombs. The freeze on construction of the larger 50 MW and 200 MW reactors, the primary focus of concern about North Korea's future capability to acquire plutonium that could be used for nuclear weapons, will also become permanent. (In his meetings with President Carter in June, Kim Il Sung pledged a temporary freeze on these activities, thus laying the basis for the Third Round of U.S.-DPRK negotiations held in Geneva.) International Atomic Energy Agency (IAEA) inspectors currently in the North will remain in place to ensure that this freeze on refueling and reprocessing remains in effect, and to determine whether construction remains halted on the two larger nuclear reactors.

North Korea's return to the NPT

Another critical element of the October 21 agreement is North Korea's willingness to accept, in time, the implementation of full-scope safeguards on its nuclear program as part of a return to full compliance with the NPT. North Korea is required to adhere to full-scope safeguards under the NPT--including special inspections or any other inspections the IAEA deems necessary to fully account for North Korea's past nuclear activities. Resolution of questions related to the history of the North Korean nuclear program is required as part of North Korea's acceptance of its obligations as a member of the NPT, and the October U.S.-DPRK framework agreement specifies that such resolution must occur prior to the delivery of significant nuclear components of the two

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1000 MW light-water reactors. (Normally, the delivery of such components in the construction of a light water reactor would occur approximately five years from the start of the project.)

Moreover, going beyond NPT requirements, the North has agreed to remove the spent fuel rods from the country before the first light-water reactor goes on line. In the meantime, the IAEA will continue the inspection activities it began in 1992 to be certain that North Korea maintains the "continuity of safeguards" required to ensure that there is no diversion of materials that could be used for a nuclear weapons program, and to verify the freeze on reprocessing, refueling, and construction activities related to its nuclear program.

Dismantling North Korea's nuclear facilities and supplying light-water reactors

The North has committed itself to dismantle the five MW experimental reactor, the reprocessing facility, and both of the reactors under construction by the time of completion of the second of two new 1000 MW light-water reactors that will be provided through a U.S.-led international consortium currently known as the Korean Energy Development Organization (KEDO). The North also pledged not to build any new facilities as part of its gas-graphite system. South Korea and Japan will carry most of the financial burden of the project through the issuance to North Korea of long-term, non interest-bearing loans to be repaid in barter. To compensate North Korea for the resulting loss of energy production capacity, KEDO will supply Pyongyang with quantities of heavy oil equivalent to the generating capacity that North Korea will forgo until the first light-water reactor has been completed and brought on-line.

Fifty thousand tons of heavy oil (unfit for use as fuel for planes or tanks, thus eliminating the possibility that Pyongyang might try to strengthen its conventional military force by misappropriating the oil for military uses) will be supplied in the first three months following the signing of the framework agreement. One hundred and fifty thousand tons of oil will be supplied during the first year following the agreement, and 500,000 tons will be supplied in subsequent years until the completion of the first light-water reactor to make up for the projected loss of 255 MW of power that might have been generated under the North's graphite reactor program. Assuming a generous price of \$20/barrel, the cost of providing the agreed-upon amounts of heavy oil to North Korea is approximately \$75 million per year from 1996, or a total cost of approximately \$600 million through 2003. If the North fails to implement the agreement, it is presumed that the U.S. delivery of oil would be suspended.

Establishing more normal relations with North Korea

Finally, the United States and North Korea will gradually move toward the establishment of more normal relations through the exchange of liaison offices between capitals and the easing of U.S. restrictions on trade and telecommunications with North Korea; the first steps will be implemented within three months of the signing of the agreement. According to the framework agreement, however, the establishment of full diplomatic relations

between the U.S. and North Korea will require grappling with other serious issues that burden the emerging U.S.-DPRK dialogue, including North Korean missile exports, levels of conventional military deployments on the Korean peninsula, human rights, and final resolution of the nuclear issue.

Possible Obstacles to Implementation of the Agreement

As U.S.-DPRK negotiations move into a new phase, any number of issues could halt progress in carrying out the October 21 agreement. The United States and North Korea have embarked on an extremely complex implementation process that may be more intrusive than the North Koreans realize and that is fraught with pitfalls that could emanate from technical, financial, or political considerations at each step along the way. In addition, some South Koreans and others have expressed dissatisfaction over what they see as delayed timing for the special inspections that Pyongyang did agree to, and the implications of the agreement for the possible resumption of North-South dialogue. Indeed, the latter is an especially sensitive question, and it is examined in more detail in the next section of this report.

The United States and its allies and friends in Northeast Asia must remain prepared for the possibility of stall tactics or even a breakdown in the implementation phase of the October agreement that could lead to renewed tensions and possible reversion to a more confrontational path. The United States and South Korea will need to carry through on their end of the bargain and confront possible North Korean intransigence with common purpose if the agreement breaks down on technical grounds or because of the absence of political will in the North to carry it through.

Doubts expressed regarding the timing of any special inspections emanate from concerns that the delay in accounting for the past as part of the framework agreement allows North Korea to enjoy ambiguity regarding the true state of its nuclear weapons program, and that this measure of uncertainty provides the North with undue leverage in its dealings with South Korea and the rest of the international community. This situation is particularly worrisome to some South Koreans, who believe that any such leverage must be countered to avoid the possibility of nuclear blackmail by the North.

These concerns have stimulated a domestic political debate in Seoul over the future of the ROK's own nuclear policy and its continued adherence to the terms of the 1991 North-South Declaration on the Denuclearization of the Korean Peninsula. The provisions of that agreement--which prohibit reprocessing of plutonium or uranium enrichment and ban the test, manufacture, production, receipt, possession, deployment, or use of nuclear weapons--are considered an essential part of the resolution of the North Korean nuclear issue. But those provisions were criticized by opposition party members and others even when the bilateral agreement was ratified in 1992, and the criticism has since spread. The objections have been voiced on

grounds that the declaration's ban on reprocessing--which is permitted under the NPT--limits nuclear energy options for the future and leaves Korea in an inferior position regarding its options for reprocessing plutonium compared, for example, with Japan.

Another criticism is that by delaying the point at which North Korea must accept special inspections if the IAEA deems them necessary, the agreement weakens the international credibility of the IAEA inspections regime. Individuals who make this criticism are concerned that North Korea could use the extra time, during which only declared nuclear facilities will be subject to IAEA inspections, to ensure "continuity of safeguards" to develop a clandestine nuclear weapons program or simply to stall while it broadens its international contacts.

The assessment offered by Ambassador Robert L. Gallucci, chief negotiator for the United States in the Geneva talks, regarding the deferral of the accounting for the past is that this issue is not time-sensitive, unlike other elements of the agreement which require the North Koreans to take actions now. Disposing of the spent fuel rods and freezing the current nuclear program were time-urgent issues, asserts Gallucci, whereas "the radioactive waste sites aren't going anywhere" and the information to be gained from inspections of those sites is not going to change. Moreover, some experts argue that such inspections may help to determine the *number* of efforts Pyongyang has made in the past but would not be particularly useful in determining the *amount* of plutonium North Korea may have processed. Nonetheless, the implementation of special inspections or other measures the IAEA may require will be an important test of North Korea's commitment to adhere fully to its obligations as part of its return to full NPT membership.

The Geneva Agreement and U.S.-ROK Relations

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In the minds of some South Koreans, the October 21 U.S.-DPRK framework agreement in Geneva confirmed fears that the United States would accept a settlement in which North Korea would be able to maintain ambiguity about its past nuclear weapons development activities if it were willing to cap its present and future nuclear program. A widespread feeling in Seoul has been that Washington was too eager to make a deal with the North without obtaining appropriate concessions, in return for agreeing to exchange liaison offices and offering to supply the North with fuel oil as compensation for scrapping the plutonium-generating reactors. Some in Seoul have even speculated about a possible secret U.S.-DPRK agreement to allow North Korea to retain nuclear capabilities in some form. That cycle of doubt, concern, and speculation has not only posed a significant challenge and source of tension for the U.S.-ROK relationship, but has also posed a complex dilemma for political leaders in

Seoul, who have supported progress in the U.S.-DPRK negotiations despite the fact that they knew that the contents of such an agreement might be politically unpopular with the South Korean public. This problem is exacerbated by the view of some that the regime in North Korea is on the verge of collapse and that the U.S.-DPRK agreement will--unhelpfully--breathe new life into a dying regime.

The U.S.-ROK need for improved North-South dialogue

Even with the most earnest efforts by the South Korean leadership, it is quite possible that North-South relations will not advance quickly. Indeed, tensions between Pyongyang and Seoul have risen somewhat since Kim Il Sung's death, although progress in U.S.-DPRK negotiations has recently tempered public statements in Seoul. Nonetheless, the absence of measurable progress in the North-South dialogue could become a critical issue in the U.S.-ROK relationship.

It has already been demonstrated that a policy of strict conditionality that formally links progress on both fronts--U.S.-DPRK and ROK-DPRK--can be used by Pyongyang to impede progress on the nuclear issue. At the same time, the political reality is that to maintain a fundamentally sound U.S.-ROK relationship, neither the United States nor South Korea can afford to allow too much progress in U.S.-DPRK talks without some concurrent improvement in the North-South relationship. The North agreed only at the last moment in the Geneva negotiations that "the DPRK will engage in North-South dialogue, as this Agreed Framework will help create an atmosphere that promotes such dialogue," reflecting its strong resistance to dealing directly with South Korea. Hence, implementation of this element of the October agreement may be difficult. In this context, one must ask how far the United States can go in implementing an agreement with North Korea without parallel movement on the North-South front. To what extent is the United States willing to forgo progress with the DPRK for the sake of keeping pressure on the North to advance North-South relations? What kinds of active efforts by South Korea will be necessary to demonstrate that it is constructively involved in the process and not a stumbling block to continued progress between the United States and North Korea?

Maintaining the U.S.-ROK alliance and dealing with North Korea

Some have suggested that the United States must pursue a more "balanced" policy on the Korean peninsula by maintaining a position of equidistance between the two Koreas, an argument to which Seoul is particularly sensitive now that the United States is "recognizing" the existence of a second Korean government on the peninsula. Others argue that a "balanced approach" is totally inconsistent with the U.S.-ROK alliance relationship, and that it is inconceivable that the United States would reach agreement with Pyongyang on terms that were not openly accepted or endorsed by Seoul. Regardless of one's response to these arguments, the political reality for most observers, and certainly for the U.S. government, is that close consultation with Seoul in support of the U.S.-ROK alliance is both obligatory and prudent. While not

accepting a South Korean "veto" on its policies toward Pyongyang, the United States cannot move ahead without the active support of its South Korean ally. Neither the U.S. nor the South Korean public is prepared to accept any other option at this sensitive time of transition on the Korean Peninsula.

There is a need, however, for a clearer explanation to the U.S. and South Korean publics regarding U.S. and ROK policy objectives and the extent of official cooperation between Washington and Seoul on the North Korean issue. Despite close consultations and a blitz of media interviews by U.S. and South Korean officials, the South Korean public has been slow to recognize the positive implications for their interests of progress in the U.S.-DPRK talks. Only recently have South Korean leaders begun to explain to their public the benefits for the South that would accompany progress in U.S.-DPRK negotiations on the nuclear issue. Persistent efforts will be required of both South Korean and U.S. officials to make clear the close coordination that has existed, and will continue to exist, between them with respect to the U.S.-DPRK agreement and its implementation.

Where Do We Go From Here?

Addressing Unresolved Challenges on the Korean Peninsula

The October 21 U.S.-DPRK framework agreement is an important step toward resolving questions surrounding North Korea's nuclear program, but it only establishes a framework for resolving the nuclear dimension of the persisting tensions on the Korean peninsula. Continued international coordination will be necessary as South Korea, Japan, the United States, China, and others work with North Korea's new leadership to implement each part of the framework agreement.

In addition, much work remains to be done to lessen other sources of tension and mistrust between North and South Korea, and this effort should take place within the context of an improved North-South dialogue. However, just as South Korea has played a critical supporting role in the negotiation of the U.S.-DPRK framework agreement, the United States will need to play a constructive supporting role in encouraging conventional arms reductions on the peninsula, in replacing the forty one year old armistice with a lasting peace arrangement, and in encouraging broader exchanges between Pyongyang and Seoul.

The greatest challenge of all for the United States in this phase may be to sustain confidence and flexibility in the U.S.-ROK relationship by keeping this critical alliance on track while convincing political and public opinion in both countries that only a team effort will serve the long-term interests of peace and stability on the Peninsula. As the October framework agreement with North Korea is implemented, special emphasis must be placed on coordination between Washington and Seoul to ensure that the U.S.-ROK alliance remains

a firm foundation for the implementation of the U.S.-DPRK framework agreement and renewed progress in North-South dialogue.

About the Study Group

The United States Institute of Peace, which has held a series of study group meetings on the North Korean nuclear challenge since the fall of 1993, assembled approximately 40 policymakers and senior regional and technical specialists on September 20, 1994, for a one-day meeting to discuss U.S. relations on the Korean Peninsula in the post-Kim Il Sung era.

The meeting was held on the eve of the resumption of the third round of U.S.-DPRK talks in Geneva and included representatives from South Korea, Japan, Russia, and the United Kingdom, as well as the United States. This report, the second produced by the Institute on the North Korean situation, draws heavily on views expressed at that meeting and reviews the major challenges facing the United States and South Korea in definitively resolving the nuclear issue and reducing inter-Korean tensions in the context of North Korea's transition to a stabilized post-Kim Il Sung leadership.

The first report, *North Korea's Nuclear Program: Challenge and Opportunity for American Policy* (February 1994), is available from the U.S. Institute of Peace. For more information about both reports and other Institute activities relating to East Asia, please contact Scott Snyder at 202-429-3808.

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