

U.S.-Korea Relations:

A Holding Pattern for the Six-Party Talks

Donald G. Gross
Akin, Gump, Strauss, Hauer & Feld

The six-party talks on North Korea's nuclear program remained in a holding pattern this quarter as Pyongyang evaded a new round before the U.S. presidential elections in November. Although Bush administration officials stressed the benefits North Korea would receive from accepting the current U.S. proposal, Pyongyang was uncooperative and denounced the "hostile policy" of the United States.

In September, North Korea gave as a new pretext for delaying the next round of talks the need for South Korea to disclose more details of the nuclear experiments it conducted in 2000 and the early 1980s. Pyongyang seemed to be betting that a defeat of President George W. Bush in the upcoming U.S. elections would lead to a more accommodating U.S. policy toward North Korea.

The U.S. and South Korea reached agreement during this quarter on the relocation of the U.S. command headquarters from Yongsan base in central Seoul to the Pyongtaek region, approximately 70 kilometers south of the capital. But they were unable to resolve the issue of how many troops the U.S. would withdraw from the South by the end of 2005 as part of the planned global realignment of U.S. forces. South Korea is seeking at least a two-year delay in this redeployment and the allies are likely to announce an agreement at their ministerial-level defense consultation in late October.

On economic and trade issues, the U.S. and South Korea conducted discussions, at both working and senior policy levels, on whether U.S. export control laws should ban the export of computers and other dual-use high technologies to the Kaesong industrial complex in North Korea. South Korea hopes to locate 15 companies at this site by the end of 2004. Originally announced at the June 2000 South-North summit meeting, the planned Kaesong complex symbolizes the extensive economic development that could arise from détente on the Korean Peninsula.

Six-party talks delayed

At the outset of the quarter, high-level U.S. officials attempted to promote the first serious offer the Bush administration made to North Korea for settling the nuclear issue. In the late June round of six-party talks, the U.S. proposed a three-month freeze of Pyongyang's nuclear activities prior to their complete and verifiable dismantlement. In

exchange, the U.S. would provide North Korea with a “provisional security guarantee” against attack while Japan and South Korea gave energy assistance.

In early July, U.S. Secretary of State Colin Powell met with North Korea’s Foreign Minister Nam-Sun Paek in the highest-level direct contacts between the two governments since the two held informal talks at the July 2002 ASEAN Regional Forum meeting in Brunei. The meeting was something of a concession to North Korea since the administration has eschewed any “direct negotiations” in favor of its preferred multilateral approach at the six-party talks.

National Security Adviser Condoleezza Rice followed this meeting with consultations in Beijing and Seoul where she declared that North Korea would reap “surprising rewards” if it abandons its nuclear program. The upbeat nature of her comments and emphasis on benefits that would flow to North Korea from reaching a settlement showed a new, more positive, U.S. attitude toward the negotiations. In the past, the Bush administration tended to see any discussion of such benefits as an element of former President Bill Clinton’s policy of alleged “appeasement” of Pyongyang.

Finally, in late July, one of the most hawkish members of the Bush diplomatic team, Under Secretary of State for Arms Control and International Security John Bolton, stressed during a visit to Seoul that “the case of Libya has shown concretely the benefits that can flow if North Korean leader Kim Jong-il makes the strategic choice not to invest in weapons of mass destruction.”

The first official North Korean comment on the U.S. offer came in a statement from the Foreign Ministry on July 24 calling it a “sham proposal.” Over the next several weeks, North Korea ramped up its criticism of the United States for its “hostile policy” and attacked President Bush personally in calling him a “political imbecile” (after Bush referred to Kim Jong-il as a “tyrant” at a campaign rally).

During this same period, a mid-level North Korean negotiator, Ri Gun, met with U.S. officials including Joseph DeTrani, deputy head of the U.S. delegation to the six-party talks, and State Department policy planning director Mitchell Reiss in an unusual session on the margins of an NGO conference in New York. According to both sides, the talks were “productive” although no specific information was released about their content.

In retrospect, it appears that from July 24 North Korea decided to reject the U.S. proposal outright rather than bargain on the basis of the U.S. offer. Pyongyang’s substantive response to the U.S. proposal led it, later in the quarter, to seek a procedural delay in the next round of six-party talks that were tentatively scheduled for late September.

North Korea’s overall negotiating strategy may well have been shaped by a belief that it could obtain a better offer from the U.S. after the presidential elections in November, under either a Kerry presidency or a second-term Bush administration. While the U.S. proposal was a serious offer – with U.S. officials underscoring their desire to reach a diplomatic resolution of the crisis – it likely looked harsh from the North Korean perspective. Rather than laying out a step-by-step process toward nuclear dismantlement,

with North Korea receiving benefits each step of the way, the proposal required Pyongyang to bring all nuclear activities immediately and irreversibly to a halt in exchange for less than expected up-front incentives. Importantly, North Korea would have had to reveal any uranium enrichment program, which it previously denied, without the benefit of face-saving measures to cushion the disclosure.

Despite Pyongyang's increasingly negative view of the substance of the U.S. offer, other governments involved in the six-party talks moved forward with plans to hold a new round by the end of September. With its national prestige on the line as host of the meetings, China was particularly active in conducting bilateral consultations with all the participants.

These procedural discussions hit their first major snag in mid-August, when Pyongyang said it could not attend a working level preparatory round of multilateral talks because of the "hostile policy" that the U.S. was pursuing against North Korea. North Korea upped the ante about a month later when it announced its refusal to attend any new round of talks until Seoul disclosed details of its nuclear weapons research, apparently conducted both in 2000 and in the early 1980s.

The news of South Korea's secret experiments to develop the fissile material for nuclear weapons broke in early September, when Seoul acknowledged that its scientists separated uranium on an experimental basis in 2000. South Korea earlier revealed this information to the International Atomic Energy Agency (IAEA) under pressure from the U.N.-affiliated organization. Nevertheless, Seoul quickly denied its scientists enriched uranium to near-weapons grade.

A week after this first disclosure, South Korea admitted to conducting plutonium research tests in the early 1980s. Here again, a Foreign Ministry spokesman denied that its research was part of a nuclear weapons development program. From public reports, it was not clear whether the nuclear experiments originated from academic curiosity, clandestine government policy, or the rogue activity of government scientists. Their exposure nevertheless set off alarm bells in Tokyo and Beijing where officials have long harbored suspicions of South Korean nuclear research. The Bush administration played down the disclosures despite fears that they could help to trigger a nuclear arms race in East Asia.

Another unsettling set of events began unfolding on Sept. 11, right after South Korea's second disclosure of nuclear research, when Seoul confirmed that a massive explosion occurred several days earlier in North Korea, not far from the Chinese border. Speculation that North Korea may have conducted a nuclear test was bolstered by a *New York Times* report a day later that some U.S. intelligence agencies believed Pyongyang was taking preparatory steps toward testing a nuclear weapon.

Democratic presidential candidate Sen. John Kerry seized on the combination of events and attacked President Bush for letting a "nuclear nightmare" develop in North Korea by virtue of the administration's single-minded focus on Iraq. Responding to Kerry's

charges, both Secretary Powell and National Security Adviser Rice defended the administration's policy toward North Korea. They argued that the U.S. had a far better chance of preventing a North Korean nuclear test through the multilateral six-party talks than if the U.S. were trying to deal with Pyongyang on its own and solely through bilateral negotiations – a mischaracterization of the candidate's policy (and official U.S. policy for that matter, which also endorses bilateral talks within the multilateral framework).

The charges and counter-charges by Kerry and Bush administration officials appeared especially ironic in a U.S. political context. In the late 1990s, Republican conservatives constantly highlighted the North Korean threat to the U.S. as a means of both discrediting the Clinton administration's efforts to negotiate with Pyongyang and as a way of bolstering the case for national missile defense. The Democratic administration often responded by downplaying the North Korean threat, if only to avoid adding to Pyongyang's diplomatic leverage in bilateral negotiations.

Kerry's political attacks brought this interplay full circle. Now the Democrats stressed the threat from North Korea to discredit Bush administration policy. In response, Bush administration officials emphasized the value of the multilateral negotiating process they created, while playing down the nuclear danger from North Korea to reduce Pyongyang's diplomatic leverage.

North Korea Human Rights Act

In late July, the U.S. House of Representatives approved the North Korea Human Rights Act; it was passed by the Senate on Sept. 28. If signed into law by President Bush, the bill would authorize \$100 million annually through 2008 for humanitarian assistance and the expansion of the World Food Program into North Korea. The bill would also provide \$20 million for humanitarian and legal assistance to North Korean refugees, orphans and women who are the victims of sex trafficking. Finally, the bill would assist North Korean refugees in obtaining political asylum in the United States by setting new guidelines for refugee status and asylum eligibility.

The chief sponsor of the bill in the House of Representatives, Congressman Jim Leach (R-IA) commented that “many thousands of North Koreans are hiding inside China, which currently refuses the U.N. High Commissioner for Refugees the opportunity to evaluate and identify genuine refugees among the North Korean migrant population. China forcibly returns North Koreans to North Korea, where they routinely face imprisonment and torture and sometimes execution. Inside China, North Korean women and girls are particularly vulnerable to trafficking in sexual exploitation.”

Future of the Alliance military talks

South Korean military and political officials were clearly taken aback in June when the U.S. announced that it would cut its troops on the Peninsula by a third (approximately 12,500 soldiers) by the end of 2005, as part of a global realignment of U.S. forces.

Although the troop reduction had allegedly been foreshadowed in earlier military-to-military discussions, the actual announcement focused public debate for the first time on its consequences. After South Korean conservatives criticized the government for instigating a U.S. withdrawal while the North Korean threat still loomed, U.S. commanders went out of their way to stress the decision was not a punitive response to South Korea's policy of détente with North Korea.

When U.S. National Security Adviser Rice met with ROK President Roh Moo-hyun in early July, she said the U.S. would positively consider South Korea's request to postpone the withdrawal by at least two years. Later in the month, in a demonstration of alliance cooperation, the U.S. and South Korea agreed on an earlier than expected return of 13 U.S. bases to South Korea by 2006. They also reached final agreement on the relocation of the U.S. command headquarters from Yongsan base in central Seoul to the Pyongtaek region, approximately 70 kilometers south of the capital.

The agreement on a relocation of U.S. forces from Yongsan culminated a difficult 10-year negotiation between the two allies. It must still be approved by the National Assembly, where critics have voiced dismay at the \$3 - \$4 billion in relocation costs that will have to be shouldered by South Korean taxpayers.

The larger issue of U.S. reductions of forces on the Peninsula still eluded resolution at a meeting of U.S. and South Korean defense officials in Washington during late September. South Korea reportedly emphasized the need for at least a two-year delay to allow them to make preparations for assuming their new defense burden. South Korean defense officials also asked the U.S. to preposition in the country the equipment for a heavy brigade – including hundreds of M-1 tanks, M-2 armored vehicles, and M-109 self-propelled artillery. In the event of a conflict with North Korea, U.S. troops could be dispatched to the Peninsula by planes and high-speed transport ships and enter combat quickly with their prepositioned equipment.

The U.S. reportedly expressed reluctance on prepositioning, based mainly on the cost of leaving so much equipment in South Korea. (The U.S. previously agreed to delay the withdrawal of a battalion of Multiple Launch Rocket Systems from the end of 2005 to 2006). At the end of the September military conference, the allies agreed to reach a final resolution of outstanding issues at their annual ministerial-level defense consultation scheduled for late October.

Economic and trade issues

During this quarter, the U.S. and South Korea conducted negotiations at both working and senior policy levels on the application of U.S. export control regulations to the new Kaesong industrial complex in North Korea. When completed, this complex will be a new center for industry in North Korea that is built around South Korean companies. It will bring together South Korean capital, technology, and business expertise with cheap North Korean labor and land.

Originally announced at the June 2000 South-North summit meeting, South Korean planners envision that the Kaesong complex, 7 kilometers north of the DMZ, will involve about 2,000 South Korean companies by the year 2020. Seoul is seeking to establish 15 companies at the site, as a pilot project, by November or December 2004.

To move forward, South Korea must obtain U.S. permission to export certain controlled and dual-use technologies to North Korea, even though the initial factories will produce only low-tech products such as cosmetic cases, handbags, shoes, and fuel pumps. The main technology in question consists of Pentium III computers that South Korean companies will use to guide manufacturing operations and inventory control. At present, U.S. law bans export of such computers to North Korea on the grounds that they could foster terrorism or proliferation of weapons of mass destruction.

In early September, South Korea's Unification Minister Dong-young Chung conducted discussions with senior U.S. officials on this issue and later gave an upbeat assessment that the U.S. would issue the necessary licenses to permit the Kaesong project to proceed. Chung reportedly stressed to U.S. officials that both the U.S. and South Korean governments would strictly control access to sensitive technologies at the site and that these technologies would be used only by South Korean companies.

The U.S. and South Korea also conducted inconclusive trade negotiations during the quarter on opening the South Korean rice market to U.S. imports. Currently, stiff tariffs allow South Korea to subsidize its farmers by maintaining rice prices at approximately four times higher than international prices. South Korean farmers staged street rallies nationwide in September to protest any shift in government policy that would harm the domestic rice industry.

Seoul is seeking to protect its agricultural sector from harsh tariff cuts at the current round of WTO talks (on the so-called Doha Development Agenda) at the same time as it seeks tariff cuts from other countries in the manufacturing sector to help the export of Korea's high-tech IT products. Balancing these two conflicting policy imperatives will be a difficult task for South Korean trade negotiators during the completion of the WTO's Doha round in the coming year.

Finally, early in the quarter, U.S. and South Korean business leaders, meeting in Seoul, urged their two governments to complete a Bilateral Investment Treaty (BIT) and intensify efforts to reach a bilateral free trade agreement (FTA). In the view of the Federation of Korean Industry, early signing of a BIT will help accelerate the negotiations on a FTA. Now that President Roh has appointed a new minister of culture who appears open to modifying South Korea's restrictive film quotas, the main obstacle to a BIT could well be overcome in the near future.

Prospects

It appears that the six-party talks on the nuclear issue with North Korea will stay in a holding pattern, at least through the U.S. presidential elections in November. The talks are at a stage where some concrete progress has to be made at the next round or this diplomatic process may collapse altogether. Given a choice between failure or delay, virtually all of the participants would prefer the latter course.

To date, the six-party talks have shown some convergence on long-term goals: a nuclear-free Korean Peninsula, a peace system to replace the 1953 Armistice, an end to hostility leading to normal diplomatic relations among all the parties, and an elimination of barriers to trade to facilitate the economic development of North Korea.

In view of the degree of enmity and suspicion among some of the participants, especially the U.S. and North Korea, it may be difficult to reach these goals if the parties seek a conventional, formal treaty. An alternative approach that some parties, including the U.S., may propose is to proceed through “reciprocal unilateral measures” – independent actions taken by the parties to the negotiations – to reach their shared objectives. This diplomatic process leaves to each participant some discretion in what it actually does and does not require a formal treaty.

From North Korea’s standpoint, a process of taking reciprocal unilateral measures could avoid having to accept fully, at the outset, the strict offer that U.S. negotiators tabled at the last round of six-party talks. If North Korea were to announce some initial significant action toward dismantling its nuclear program, at the next round, reciprocal unilateral actions by the other participants would more than compensate Pyongyang, while maintaining momentum toward their common goals.

Chronology of U.S.-South Korea Relations July-September 2004

July 2, 2004: North Korean Foreign Minister Paek Nam-Sun meets with Secretary of State Colin Powell at ASEAN Regional Forum meeting in Jakarta; in Seoul, South Korean and U.S. business leaders call for swift conclusion of Bilateral Investment Treaty.

July 9, 2004: During ROK visit, U.S. National Security Adviser Condoleezza Rice says North Korea will reap “surprising” rewards if it abandons its nuclear program.

July 20, 2004: U.S. arms control chief Bolton meets with South Korean Foreign Minister Ban Ki-moon, urging that North Korea adopt the Libyan model of dismantling its nuclear program in exchange for political and economic benefits.

July 21, 2004: U.S. House of Representatives approves North Korea Human Rights Act.

July 23, 2004: Seoul and Washington agree on transfer of troops and bases in South Korea, as part of the realignment of U.S. forces.

July 24, 2004: North Korea brands U.S. six-party talks offer a “sham proposal.”

July 27-28, 2004: Over 460 North Korean refugees arrive in Seoul after the South Korean government air-lifted them from Vietnam.

July 28, 2004: U.S. head of the six-party working group, Joseph DeTrani, arrives in Beijing for talks with Chinese diplomats.

July 29, 2004: Pyongyang calls South Korea’s receipt of North Korean refugees “premeditated abduction and terrorism in broad daylight.”

Aug. 2-3, 2004: U.S. and South Korean delegates to the six-party talks open two days of meetings in Washington on compensation North Korea would receive for ending its nuclear program.

Aug. 5, 2004: North Korea returns the Korean War remains of two U.S. soldiers through Panmunjom.

Aug. 8, 2004: NSC head Rice says the U.S. is considering all available options for disrupting North Korea’s nuclear weapons program.

Aug. 10, 2004: North Korean official Ri Gun and U.S. official DeTrani discuss nuclear issue at two-day NGO seminar in New York; they reportedly meet with South Korean Ambassador Han Sung-joo and State Department Policy Planning Director Mitchell Reiss.

Aug. 13, 2004: U.S. military completes air-lift of 3,600 troops from South Korea to Iraq.

Aug. 16, 2004: President Bush confirms U.S. future realignment of U.S. troops in Asia and Europe, including withdrawal of 12,500 from South Korea; North Korea accuses U.S. of pursuing “hostile policy” and says it can’t attend working-level six-party talks.

Aug. 19, 2004: At opening of two-day Future of the Alliance talks, U.S. negotiators show positive response to delaying withdrawal of U.S. troops from South Korea until 2007.

Aug. 20, 2004: U.S. Deputy Asst. Secretary of Defense Lawless announces a closed round of defense talks in Seoul on scheduling a reduction of U.S. troops on the Korean Peninsula.

Aug. 23, 2004: North Korea calls Bush a “political imbecile” and says it would not attend working-group meeting for the six-party talks; U.S. and South Korea begin annual “Ulchi Focus Lens” war game.

Aug. 30, 2004: U.S. Forces Korea spokesperson denies that U.S. speeded up decision to reduce troops in Korea because of anti-American actions.

Sept. 2, 2004: South Korea acknowledges that scientists in 2000 separated uranium on an experimental basis.

Sept. 3, 2004: South Korea denies its scientists enriched uranium to near weapons grade.

Sept. 9, 2004: ROK admits to conducting plutonium research test in the early 1980s.

Sept. 10, 2004: South Korean Foreign Ministry official denies South Korea has a nuclear weapons development program. South Korean and U.S. trade negotiators discuss opening of Korean market to U.S. rice exports.

Sept. 11, 2004: South Korea confirms massive explosion in North Korea near Chinese border several days earlier but dismisses possibility it was a nuclear test.

Sept. 12, 2004: *The New York Times* reports that North Korea may test a nuclear weapon

Sept. 13, 2004: Assistant Secretary James Kelly completes two-day visit to Beijing; at beginning of four-day meeting with IAEA, South Korea says nuclear experiments were isolated, academic efforts.

Sept. 16, 2004: North Korea says it will not attend new round of six-party talks until Seoul discloses details of its nuclear experiments; North Korea shows foreign diplomats site of explosions related to construction of hydro-electric facility.

Sept. 17, 2004: Scott Snyder and SoRhym Lee are married in Seoul.

Sept. 19, 2004: IAEA inspection team arrives in Seoul to investigate uranium enrichment experiments in the early 1980s and 2000.

Sept. 22, 2004: U.S. and South Korean defense officials complete two days of talks in Washington on planned U.S. troop cuts in advance of October annual security dialogue.

Sept. 23, 2004: North Korea threatens to turn Japan into a “sea of fire” if the U.S. attacks North Korea with nuclear weapons.

Sept. 24, 2004: FM Ban meets Secretary Powell in New York, urging North Korea not to conduct any missile tests, as indicated by intelligence reports.

Sept. 27, 2004: North Korean Vice Foreign Minister Choe Su-hon says at U.N. that Pyongyang will not resume participation in six-party talks until Bush administration ends its “hostile policy” and South Korea discloses details of its nuclear experiments.

Sept. 28, 2004: U.S. Senate unanimously approves North Korea Human Rights Act.