



WINDOW OF OPPORTUNITY: BREAKING IMPASSE ON THE KOREAN PENINSULA

KEY POINTS

- One year since North Korea's last long-range missile test, a flurry of bilateral summit diplomacy has significantly reduced political and military tensions on the Korean Peninsula.
- Negotiations between the U.S. and North Korea have currently reached a stalemate as each side demands more than the other is willing to give.
- Amidst an absence of trust, doubts are increasing between the two sides on the sincerity of their intentions to implement what so far have only been vaguely worded commitments.
- While South Korea is working hard to bridge differences and U.S. officials are still cautiously optimistic about a second Trump-Kim summit, significant expectation gaps and a lack of road map, among other challenges, run the risk of recurring stalemates ahead.
- A window of opportunity still exists to make headway in the peace /denuclearization process. Key is establishing a sense of progression in terms of mutually agreed corresponding measures and their sequencing.

Introduction

Since the peaking of tensions last year that prompted fears of war, the Korean Peninsula has witnessed seemingly dramatic changes that have even instilled hopes among some of finally resolving a conflict dating back to the division of the Peninsula in 1945. A flurry of bilateral summit diplomacy has resulted in two inter-Korean declarations as well as a joint U.S.-North Korea statement committing to a nuclear-free Korean Peninsula and the establishment of a new peace regime. But while military tensions have de-escalated significantly, nearly six months on from the historic Trump-Kim summit in Singapore there is a growing sense of stalemate in negotiations.

From North Korea's perspective, the U.S. has not offered enough to warrant further denuclearization measures on its

part; while the position in Washington is that North Korea needs to substantially denuclearize first before any normalization of relations, including a lifting of sanctions. And while inter-Korean relations have proceeded more rapidly, their further deepening is contingent on progress in U.S.-DPRK denuclearization negotiations.

Taking a broader view, this policy brief accordingly takes stock of how far the peace/denuclearization process has come during the past year, highlights the key issues impeding progress, and identifies a number of factors crucial to underpinning sustainable dialogue and the prospects for future progress.



A Turning Point

On November 28, 2017, North Korea test-launched its Hwasong-15 inter-continental ballistic missile (ICBM) after years of covert development. Landing safely in the Pacific Ocean just east of Japan, it nonetheless possessed a potential ocean-crossing range of 13,000km. It was a watershed moment.

While doubts existed over whether North Korea had mastered the re-entry technology to successfully guide a nuclear warhead towards a target anywhere on the U.S. mainland, the test de facto confirmed it as getting very close to becoming – if it had not already – a full-fledged, albeit unwelcome, member of the nuclear weapons club – a development which significantly heightened threat perceptions in Washington, Seoul, and around the world.

The test had followed, less than three months previously on September 3, North Korea's sixth, and most powerful, nuclear test to date. This had prompted the UN Security Council (UNSC) to enact the strongest sanctions yet on North Korea, enforcing what amounted to a near total ban on all its exports, namely coal, seafood and textiles, as well as restricting oil supplies and remittances from North Korean laborers abroad. Ramping up the rhetoric, President Trump stated that the U.S. might have no option but to “totally destroy North Korea” in a speech to the UN General Assembly on September 19.

With the ICBM launch following close on the heels of the nuclear test, then Secretary of State Rex Tillerson issued a statement in which he called North Korea a “threat to international peace” and that, “The DPRK's relentless pursuit of nuclear weapons and the means to deliver them must be reversed.” But while the tests further escalated the fear of military conflict, Tillerson was also keen to stress that, “Diplomatic options remain viable and open, for now. The United States remains committed to finding a peaceful path to denuclearization and to ending belligerent actions by North Korea.”

In fact, North Korea's missile test would also come to signal a change in Pyongyang's direction, which would later become apparent in Chairman Kim Jong Un's New Year's Speech. In it he announced that “our Republic has *at last*

[emphasis added] come to possess a powerful and reliable war deterrent, which no force and nothing can reverse,” indicating that North Korea had reached a level of capability deemed sufficient in its nuclear ambitions, at least for the time being. At the same time, he also asserted that, “A climate favorable for national reconciliation and reunification should be established,” thus signaling North Korea's willingness to improve ties and deescalate tensions with South Korea after a decade of largely frosty relations under the Lee Myung-bak and Park Geun-hye administrations.

Yet whether it was North Korea's new-found self-confidence in its nuclear capability or more the impact of military and economic pressure through escalating sanctions that prompted North Korea's return to the negotiation table remains a key contention.

Making Diplomacy Work Again

One year on from that launch, the dynamics on the Korean Peninsula have changed significantly.

The staging of the Pyeongchang Winter Olympics in February-March earlier this year represented a strategic opportunity for both Koreas to pursue rapprochement, an opportunity that North Korea utilized by sending high-level delegations to the Games. President Moon played an instrumental role through his active peace diplomacy as well as subsequently persuading a skeptical U.S. administration that Chairman Kim was sincere about denuclearization.

Compared to the seven years separating the first and second inter-Korean summits in 2000 and 2007, remarkably Moon and Kim Jong Un have now met three times in the space of just six months. This has led to the Panmunjeom and Pyongyang declarations and even an ambitious Inter-Korean military agreement, which seeks to further dial down military tensions and the risk of confrontation. Relations and exchanges are proceeding in multiple domains if thwarted still by sanctions.

Having initiated nuclear negotiations for the first time since the collapse of the Leap Day deal in 2012, President Trump and Chairman Kim set a historical precedent when they met in June in Singapore. The first ever meeting between serving leaders of the U.S. and the North Korea, it produced a Joint



Statement that envisioned a new peaceful future for U.S.-DPRK relations and committed North Korea, on paper at least, to “complete denuclearization,” though how and when this would be achieved was strikingly vague and short on details.

While the rhetoric of peace has at times eclipsed the substance, the fact is that North Korea has not conducted any more long-range missile launches, there has been no seventh nuclear test, its nuclear testing ground at Punggye-ri was demolished in May in front of selected observers, and it has partially dismantled an important rocket-testing site. In addition, it has released several American detainees as well as returned a number of remains of U.S. soldiers missing in action from the Korean War. Long an apple of discord, the U.S. has reciprocated by indefinitely suspending large-scale joint military exercises with South Korea – for the first time since the mid-1990s. These developments have created an important opening for diplomacy to be given a chance to work and made the prospect of military conflict – so acute last year – practically unthinkable.

U.S. Secretary of State Mike Pompeo has now flown to Pyongyang on four occasions, signaling that the U.S. is serious about engaging North Korea. North Korea has even sent its top officials to the White House. Intensive shuttle diplomacy, though also prone to setbacks, is occurring among all the leaders and their close advisors. While still to be confirmed, a second Trump-Kim summit may be on the cards in early 2019. Few could have predicted these developments just a year ago.

But in spite of all this, there is a sense too that the U.S.-DPRK negotiation process may be faltering. Belying the “warm” personal diplomacy between Kim and Trump – and the president’s predilection to exaggerate the achievements made so far – is the reality that rhetorical commitments will only go so far before further tangible progress is required. Indeed, the lack of progress on denuclearization since the June 12 Summit and the recent cancellation of what would have been Secretary of State Pompeo’s fifth trip to Pyongyang points to significant differences of position.

No, You Go First

Despite the steps above undertaken by North Korea so far, including its “expressed willingness” in the September Pyongyang Declaration to permanently dismantle its Yongbyon nuclear facilities, these are deemed to be insufficient in Washington to concede to Pyongyang’s demands for security guarantees and lifting of sanctions. Indeed, North Korea is reluctant to declare a comprehensive list of its nuclear and missile facilities that may be used to dictate the terms of its denuclearization, it retains its full stockpile of weapons, and there have even been unverified U.S. intelligence reports that it continues to produce nuclear fissile material in defiance of UNSC resolutions. Additionally, while downplayed by the South Korean government and President Trump, recently released satellite imagery of some 20 undisclosed ballistic missile testing sites has caused alarm. In fact, North Korean media announcements have also raised the specter of resuming nuclear development if sanctions are not eased.

Skepticism over North Korea’s sincerity regarding denuclearization among the U.S. policy and expert community is growing as the months elapse. Former U.S. envoy to the Six-Party Talks Christopher Hill has speculated that North Korea is seeking to show that it can be a responsible nuclear weapons state and thereby normalize its nuclear status over time. While no-one quite knows for sure what the calculus or timetable in Pyongyang is regarding denuclearization – beyond the fact that it wants to control the process rather than be dictated to – its ultimate ambitions may be more open-ended than many analysts have been apt to depict.

Regardless, failure by North Korea to enact, at an absolute minimum, a verifiable freeze on its nuclear activities and provide a full declaration of its nuclear and missile facilities precludes, from Washington’s standpoint, any move to offer concessions on its part.

From North Korea’s perspective, meanwhile, the U.S. has not done enough regarding its pledge to normalize relations and establish a peace regime. Despite the suspension of joint U.S.-ROK military exercises, Pyongyang has been at pains to point out that this by itself does not represent an irreversible security guarantee. The U.S. has also been reluctant to sign up to an “end of war declaration” – another North Korean demand – lest it be used as a pretext to undermine the



U.S.-ROK security alliance, while no other security guarantees or opening of a diplomatic liaison office have so far been affected.

Moreover, North Korea's increasing calls for an easing of sanctions – supported by Seoul, Moscow, and Beijing – have encountered resistance in Washington (as well as EU capitals) where they are seen a key tool of leverage to ensure Pyongyang's full compliance to denuclearization as well as uphold the global nuclear non-proliferation regime.

North Korea's focus on sanctions relief may reflect, as some have speculated, that sanctions are starting to severely deplete its foreign currency reserves. They also stand in the way of Kim Jong Un's pledge – formalized since the announced abandonment in April of the Byongjin policy of parallel economic and nuclear development – to focus squarely on economic development and improving the livelihoods of North Korea's long-suffering population. While North Korea has taken measures to adapt to and circumvent sanctions as well as reorient its economy towards domestic production and consumption, its development will ultimately depend on the provision of foreign capital and technical assistance.

Yet the issue of when to lift sanctions is exposing divisions between the U.S. and South Korea. Despite the recent announcement of a joint working group to coordinate U.S.-ROK policy towards North Korea, Seoul views a lifting of sanctions not only as necessary to advance inter-Korean economic cooperation which remains stymied by international sanctions, but also to incentivize Pyongyang to undertake further denuclearization measures. In contrast, the U.S. has not only recently strengthened sanctions, but Secretary Pompeo has also warned Seoul that inter-Korean cooperation cannot proceed faster than denuclearization. This stems from the concern that the provision of economic and technical assistance could undermine the efficacy of sanctions.

Where then does this lead us? Presently each side is demanding the other to make the next move to demonstrate its sincerity: North Korea will not denuclearize until it has received sufficient corresponding concessions, such as easing of sanctions and security assurances (the precise scope of which remain undefined); while the U.S. will not provide those until North Korea has undertaken more significant denuclearization measures, including providing a list of nu-

clear and missile facilities.

With each side sticking to their guns, a diplomatic impasse has been reached, which is fueling mutual suspicion – and impatience – regarding the other's seriousness about implementing its commitments. South Korea meanwhile is stuck in-between trying to coax both sides towards a middle ground where they can move forward.

Sustaining Diplomatic Momentum

Even if a diplomatic breakthrough is made in the near term that allows negotiations to resume, looking further ahead significant gaps in perceptions and expectations, among other shortcomings with the current process, are in danger of becoming magnified.

Accordingly, this policy brief identifies six key aspects important if dialogue – and with it progress on implementing mutual commitments – is to be sustained. This is important too for inter-Korean relations as the durability of deepening relations and exchanges – which ultimately require the lifting of sanctions – depend to a large degree on movement in U.S.-DPRK negotiations on the nuclear issue.

Bridging Expectations

Bridging expectations is important for the sustainability of any process. While the onus is on North Korea to comply with UN resolutions, and discounting “shocks,” North Korea will no less denuclearize unilaterally than the U.S. will move to lift sanctions and pull out troops from South Korea. As such, it is to be welcomed that the U.S. has shifted, to some extent, towards a more pragmatic approach that recognizes the reality of a phased longer-term process rather than a “one-shot” deal. At the same time, North Korea needs also to fully comprehend that it cannot expect any normalization of relations and lifting of sanctions unless it undertakes significant and verifiable denuclearization measures. Currently the U.S. is back-ending what it is willing to provide while North Korea is front-loading some of its demands. Expectations therefore need to be tempered and calibrated to focus on what each side is required to do in tandem. Moreover, all sides should better understand the other's red-lines and constraints, and what each side needs internally in order to move a process forward.



Defining Commitments

Exacerbating the expectation gap is a lack of clarity between the parties on definitions of key concepts and commitments such as complete denuclearization and peace regime, and how precisely these are interpreted by each side. North Korea in particular may have a more “expansive” conception of a peace regime that includes the abrogation of the U.S.-ROK security alliance and a more “minimalist” definition of its own denuclearization that is not irreversible and which does not meet the stringent verification demands expected by the U.S. At the same time, it also remains to be defined how the U.S. interprets its commitments to normalize relations and establish a peace regime. While a degree of creative ambiguity can be useful in the short term, talks are ultimately being built on a fragile foundation unless such terms are unpacked and find commonly agreed upon definition.

Framing an Inclusive Roadmap

The vigorous summit-driven diplomacy has achieved results and, importantly, laid the symbolic groundwork for rapprochement. However, a top-down process has fudged some of the details of how agreements are to be implemented. As such, there is a lack of an operational road map which sets out clear end goals, timeframe, and sequencing of steps to get there. Absent of such, it will be difficult to establish a sense of progression and of knowing where the process is headed. This in turn runs the risk of recurring stalemates. At the same time, however, it will engender much time and disagreement to establish such a detailed roadmap, especially if contention over such comes at the expense of tangible progress in the near term. A balance needs to be struck between shorter term expediency and establishing a comprehensive longer-term framework.

Significantly, furthermore, the peace/denuclearization process cannot be resolved exclusively on a bilateral basis, but needs to also include other important stakeholders such as China, Japan, and Russia as a part of a multilateral framework along the lines of the long-moribund Six-Party Talks. Indeed, denuclearization of the Korean Peninsula, establishing a peace regime, and economic development are all regional concerns. Failure to do so, and especially if agreements are perceived to violate core interests of regional states, could potentially see them act as “spoilers” that threaten to

undermine the process.

Corresponding Measures

Related to a framing a roadmap is the need to establish mutually acceptable corresponding measures. While North Korea’s moratorium on nuclear and missile tests has been roughly reciprocated by a suspension of U.S.-ROK military exercises, it is unclear what parallel steps can be taken next. In the September Pyongyang Declaration, North Korea declared that it might be willing to permanently dismantle its Yongbyon nuclear facility in exchange for concessions. While these are publicly unspecified, a potential easing of sanctions to spur inter-Korean economic cooperation could be considered as well as an end of war declaration as preliminary step towards a peace agreement. Each side’s demands might currently be too high for the other, but there is a need to clarify in more detail what each is willing to provide and what it expects in return. Rigorous working-level negotiations are therefore needed to explore potential zones of bargaining and acceptable compromises.

Setting Baselines

Looking further on, the process ahead is lined with potential pitfalls which threaten to derail talks. The progress made so far needs to be “locked-in” so that it does not unravel should inevitable difficulties be encountered. Accordingly, baselines should be established from which each side does not go back from. These could include, for example, a continued moratorium on missile and nuclear tests (and preferably a formalization of such through signing the Comprehensive Test Ban Treaty) and continued suspension of large-scale military exercises. Failure to hold such baselines could see the process return to a vicious cycle of tensions.

Building Long-term Trust

Finally, without reducing the deep distrust, North Korea is not likely to entertain complete irreversible denuclearization. Pyongyang is acutely wary of past history and examples such as the fate of Libya which gave up its nuclear program as well as the U.S.’s abrogation of the Iran nuclear deal. There is accordingly concern over the longevity of Washington’s current diplomatic approach and also how a new administration could reverse its predecessor’s policies.



For now, there is probably no cast-iron security guarantee that can be provided to sway North Korea's calculus that its future is more secure *without* nuclear weapons. The effectiveness of sanctions to do so is also debatable. On the other hand, the U.S. will not implement its part of the deal without trust in North Korea's intentions for denuclearization.

While progress needs to be made without full trust as each side takes manageable risks, a conducive environment for fostering trust needs to be gradually built by continuing to manage and attenuate political and military tensions on the Peninsula and eroding the rationale for nuclear weapons. The Inter-Korean military agreement constitutes a good step in this regard by establishing military confidence-and security-building measures (CSBMs). Accordingly, full support should be given to not only advancing the inter-Korean peace process, while not prematurely undermining the sanctions regime or South Korea's own deterrence, but also sounding out less sensitive areas to further trust-building and exchange between the U.S. and North Korea.

Although the European Union is not a key strategic actor on the Korean Peninsula, in all of these dimensions it may play a constructive albeit limited role in helping to facilitate dialogue, offer guidance from its own experience of arms control and trust-building, as well as provide technical expertise, for example on nuclear safety, where needed or required.

Conclusion

As many analysts have long realized, there is no panacea to resolving the conflict on the Korean Peninsula, which is complex and multi-layered. How one frames the "problem" determines how one sees the solution and its prospects. Viewing North Korea as an errant state and breaker of international law favors an interpretation of the need to maintain pressure and sanctions to force it to comply. To see the conflict as an unresolved civil war between the two Koreas leads to the conclusion that only trust and confidence-building between them can resolve their differences. To see the division of the Peninsula as a legacy of the Cold War and renewed geostrategic competition between China and the United States means that resolution can only be found in great power coordination and accommodation. In truth, the conflict on the Peninsula involves all of these

dimensions and more, which makes it all the more difficult to resolve. Nevertheless, contingent on genuine political will on all sides, there exists a window of opportunity – albeit one that is not open indefinitely – to make considerable headway in the peace/denuclearization process if some of the key issues impeding progress that this policy brief identifies, are clarified and a middle ground is found. If anything, the past year has shown that patient and flexible diplomacy, that does not unduly inflate expectations, can make slow but steady results.

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