

# THE FUTURE OF THE U.S.-ROK ALLIANCE

*Change and Continuity in North Korea Policy*

By Nam Hoon Cho, Kuyoun Chung, Roberta Cohen, Patrick M. Cronin,  
Yong-sup Han, Bruce Klingner, Kongdan Oh, Andrew Injoo Park,  
and Hun Joo Park



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## THE NATIONAL BUREAU *of* ASIAN RESEARCH

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The National Bureau of Asian Research  
1414 NE 42nd Street, Suite 300  
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# THE FUTURE OF THE U.S.-ROK ALLIANCE

## *Change and Continuity in North Korea Policy*

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## FOREWORD

By most measures, the alliance between the United States and the Republic of Korea (ROK) has remained resilient. Forged from the crucible of the Korean War, the U.S.-ROK alliance has successfully deterred another North Korean invasion of the South since the war was suspended in 1953 by an armistice. During this time, South Korea has undergone a transformation from an autocratic, developing nation into a democratic and economic wunderkind of Asia—a model touted for developing nations to follow. And the United States has benefited from South Korea's rise. The two nations' economies are closely knit as a result of the large-scale flow of goods and services between them. Military cooperation now extends beyond traditional security deterrence into wide-ranging global initiatives, including humanitarian assistance, disaster relief, and peacekeeping missions, making the world a safer and more peaceful place.

Despite those successes, the U.S.-ROK alliance is entering a period of uncertainty. During the 2016 U.S. presidential campaign, Donald Trump cast doubt on U.S. defense and trade commitments, though he and his cabinet have made efforts to reassure allies since taking office. In South Korea, the unprecedented impeachment and ouster of President Park Geun-hye paves the way for a progressive candidate, who is likely to be less sympathetic toward the United States, to be elected in May.

Against this backdrop, this report traces the contours of the U.S.-ROK alliance and offers insights into the factors that will shape its future. The report arises out of a workshop co-convened by the National Bureau of Asian Research, the Korea Institute for National Unification, and the Korea Development Institute, which gathered U.S. and Korean experts one day after President Trump was elected to discuss a range of topics, including security, human rights, unification, and sanctions. The essays in this report build on the presentations and incorporate feedback and developments since the workshop. Providing both U.S. and Korean perspectives, the report covers a spectrum of issues related to the alliance and offers prescriptions to aid in forming good policy.

The first essay by Patrick Cronin addresses the U.S.-ROK alliance within the context of the new U.S. administration and argues that while the United States and South Korea continue to share strong interests, strategic miscalculations in this period of ambiguity on the Korean Peninsula could lead to a quick escalation of tension. Roberta Cohen builds on the security theme, arguing that because security and human rights issues go hand in hand, pursuing both fronts concurrently, including in the area of sanctions, has mutual advantages. Bruce Klingner focuses on sanctions policy and argues that sanctions will not change North Korea's behavior unless they are effectively implemented and China becomes serious about disrupting the status quo development of the North Korean nuclear weapons program. Andrew Injoo Park and Kongdan Oh consider potential scenarios for the collapse of the Kim Jong-un regime, which they view as the most probable path to unification, and outline how neighboring countries as well as the United States might react.

The Korean authors address similar themes. Beginning with security architecture, Yong-sup Han posits that the leaders of both nations must work closely together to avoid friction, particularly if the next South Korean president comes from a current opposition party, riding a wave of nationalism. While recognizing the priority of North Korean security issues, Hun Joo Park calls

for an appreciation of the socio-psychological obstacles to human trust and cooperation in North Korea, which present formidable challenges for the long-term prospects of unification. Nam Hoon Cho assesses the early impact of the UN Security Council sanctions issued in 2016, finding that their effectiveness varies widely by sector and has been undermined by loopholes in enforcement. Finally, Kuyoun Chung considers the competing strategic interests in the region and argues that a tailored approach to the different North Korean actors is needed to chart a favorable course toward unification.

I would like to offer my sincere thanks to the Korea Institute for National Unification and the Korea Development Institute for their partnership on the workshop as well as their support for this report. I also want to acknowledge the contributions of Tim White, who provided valuable research assistance during both phases of the project, and Alison Szalwinski, who assisted with project management.

In putting these essays together, I was struck by the notion of “change and continuity,” as reflected in the report’s subtitle—the idea that while leaders and government policies change with elections, a nation’s core interests do not. Much has changed for both the United States and South Korea since the U.S. election on November 8. But given the existential threat posed by North Korea’s nuclear arsenal, and anxiety about the future of U.S. policy toward the Korean Peninsula, the need for informed decision-making has never been more pressing, nor the stakes so high. We hope this report becomes a valuable resource for all who seek to better understand and shape a holistic U.S.-ROK policy.

Dan Aum  
*Director of Government and Media Relations*  
*The National Bureau of Asian Research*



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NBR SPECIAL REPORT | APRIL 2017

# The Trump Administration: Implications for the U.S.-ROK Alliance and Policy toward North Korea

*Patrick M. Cronin*

**PATRICK M. CRONIN** is a Senior Advisor and Senior Director of the Asia-Pacific Security Program at the Center for a New American Security. He can be reached at <[pcronin@cnas.org](mailto:pcronin@cnas.org)>.

## EXECUTIVE SUMMARY

This essay assesses the challenges for the U.S.-ROK alliance on the Korean Peninsula and recommends several options for the Trump administration to preserve and strengthen the alliance to deter North Korean aggression and proliferation.

### MAIN ARGUMENT

Changes in government in both the U.S. and South Korea, coupled with a dangerous regional security environment, ensure that U.S.-ROK relations will be severely tested in the coming months and years. But notwithstanding the different approach to U.S. foreign policy and style of leadership ushered in by President Donald Trump, enduring and shared national interests are likely to prevail in bilateral ties. North Korea's mounting nuclear and missile capabilities will continue to reinforce the need for deterrence in the short run and for the Blue House and the White House to agree on a long-term comprehensive strategy for managing this threat. Both sides should remain open to serious dialogue with Pyongyang, but the lack of success in negotiating limits to North Korea's weapons programs to date suggests that the most reliable bulwark for peace will remain a strong, ready, and well-coordinated alliance.

### POLICY IMPLICATIONS

- Although South Korea is already shouldering considerable burdens to support the U.S. forward military presence on the Korean Peninsula, as the allies continue to adjust their roles, missions, and capabilities, each side will need to recalibrate its alliance commitments to ensure a sustainable and equitable division of labor.
- As South Korea prepares for a new government, possibly with a more liberal agenda than that of the past decade, it will be incumbent on both governments to continue to make full use of the alliance's mature and successful institutional framework.
- As President Trump seeks to deliver on his campaign promises to create more jobs, recapitalize infrastructure, and revitalize manufacturing, he will want to build on the success of South Korea, both as a major global economy and as an important trading partner. The Korea-U.S. Free Trade Agreement can be tweaked along the lines of how President Trump appears set to collaborate with Canadian prime minister Justin Trudeau on tweaking the North American Free Trade Agreement.

The Korean Peninsula will remain among the top national security priorities confronting the Trump administration. President Donald Trump inherited a situation in which a hostile North Korean regime is determined to deploy long-range nuclear missiles capable of reaching the continental United States and continues to threaten a close U.S. ally, the Republic of Korea (ROK), seeking to emerge out of months of political turmoil. Even if the fledgling U.S. administration had wanted to downplay the Korean Peninsula, it would be hard-pressed to ignore such substantial developments. Indeed, North Korea managed to interrupt a summit meeting on February 11 between President Trump and Japanese prime minister Shinzo Abe by test-firing an intermediate-range ballistic missile (IRBM).<sup>1</sup> It also marked the beginning of annual U.S.–ROK alliance exercises on March 6 by launching a barrage of four missiles, three of which landed in Japan’s exclusive economic zone.

Despite the change of administrations, the overriding U.S. objective remains unchanged: preserve peace on the peninsula while simultaneously attempting to thwart Pyongyang’s nuclear ambitions. Deterrence is essential; denuclearization is highly desirable. Following a tumultuous beginning to his administration, President Trump must demonstrate the twin attributes of strength and agility required to achieve these goals.<sup>2</sup> At the same time, he will need to work with an interim government and, after special elections in May, a new administration in Seoul both to manage the North Korean problem and to update the alliance between the United States and the ROK. Recognizing the region’s importance, President Trump, within two weeks of his inauguration, dispatched Secretary of Defense James Mattis to South Korea and Japan. In an early demonstration of defense diplomacy, Secretary Mattis quietly but confidently reassured these two key allies while signaling to North Korea that any threat would be met with an “overwhelming” response.<sup>3</sup> Secretary of State Rex Tillerson has further underscored the public and private reaffirmations of an “ironclad” alliance by President Trump, Secretary Mattis, the national security advisor Lieutenant General H.R. McMaster, and other officials.

Together with his counterpart in the Blue House, President Trump can counter Kim Jong-un’s brinkmanship, even while remaining open to sober and meaningful dialogue. Dialogue does not mean acceding to insincere negotiations designed to lock in North Korean nuclear advances or reducing alliance readiness and defense. At the same time, the Trump administration will need to seek adjustments to the alliance to ensure that it reflects a high degree of reciprocity and a fair plan for both power- and burden-sharing. Such adjustments should be sought over time, through established alliance mechanisms, and not begin until a newly elected South Korean government is ready.

## Elements of Continuity and Change

A conservative businessman brings a different type of management style to the White House than a politician steeped in the history of U.S. foreign policy and governmental bureaucracy. Although comparisons are difficult, the shift in style from President Barack Obama to President

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<sup>1</sup> Patrick M. Cronin, “North Korea to Donald Trump: Challenge Accepted,” *National Interest*, February 14, 2017, <http://nationalinterest.org/feature/north-korea-donald-trump-challenge-accepted-19441>.

<sup>2</sup> Ashley Parker and Philip Rucker, “Upheaval Is Now Standard Operating Procedure Inside the White House,” *Washington Post*, February 13, 2017.

<sup>3</sup> Michael R. Gordon and Choe Sang-Hun, “James Mattis Seeks to Soothe Tensions in Japan and South Korea,” *New York Times*, February 5, 2017, <https://www.nytimes.com/2017/02/05/us/politics/jim-mattis-south-korea-japan.html>.

Trump is at least as dramatic as the transition in South Korea from President Roh Moo-hyun to President Lee Myung-bak that occurred in 2008. Some changes in leadership style will be productive, but others may be jarring, discordant with expectations at home and abroad. At his best, President Trump could be evocative of Teddy Roosevelt's strong and daring nature, Bill Gates's business acumen, or Mark Zuckerberg's grasp of social media.

However different the style of President Trump, he must act to protect a range of enduring U.S. interests on the Korean Peninsula. Among those interests are curbing the threats posed by North Korea's nuclear weapons and missile programs, maximizing the power of the U.S.-ROK alliance, and preserving the credibility of U.S. deterrence. In short, the U.S.-ROK alliance exhibits significant continuity in U.S. policy goals. The Trump administration should reinforce and build upon—rather than break from—the United States' decades of close alliance relations with South Korea, assuming that Seoul remains seriously committed to a robust alliance. President Trump may hail from the business community, but he will need to work hand in glove with Seoul and deal with Pyongyang with diplomacy backed by force.

Working to maintain continuity in the U.S. commitment to the alliance, however, is not the same as standing still with respect to alliance management. Adjustments to the alliance could involve proposals ranging from asking Seoul to shoulder more costs of stationing U.S. forces on the peninsula to resuming negotiations over wartime operational control (OPCON) to thinking about future high-tech defense collaboration designed to neutralize North Korea's burgeoning nuclear threat. Such negotiations would be in line with previous adjustments to increase burden-sharing, and South Korean officials should be reassured by Secretary of State Tillerson's statements to the effect that Seoul is more than pulling its own weight in support of the U.S. presence on the peninsula.<sup>4</sup>

Beyond fine-tuning alliance management, the Trump administration may bring a pronounced change to crisis management. Kim Jong-un appears to be testing the will of the new president to assess the United States' commitment to its allies. The launch of an IRBM in February was clearly intended to be provocative, but President Trump acted in stride, and he appears content to wait for the results of the internal North Korea policy review he had ordered beforehand. Kim perhaps sees the political upheaval in both South Korea and the United States as an opportunity to undermine the U.S.-ROK alliance and has vowed to respond harshly to the annual Key Resolve and Foal Eagle defense drills scheduled in April. His missile tests on March 6 could be a foretaste of further provocations, possibly aimed at testing South Korea in the run-up to the special election slated for early May. There is always a risk of miscalculation and escalation during a period of heightened tension.

Since North Korea has already issued an ultimatum, it will be difficult for the alliance to curtail the defense drills without appearing weak. Indeed, it would not be surprising if President Trump called attention to the military exercise as a visible demonstration of U.S. commitment to preserving peace and maintaining deterrence. He has already decided to dispatch B-52 bombers, and he could well signal even tougher resolve in response to further North Korean provocations, such as another nuclear test, more missile launches, and kinetic or cyberattacks.

Hence, a significant potential change in U.S. policy could be the Trump administration's staunch response to crisis management, an approach that may have to be tempered should a more

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<sup>4</sup> Seong-Heon Lee, "Tillerson Says S. Korea Is Already Paying Large Amounts to U.S. Troops," *Dong-A Ilbo*, February 10, 2017, <http://english.donga.com/Home/3/all/26/844970/1>.

liberal politician such as Moon Jae-in win the next presidential election now that Park Geun-hye has been removed from office by the Constitutional Court's decision on March 10. Among other possible departures from recent South Korean policy, Moon might pursue more vigorous diplomacy with North Korea and review major defense decisions such as the deployment of additional missile-defense systems.<sup>5</sup> Even so, as the former chief of staff to President Roh, Moon is aware of not only the alliance challenges posed by changes in the ideology of an administration but also the high degree of continuity that flows from overlapping and enduring interests.

Another potential change to U.S. policy in Northeast Asia under President Trump is a greater emphasis on major-power diplomacy. For example, he might want to test how far Chinese president Xi Jinping might go to help rein in the North Korean nuclear and missile programs. China shares an interest in preserving peace, but its interests diverge with respect to retaining credible U.S.-ROK defenses to ensure that Pyongyang remains deterred even as it adds new offensive capabilities. How the White House reconciles its desire to deal effectively with North Korea through the U.S.-ROK alliance with its interest in maintaining high-level engagement with China will be an ongoing test for the new administration.

Finally, the Trump team will bring a staunchly geoeconomic focus to overall U.S. policy. Because of President Trump's interest in dealmaking, he shares a greater natural affinity for Asian leaders' priorities than his predecessors in the United States, who have labored under a largely geopolitical decision-making paradigm. By offering to make new Japanese investments to create jobs and develop infrastructure in the United States, Prime Minister Abe demonstrated how an ally could work well with President Trump.<sup>6</sup> Following the South Korean election, it will be important for the leaders in the Blue House and the White House to find common economic ground to simultaneously lift the South Korean economy, which has seen growth rates below 4% for a half decade following decades of high growth, and establish greater South Korean investment in the United States. In stark contrast to North Korea, South Korea remains among the world's dozen leading economies and vital to achieving future economic prosperity with the United States. Adjustments to the Korea-U.S. Free Trade Agreement are both desirable and possible, but negotiations should be handled in the manner of the promising discussions on the North American Free Trade Agreement between President Trump and Canadian prime minister Justin Trudeau.<sup>7</sup>

## An Agenda for the U.S.-ROK Alliance

The Trump administration's agenda for the U.S.-ROK security alliance should focus on deterrence through superior military capability and clear signaling. The Obama administration regularly responded to North Korean provocations with visible demonstrations of U.S. commitments—including the September 2016 flight of B-1 bombers near the North Korean border and other prominent alterations to the United States' forward-based forces. President Trump

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<sup>5</sup> See Kent Boydston, "South Korean Presidential Candidates on North Korea Policy," Peterson Institute for International Economics, North Korea: Witness to Transformation (web log), December 16, 2016; and Daryum Ji, "S. Korean Presidential Candidate Moon Reverses Position on THAAD Deployment," NK News, January 16, 2017, <https://www.nknews.org/2017/01/s-korean-presidential-candidate-moon-reverses-position-on-thaad-deployment>.

<sup>6</sup> Patrick M. Cronin, "The Trump-Abe Summit," Center for a New American Security (CNAS), CNAS Press Note, February 8, 2017, <https://www.cnas.org/press/press-note/cnas-press-note-the-trump-abe-summit>.

<sup>7</sup> Brian Naylor, "After Meeting Canadian Prime Minister, Trump Talks of Tweaking NAFTA," National Public Radio, February 13, 2017, <http://www.npr.org/2017/02/13/515035705/after-meeting-canadian-prime-minister-trump-talks-of-tweaking-nafta>.

could buttress such demonstrations of commitment through expanding exercises to prepare for emerging threat scenarios, advancing multi-tiered missile defense systems beyond the plan to deploy a Terminal High Altitude Area Defense (THAAD) missile battery on the Korean Peninsula, increasing trilateral cooperation with South Korea and Japan, and further employing information-based strategies to achieve tactical and strategic influence. After Secretary Mattis's visit to Seoul and the subsequent North Korean provocations, both allies have opted to accelerate the deployment of a THAAD missile system, the main purpose of which is to help ensure that the United States could successfully reinforce the ROK in the event of a North Korean attack. Thus, while THAAD may concern China, that concern is clearly secondary to the primary goals of buttressing deterrence and reassuring all 50 million South Koreans.

Subordinate to these steps to reinforce deterrence and curb North Korean aggression and proliferation, the Trump administration will also need to work in the coming years to forge a new division of labor and increase burden-sharing in the U.S.-ROK alliance. After all, the ROK continues to develop and thrive. With a GDP of roughly \$1.4 trillion, its economy is roughly 35 times the size of North Korea's (estimated at no more than \$40 billion in 2015).<sup>8</sup> Less appreciated is the fact that South Koreans now have a longer life expectancy than Americans (82 versus 79 years). Moreover, the United States spends over 14 times as much on defense as does South Korea—\$596 billion (or 3.3% of GDP) versus \$41 billion (or 2.6% of GDP)—even though the U.S. population is only 6.4 times that of the ROK (320 million versus 50 million).<sup>9</sup>

For all these reasons, President Trump may wish to see South Korea pay a slightly higher percentage of the U.S.-ROK Special Measures Agreement due to be renegotiated in 2017. The agreement covers the non-personnel costs of retaining 28,500 U.S. troops on Korean soil. Under the current agreement, the ROK shoulders less than half of those costs (about \$821 million), although that represented a 6% increase in South Korea's share from the previous accord.<sup>10</sup>

Yet in light of Secretary Tillerson's statements that South Korea already shoulders ample burden,<sup>11</sup> the Trump administration may be considering other ways for South Korea to contribute further to an already strong alliance. Secretary Tillerson's March visit was important for broad-brush deterrence and reassurance, but recalibrating roles and missions and burden-sharing will and should take place over time with the next ROK administration. In addition to a new special measures agreement, the on-again, off-again debate over reverting wartime OPCON to the ROK could be revisited. That would involve Trump and his counterpart overturning the agreement by President Park and President Obama to address the issue based on improved security conditions.

Tough negotiations over a new special measures agreement, OPCON, or other alliance accords could also raise the specter of a reduction in U.S. troops on the peninsula. Whenever the issue of troop numbers has arisen, however, whether during the Carter or George H.W. Bush administration, for instance, the United States has ultimately decided to err on the side of caution and preserve significant boots on the ground to deter North Korea and reassure South Korea.

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<sup>8</sup> Central Intelligence Agency, "The World Factbook," <https://www.cia.gov/library/publications/the-world-factbook/geos/kn.html>.

<sup>9</sup> World Bank, World Development Indicators Databank, <http://databank.worldbank.org/data/reports.aspx?source=2&series=NY.GDP.MKTP.CD&country=#>.

<sup>10</sup> Mark E. Manyin et al., "U.S.–South Korea Relations," Congressional Research Service, CRS Report for Congress, R41481, October 20, 2006, 25, <https://fas.org/sgp/crs/row/R41481.pdf>.

<sup>11</sup> Lee, "Tillerson Says S. Korea Is Already Paying Large Amounts to U.S. Troops."



A strong alliance is the fundamental deterrent of North Korean aggression, and that alliance will be judged on credible defenses and political will.<sup>12</sup>

Of course, there could well be discussion about new ways to strengthen deterrence, regardless of whether the number of U.S. troops in South Korea remains the same. When President George H.W. Bush decided to remove tactical nuclear weapons from the peninsula a quarter century ago, the prospect of North Korea fielding nuclear weapons that could strike U.S. territory was remote. Given the possible change in this threat environment, both Washington and Seoul may look for creative ways to ensure that a robust nuclear umbrella remains intact.

But extended nuclear deterrence is not the only means of reassuring South Korea and deterring or defeating North Korea. A final option for the Trump administration to promote cooperation on alliance security might be to accelerate certain advanced technologies, such as hypervelocity projectiles or even railguns, to stay ahead of the threat curve posed by North Korea's nuclear capabilities.

## Policy Options

As it works to address the North Korean problem through the U.S.-ROK alliance, the Trump administration should be guided by the following general principles and broad objectives.

### *Double Down on Deterrence*

The Trump administration should work through the U.S.-ROK alliance to reinforce deterrence and prevent an outbreak of conflict on the Korean Peninsula. Unlike the 1950–53 war that produced the current armistice, a new conflict could precipitate a nuclear conflagration. The potential for miscalculation is nontrivial. Even without Park Geun-hye's downfall, the democratic transitions in the United States and the ROK were bound to create vulnerability in the alliance. Kim, perceiving irresolution and chaos in both countries, might seize the moment to provoke Washington and Seoul with the aim of winning new concessions. In doing so, he could underestimate alliance resolve and matters could quickly escalate. For these reasons, President Trump's security team should build on recent attempts to buttress deterrence.

Twenty-four years after his grandfather catalyzed a nuclear crisis by abandoning the Nuclear Non-Proliferation Treaty, Kim is making progress toward fielding a nuclear weapon capable of striking U.S. soil. The deployment of an IRBM or intercontinental ballistic missile capable of hitting Guam or North America would fundamentally change the security environment and lead to a more perilous situation. President Trump must not remain idle amid a gathering threat. Deterrence can be maintained through the adoption of an explicit declaratory policy, visible displays of military power, and vigorous crisis-management preparation. But beyond these essential first steps, President Trump should also seek a bottom-up review of U.S.-ROK alliance strategy for comprehensively thwarting the mounting danger posed by Kim.

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<sup>12</sup> Patrick M. Cronin, "The Ultimate Missile Shield: The U.S.–South Korea Alliance?" *National Interest*, March 9, 2017, <http://nationalinterest.org/feature/the-ultimate-missile-shield-the-us-south-korea-alliance-19723>.

## *Update Alliance Strategy for North Korea*

Refocusing U.S. strategy on more than sanctions should be the second pillar of the Trump administration's response to the present crisis. In addition to enacting harsh sanctions, President Trump should undertake a serious crackdown on the Kim regime's illicit global financing operations. But he must also recognize that cutting off all economic ties to North Korea enhances China's leverage over Pyongyang and, by extension, over the Korean Peninsula. China is then likely to use any additional influence to maintain the status quo and not move forward on denuclearization, because it perceives instability on its border as the greater threat. While China has publicly announced the suspension of coal imports from North Korea in 2017, its earlier stockpiling of coal and other continued dealings with the North show that China is unlikely to maintain a hard stance against the Kim regime.

Following its strategic review, the Trump administration should not halt the pursuit of sanctions, but it also should not make sanctions the centerpiece of its alliance strategy. Instead, the three aims of the U.S.-ROK alliance's approach to North Korea should be as follows:

- Work to change the cost-benefit calculus of Kim's decision to make North Korea a nuclear weapons state on a par with Pakistan.
- Deter, contain, penalize, and constrain Kim if he—as is probable—continues to pursue a stockpile of nuclear weapons and multiple means of delivering them to as far as even U.S. soil.
- Enhance military readiness to defeat North Korea should it trigger a conventional conflict.

The overall aim of the strategic review of the alliance should be to devise ways to make sure Kim understands this basic message: acquiring nuclear weapons will threaten his survival, not guarantee it.

## *Adopt a Comprehensive Policy Approach*

The Trump administration should look anew at how best to use the entire policy toolkit. This will include the following four instruments:

- The Trump administration should use economic carrots and sticks to persuade and shape North Korean behavior, but also develop an economic growth strategy for the U.S.-ROK relationship to ensure that the alliance thrives while North Korea festers.
- It should apply diplomatic pressure on North Korean malfeasance but also show diplomatic flexibility should Pyongyang demonstrate any seriousness about living up to its past commitments regarding denuclearization. President Trump should not let empty, protracted negotiations over a peace accord legitimize North Korea's bid for nuclear-weapons-state status.
- The administration should use information warfare to manage crises and shape North Korea over the long term at both the elite and grassroots levels.
- It should adopt a strong defense posture that includes both short-term measures to preserve ironclad deterrence and various options to exploit cutting-edge technologies to improve missile defenses.

The Trump administration must take a comprehensive view of the security situation on the Korean Peninsula. A cold war has prevailed on the peninsula since 1953, as attempts at détente—including through the Basic Agreement, Agreed Framework, and six-party talks—have all failed. Peace could emerge on a democratic, unified peninsula, but there is no peaceful means



of achieving that end state. President Trump should recognize that a cold war with North Korea is likely to endure and is preferable to a hot war. It is also the minimum that the United States and South Korea need to achieve during this time of political upheaval.



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# U.S. Policy toward North Korea: Security and Human Rights Go Hand in Hand

*Roberta Cohen*

**ROBERTA COHEN** is Co-Chair Emeritus of the Committee for Human Rights in North Korea and a member of the National Coalition of Independent Scholars. She can be reached at <[roberta.cohenhr@gmail.com](mailto:roberta.cohenhr@gmail.com)>.

**NOTE:** The views expressed in this essay are the author's alone.

## EXECUTIVE SUMMARY

This essay examines the relationship between the human rights situation in North Korea and international security and considers concrete policy options for the Trump administration to pursue both goals in a comprehensive way.

### MAIN ARGUMENT

While the North Korean government has been accelerating its development of nuclear weapons and ballistic missiles over the past five years, its record of widespread systematic human rights abuse has also come to light for all the world to see. The nature of the regime is a danger to Northeast Asia and the world, driving the bellicose policies of nuclear weapons and missile programs and causing insecurity. Any genuine effort to reduce tension on the Korean Peninsula will therefore have to include measures to address the human rights situation. The linkages between human rights, peace, and security, as examined here, highlight the advantages of formulating a comprehensive policy that prioritizes both denuclearization and human rights.

### POLICY IMPLICATIONS

Given the connection between the human rights situation in North Korea and international security, the Trump administration should consider adopting the following policy objectives:

- The development of a comprehensive policy under which both human rights and denuclearization are promoted as integral parts
- The identification of human rights goals to advance in a negotiation in the same way that goals for nuclear weapons issues are prepared for discussion
- The promotion of greater information flow into and out of North Korea to help transform the country
- The insistence on bringing to justice those officials responsible for crimes against humanity as a longer-term goal

While the North Korean government has been accelerating its development of nuclear weapons and ballistic missiles over the past five years, its record of widespread human rights abuse has also come to the fore. The 2014 report of the UN Commission of Inquiry (COI) on Human Rights in the Democratic People’s Republic of Korea (DPRK) documented how policies “at the highest level of the State” resulted in deliberate crimes against humanity against the people of North Korea. The COI interviewed more than 300 survivors, witnesses, former prison guards and officials, and experts, with 80 of those interviews taking place in public and more than 240 in confidential hearings. The 400-page report provided evidence of extermination, murder, enslavement, torture, arbitrary imprisonment, sexual violence, and many other criminal acts perpetrated by the regime and found that no dissent was possible because of “an almost complete denial of the right to freedom of thought, conscience and religion, as well as of the rights to freedom of opinion, expression, information and association.”<sup>1</sup>

The COI report demonstrated that North Korea is built on a foundation of persecution and impoverishment of a majority of the country’s population. Although human rights advocates had for many years called for greater attention to this problem,<sup>2</sup> as a result of the report’s findings, mainstream foreign policy experts began to recognize that the national security threat posed by North Korea to the United States and its allies “stems not just from the nuclear and missile threats, but from a government, in possession of such weapons, which is capable of a level of abuse of its own citizens unprecedented in modern human history.”<sup>3</sup>

The Trump administration has identified the security situation on the Korean Peninsula as a high priority but has not yet broached the subject of human rights. This essay examines the relationship between the human rights situation in North Korea and international security, shows how the two are increasingly linked, and proposes a U.S. policy that brings together both elements in a comprehensive way.

## The Connection between Human Rights and Security Issues

North Korea’s assault on domestic human rights has gone hand in hand with its threats to annihilate other states. Its repeated tests of nuclear weapons and intermediate-range ballistic missiles—with head of state Kim Jong-un nodding proudly for the cameras—have made governments take notice not only of strategic and military concerns but of the nature and practices of the regime itself. As the chair of the COI Michael Kirby observed, “human rights and peace and security are not divorced.”<sup>4</sup>

The DPRK’s extreme sensitivity to exposure of the mistreatment of its citizens has been reinforced by nuclear threats. In 2014, its military leaders warned that “all those involved” in the adoption of a General Assembly resolution referring North Korea’s human rights situation to the International Criminal Court (ICC) deserve “catastrophic consequences.”<sup>5</sup> And on International Human Rights Day in 2015—the very day that the UN Security Council met to discuss the human

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<sup>1</sup> Commission of Inquiry on Human Rights in the Democratic People’s Republic of Korea, “Report of the Commission of Inquiry on Human Rights in the Democratic People’s Republic of Korea,” February 2014.

<sup>2</sup> See Daniel Aum, Greg Scarlatoiu, and Amanda Mortwed Oh, “Crimes against Humanity in North Korea: The Case for U.S. Leadership and Action,” Robert F. Kennedy Center for Justice and Human Rights, 2014.

<sup>3</sup> Victor Cha and Robert L. Gallucci, “Toward a New Policy and Strategy for North Korea,” George W. Bush Institute, November 2016, 7.

<sup>4</sup> Michael Kirby, “Crimes against Humanity Demand Accountability,” *Washington Times*, March 30, 2016.

<sup>5</sup> “North Korea Warns ‘Catastrophic Consequences’ over UN Rights Ruling,” *Telegraph*, November 23, 2014.

rights situation in North Korea—Kim announced that the regime would soon test a hydrogen bomb. When “a country threatens nuclear annihilation because it receives criticism of how it treats its own people,” a former U.S. ambassador to the United Nations asked the council, “can there be any doubt” about the connection between its human rights record and international peace and security?<sup>6</sup>

Increasingly, a shift has taken place from seeing North Korea’s human rights abuses as the preserve of UN human rights bodies and NGOs to viewing the issue as central to and deeply entwined with international security. The UN Security Council in December 2014 placed North Korea’s human rights situation on its agenda, underscoring the connection between protecting human rights and maintaining peace and security. The following reasons have been put forward.

First, North Korea’s human rights practices affect the security of other states. The regime’s denial to its citizens of the right to leave the country has led to cross-border trafficking in the region, while its public executions and purges have encouraged political defections. These practices have heightened China’s fear of instability in the North and of mass refugee flows and strongly affect Beijing’s policies toward the Korean Peninsula. North Korea’s treatment of foreign citizens has also raised security concerns. The abduction and disappearance of foreigners has unsettled regional countries such as Japan and South Korea, while the arrests and sentencing of U.S. citizens to lengthy terms of forced labor on charges that would hardly merit punishment in other countries have exacerbated relations with the United States. The assassination of Kim’s half-brother in Kuala Lumpur in March, a political crime attributed to Pyongyang, has led to the rapid deterioration of relations between Malaysia and North Korea and the holding of Malaysian citizens hostage in the North.<sup>7</sup>

Second, North Korea’s development of nuclear weapons has consumed resources that the regime should use to improve the welfare of its population. The DPRK’s diversion of revenue to weapons and missiles while its citizens suffer from “great unmet needs” has been underscored by the UN Security Council.<sup>8</sup> At least 41% of the population is food insecure, suffering from malnutrition and chronic hunger, and 33% of children below the age of five are anemic.<sup>9</sup> As a senior UN official told the Security Council, ignoring the relationship between the security challenge and the nature of the regime will imperil the North Korean people.<sup>10</sup>

Third, the funding for North Korea’s military has been linked to human rights abuses. The use of forced labor in the mining industry has contributed significantly to the provision of the resources needed to sustain the regime’s political system and its military goals.<sup>11</sup> In addition, proceeds accrued from sending North Korean workers abroad—where they are abused and exploited—have financed government projects that either directly or indirectly assist the nuclear program.<sup>12</sup>

Fourth, international insistence on accountability for those North Korean officials most responsible for crimes against humanity has further linked the country’s human rights situation

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<sup>6</sup> Samantha Power (remarks at a UN Security Council session on the human rights situation in North Korea, New York, December 22, 2014).

<sup>7</sup> Joshua Berlinger, “Malaysia Accuses North Korea of Holding Its Citizens Hostage,” CNN, March 7, 2017, <http://www.cnn.com/2017/03/07/asia/malaysia-north-korea-kim-jong-nam>.

<sup>8</sup> See UN Security Council, “Resolution S/RES/2270,” March 2, 2016, [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/RES/2270%282016%29](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2270%282016%29).

<sup>9</sup> Ban Ki-moon, “Report of the Secretary General on the Situation of Human Rights in the DPRK,” UN General Assembly, October 7, 2016.

<sup>10</sup> Ivan Simonovic, “Statement to the Security Council on the Situation in the DPRK” (statement presented to the UN Security Council, New York, December 22, 2014).

<sup>11</sup> See Kim Kwang-jin, *Gulag, Inc.: The Use of Forced Labor in North Korea’s Export Industries* (Washington, D.C.: Committee for Human Rights in North Korea, 2016), 40–42.

<sup>12</sup> Cha and Gallucci, “Toward a New Policy and Strategy for North Korea,” 8, 13.

to the issues of peace and security. Well over one hundred states in the UN General Assembly have called on the Security Council to refer North Korea's human rights situation to the ICC. Former UN secretary general Ban Ki-moon emphasized that accountability is "fundamental for achieving peace and stability on the Korean Peninsula."<sup>13</sup> Ignoring the Kim regime's litany of violations will lead to victims taking the law into their own hands, and such "retributive justice" could undermine peaceful reunification of the peninsula in the future.

## Policy Implications

### *Human Rights Goals in Negotiations*

Recognizing the connection between human rights and security would better position the United States to take advantage of the full range of policy options available to secure peace and stability on the Korean Peninsula. It would allow for broader coalitions that might prove more adept at finding ways to achieve progress on a variety of political and economic issues that in turn could lead to progress on nuclear security questions. Bringing the issues of security and human rights together, however, does not mean they need to be pursued jointly at all times but rather that security and human rights initiatives could reinforce one another as part of a comprehensive approach. North Korea's modification of its human rights practices would help increase international confidence and trust in a potential denuclearization or nuclear freeze agreement. It would also enable the United States to lift some of its sanctions and be more receptive to extending food and fuel aid. Victor Cha and Robert Gallucci have further suggested that human rights could serve as "a source of leverage and pressure" on North Korea during negotiations about its nuclear program, given Kim Jong-un's sensitivity to criticism on this issue.<sup>14</sup>

The United States should take several concrete steps to better coordinate human rights and security policy. To begin with, it should promote human rights as an integral part of policy toward the Korean Peninsula in the same way and with the same vigor as denuclearization. Former U.S. government officials, senior military officers, and Korea specialists have increasingly recognized that negotiations with North Korea must extend beyond denuclearization. A Council on Foreign Relations task force report suggests the possible broadening of negotiations to encompass human rights and humanitarian issues.<sup>15</sup> Cha and Gallucci likewise call on the United States to formally "declare that the days of isolating nuclear negotiations from human rights issues and a broader political settlement are over."<sup>16</sup>

Although North Korea and the United States have never sat down to discuss human rights issues, Washington should make clear that any steps toward a peace treaty, normalization of relations, and the extension of economic aid and investment will depend on improvements in North Korea's human rights record. The following should be put forward as U.S. priorities:

- *The release of U.S. citizens held in prison or otherwise held in the country.* Currently two U.S. citizens are imprisoned in North Korea, including a University of Virginia student.

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<sup>13</sup> Ban, "Report of the Secretary General."

<sup>14</sup> Cha and Gallucci, "Toward a New Policy and Strategy for North Korea," 8.

<sup>15</sup> Mike Mullen et al., *A Sharper Choice on North Korea: Engaging China for a Stable Northeast Asia*, Independent Task Force Report, no. 74 (New York: Council on Foreign Relations, 2016), 33–34.

<sup>16</sup> Cha and Gallucci, "Toward a New Policy and Strategy for North Korea," 12.

- *Reunions of family members separated by the Korean War.* An estimated 100,000 Korean Americans have family members in the North whom they would like to see again. Denying such reunions should be unacceptable to Congress and the American people.
- *Cooperation with the UN special rapporteur for human rights in the DPRK and the UN high commissioner for human rights.* Appointed in 2004, the special rapporteur is charged with monitoring the situation in North Korea but has never been permitted entry into the country. In 2014 the regime extended an invitation when the General Assembly called for the referral of North Korea's situation to the ICC but quickly withdrew it when member states refused to delete the ICC reference from the resolution. Nonetheless, a year later North Korea invited the UN high commissioner for human rights, although that visit has yet to take place. Breaking this logjam should be a U.S. priority so that North Korea's human rights practices can begin to be directly addressed and UN technical assistance programs can be introduced into the country.
- *Access to political prisons by humanitarian agencies and the immediate release of children and families incarcerated, followed by the liberation of political prisoners.* Although North Korea's "secret" political prison camps have often been deemed too sensitive a topic to raise, the knowledge gained through high-resolution satellite imagery of the camps and the hair-raising testimonies of former prisoners and guards make it essential that the issue be aired. In 2016 the U.S. Congress required the State Department by law to provide detailed information about the camps, thereby obligating the U.S. government to compile information and promote the release of the prisoners.<sup>17</sup> Hundreds of thousands have reportedly perished over the decades, subjected to deliberate starvation, abuse, lack of medical care, and forced labor. The United States must make clear that access to the more than 100,000 men, women, and children reportedly incarcerated must be provided to the International Committee of the Red Cross and UN humanitarian agencies. In the meantime, the United States should require that future U.S. humanitarian aid to North Korea be contingent on access by aid organizations to the most vulnerable, including those held in prison camps, and ask other countries to do likewise.
- *Freer movement in and out of North Korea.* North Koreans are not allowed to leave their country without permission, and if they manage to secretly cross the border, brutal punishment awaits them if apprehended by security forces or forcibly returned by China. The level of cruelty has been so high that the COI warned China that its officials could eventually be charged with aiding and abetting crimes against humanity if they continue to forcibly repatriate North Koreans. Since North Koreans who cross the border illegally are entitled to citizenship in South Korea, a refugee problem need not arise.
- *An accounting of persons abducted from foreign countries, with permission given to those still alive to contact their relatives and return to their countries of origin if they wish.* The government of Japan has asked for U.S. support in addressing this matter. In the past, the United States has spoken out against North Korea's abductions and also supported denunciations of this crime in group of seven (G-7) statements and UN resolutions. U.S. human rights sanctions legislation also addresses abductions, and President George W. Bush met with the family members of abductees, making the issue more high-profile.

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<sup>17</sup> U.S. House of Representatives, *North Korea Sanctions and Policy Enhancement Act of 2016*, H.R. 757, 114th Congress (Washington, D.C., 2016), Title III, Sec. 302.



In addition, the flow of information into and out of North Korea through radio broadcasts, DVDs, thumb drives, cell phones, and other technology should be increased to help transform thinking in the country. Piercing Kim's information blockade would not only enable North Koreans to learn about how people live in other countries but reinforce how profoundly they have been misled by the regime's propaganda. Promoting greater access to information could also help increase the trust and security needed for denuclearization agreements. As former Soviet Nobel laureate Andrei Sakharov warned, "international trust, mutual understanding, disarmament, and international security are inconceivable without an open society with freedom of information."<sup>18</sup>

### *The Pursuit of Accountability*

Bringing to justice those responsible for crimes against humanity should remain a long-term U.S. goal. For the first time in 2016, the United States placed financial sanctions on more than twenty individuals and entities responsible for serious human rights abuses and censorship, including Kim Jong-un.<sup>19</sup> Such sanctions are unnerving to the regime because they raise questions about its legitimacy. They also could have a deterrent effect. Members of the North Korean elite are becoming more aware not only of how the Kim regime is viewed internationally but of their vulnerability to international prosecution for human rights abuses.

Sometimes questions arise about whether North Korea will try to barter away accountability and human rights reform in exchange for holding nuclear talks or making military concessions. Some policy experts have asserted that "stronger" condemnation of North Korea has "heightened the Kim regime's sense of insecurity, making prospects for denuclearization less likely."<sup>20</sup> The historical evidence for this argument, however, is weak. Human rights issues, for example, were set aside during the entire five-year period of the six-party talks (2003–8) without positive results for denuclearization. U.S. history, values, and political precedents, moreover, point in a different direction. During the Cold War, the United States did not barter away its human rights goals when it negotiated with the Soviet Union, even though the latter was a genuine nuclear power with missiles targeted at U.S. and European cities. Instead, Washington steadfastly insisted on progress on Jewish emigration, political prisoners, family reunions, and other human rights objectives, and its insistence paid off in the end.

Moreover, it is questionable that the U.S. Congress would choose to accept such a bargain. As noted earlier, Congress adopted the North Korea Sanctions and Policy Enhancement Act in 2016 with near unanimity, and under the law any lifting of human rights sanctions is tied to concrete steps by North Korea.<sup>21</sup> Over the past five years, the United States, European Union, Japan, and South Korea have stood firm in the United Nations against trading away accountability goals, as proposed by North Korea, and the General Assembly has stood firm as well. The United Nations adopted its most recent resolution by consensus (with the DPRK preferring consensus because votes in its favor were so few). This multilateral effort is the only human rights measure that ever unnerved North Korea, and it needs to be maintained.

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<sup>18</sup> Andrei Sakharov, *Alarm and Hope* (New York: Knopf, 1978), 5.

<sup>19</sup> U.S. House of Representatives, *North Korea Sanctions and Policy Enhancement Act of 2016*, Title III, Sec. 303; and "Treasury Sanctions North Korean Senior Officials and Entities Associated with Human Rights Abuses," U.S. Department of the Treasury, Press Release, July 6, 2016.

<sup>20</sup> U.S.-Korea Institute at SAIS and Hoover Institution, "Security Cooperation in Northeast Asia: The North Korean Nuclear Issue and the Way Ahead," October 7, 2016, 10.

<sup>21</sup> U.S. House of Representatives, *North Korea Sanctions and Policy Enhancement Act of 2016*, Title IV, Sec. 401–2.

The Council on Foreign Relations task force has proposed additional steps—encouraging other states to adopt sanctions on human rights grounds and mobilizing support for the withdrawal of North Korea’s credentials at the General Assembly. There is precedent here based on the suspension of South Africa’s credentials in 1974 because of its noncooperation in ending apartheid.<sup>22</sup> North Korea would be given two years to take steps such as inviting UN human rights officials for visits in order to avoid this outcome. While some might object that withdrawal would only increase the country’s isolation, its exclusion from the General Assembly would show that there are costs for noncooperation with the UN human rights system. In its latest resolution on North Korea’s nuclear program, the Security Council for the first time mentioned the threat of suspension if the Kim regime fails to cooperate on denuclearization.<sup>23</sup> Combining this action with similar steps targeting human rights abuses would make for a more coherent policy toward North Korea.

### *Conclusion*

It is well-known that the Kim regime considers its survival to be dependent on both the possession of nuclear weapons and political repression. But North Korea also needs economic and political support from other countries to succeed. Strengthened U.S. and UN sanctions that limit the DPRK’s sources of revenue could lead the regime to some rethinking of its position. In the area of human rights, more potent steps to align human rights and security might also give North Korea pause. The Trump administration should formulate a comprehensive policy that encompasses both denuclearization and human rights so as to move forward in a coordinated way on both fronts.

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<sup>22</sup> Mullen et al., *A Sharper Choice on North Korea*, 34–36.

<sup>23</sup> UN Security Council, “Resolution S/RES/2321,” November 30, 2016, [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/RES/2321\(2016\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2321(2016)).

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# Tightening the Economic Noose on the North Korean Regime

*Bruce Klingner*

**BRUCE KLINGNER** is Senior Research Fellow on Northeast Asia at the Heritage Foundation. He can be reached at <[bruce.klingner@heritage.org](mailto:bruce.klingner@heritage.org)>.

## EXECUTIVE SUMMARY

This essay examines recent efforts to strengthen sanctions against North Korea and argues that these measures must be augmented and more consistently implemented in order to change Pyongyang's behavior.

### MAIN ARGUMENT

North Korea's repeated violations of UN resolutions have belatedly led to a new international consensus on the need for stronger, more comprehensive sanctions. With diplomatic engagement with Pyongyang no longer a viable option, the United Nations, the European Union, the U.S., and other countries have begun to implement long-overdue punitive measures to enforce laws, curtail proliferation, and raise the cost of Pyongyang's defiance of the international community. These augmented sanctions will fulfill near-term objectives of enforcing laws, imposing penalties on those entities that violate them, and strengthening measures to constrain both the importation and proliferation of prohibited nuclear and missile technologies. However, the long-term impact of sanctions is predicated on robust enforcement, widespread compliance, and the political will to continue on this course for sufficient time for sanctions to take effect.

### POLICY IMPLICATIONS

- The Trump administration should abandon the Obama administration's policy of timid incrementalism, which never fully implemented U.S. laws and held some sanctions in abeyance, and introduce more robust measures after the next North Korean violation or provocation.
- Washington must sharpen North Korea's choice between suspending its nuclear program and economic isolation by raising the costs of its actions, as well as by targeting states—particularly China—that facilitate the Kim Jong-un regime's prohibited programs and illicit activities and condone its human rights violations.
- Little change will occur until North Korea is effectively sanctioned and China becomes concerned over the consequences of Pyongyang's actions and abandons its own obstructionism.

North Korea's repeated provocations have led to a new international consensus, strengthened after North Korea's fourth nuclear test in January 2016, on the need for stronger, more comprehensive sanctions on the regime for its serial violations of international agreements, UN resolutions, and U.S. laws. This consensus was triggered by the realization that diplomatic engagement with Pyongyang was no longer a viable option, heightened concern over North Korea's growing nuclear and missile threats, and a greater willingness to push China for more extensive sanctions. The United Nations, the European Union, the United States, and other countries have finally begun to implement punitive measures to enforce these laws, curtail proliferation, and raise the cost of Pyongyang's defiance of the international community.

These enhanced punitive measures are welcome, if long overdue, to sharpen North Korea's choice between suspending its nuclear program and economic isolation. Moreover, the augmented sanctions will fulfill near-term objectives of enforcing laws, imposing penalties on those entities that violate them, and strengthening measures to constrain both the importation and proliferation of prohibited nuclear and missile technologies. That all these measures could have been implemented years ago is testament to a collective lethargy to confront North Korean belligerence.

Yet while new UN and U.S. sanctions are commendable, their utility is dependent on complete and forceful implementation. Despite strong rhetoric, the Obama administration pulled punches on North Korea. The three major actions taken by the administration in 2016—imposing human rights-related sanctions, designating North Korea as a “money-laundering concern,” and sanctioning Chinese entities—were due to requirements in the North Korea Sanctions and Policy Enhancement Act. The next section will further examine the role of sanctions in U.S. policy toward North Korea. The essay then concludes with a discussion of policy options for the Trump administration.

## Sanctions as a Law Enforcement and Foreign Policy Tool

Sanctions and targeted financial measures serve a number of purposes. To begin with, they help enforce U.S. law by imposing penalties on those who violate it. Second, they augment nonproliferation measures by constraining imports of items (including money from illicit activity) for North Korea's prohibited nuclear and missile programs. In conjunction with all the other instruments of national power, sanctions and targeted financial measures also seek to influence regime behavior by forcing Pyongyang to fulfill its commitments under numerous international agreements to denuclearize and come into compliance with UN resolutions.

Although North Korea has been subject to sanctions for decades, targeted financial measures (smart sanctions) have only recently been imposed on the country, and half-heartedly at that due to the Obama administration's timidity. Sanctions were arguably not effectively imposed until 2016 with the passage of a stronger UN resolution and the North Korea Sanctions and Policy Enhancement Act. The latter was an attempt by the U.S. Congress to induce the Obama administration to more fully enforce U.S. law.

Neither the UN resolution nor the new U.S. law took effect immediately; both required time for administrative rules to be worked out and processed. For example, the Obama administration's designation of North Korea as a money-laundering concern in July 2016 only became operational in early November. And, as always, the impact of sanctions is predicated on robust enforcement,

widespread compliance, and the political will to continue on this course for sufficient time for sanctions to take effect.

### *Follow (and Seize) the Money*

Some experts bemoan the difficulty in targeting North Korean violators and other foreign entities that facilitate prohibited behavior. Indeed, a 2016 UN panel of experts report demonstrates a difficult enforcement challenge, noting that North Korea “has been effective in evading sanctions and continues to use the international financial system, airlines and container shipping routes to trade in prohibited items. Designated entities conceal their illicit activities by embedding agents in foreign companies.”<sup>1</sup> However, the UN report also points out a characteristic that makes enforcing sanctions against North Korea easier than against Iran: “They [designated entities] use diplomatic personnel, long-standing trade partners and relationships *with a small number of trusted foreign nationals*” (emphasis added). Criticizing the “non-implementation of the resolutions, which allows prohibited activity to continue,” the panel explained that “the reasons are diverse, but include lack of political will, inadequate enabling legislation, lack of understanding of the resolutions and low prioritization.”<sup>2</sup>

In their extensive study on sanctions, John Park and Jim Walsh observed that as the international community began targeting North Korean entities, Pyongyang responded by hiring more sophisticated Chinese intermediaries to evade sanctions.<sup>3</sup> Park explained:

Despite expense, North Korean business managers use Chinese middlemen because they have two unique capabilities. First, these brokers have access to a wide array of foreign companies that produce dual-use equipment and industrial goods in China for the growing Chinese market....Second, it is relatively easy for these middlemen to deliver goods to North Korea. They can effectively hide these transactions in the open by merging them into China’s enormous flow of domestic commerce.<sup>4</sup>

Park and Walsh see North Korea’s growing reliance on sophisticated Chinese brokers as undermining international sanctions efforts. But this development also reflects the fact that sanctions forced the country to accept greater costs in running its nuclear and missile programs. More importantly, as North Korea has become increasingly reliant on Chinese networks that are integrated into the global economy, the regime has become more exposed and vulnerable to international sanctions.

North Korea adapted to this heightened pressure by altering its *modus operandi*, shifting networks, using shell companies, and fabricating documents, among other measures. But U.S. law-enforcement agencies did not keep pace. Sanctions enforcement must be flexible, innovative, and adaptive to the changing tactics of the target, rather than abandoning efforts to uphold law and order as having become too difficult.

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<sup>1</sup> UN Security Council, “Letter Dated 22 February 2016 from the Panel of Experts Established Pursuant to Resolution 1874 (2009) Addressed to the President of the Security Council,” February 22, 2016, [http://www.un.org/ga/search/view\\_doc.asp?symbol=s/2016/157](http://www.un.org/ga/search/view_doc.asp?symbol=s/2016/157).

<sup>2</sup> Ibid.

<sup>3</sup> John Park and Jim Walsh, “Stopping North Korea, Inc.: Sanctions Effectiveness and Unintended Consequences,” MIT Security Studies Program, August 2016, [https://drive.google.com/file/d/0B\\_ph0c6i87C\\_eGhCOGRhUVFaU28/view](https://drive.google.com/file/d/0B_ph0c6i87C_eGhCOGRhUVFaU28/view).

<sup>4</sup> John Park, “To Curb North Korea’s Nuclear Program, Follow the Money,” Conversation, September 20, 2016, <http://theconversation.com/to-curb-north-koreas-nuclear-program-follow-the-money-65462>.

A 2014 study by the Stockholm International Peace Research Institute found that 91% of entities targeted by the United States and 84% of those targeted by the United Nations were North Korean, but that third-country entities accounted for 74% of sanctions evasion.<sup>5</sup> An Asan Institute for Policy Studies and Center for Advanced Defense Studies report similarly found that a significant number of North Korean ships were registered in foreign countries under flags of convenience.<sup>6</sup> As North Korea shifted to Chinese and other foreign brokers, the United States should have begun including them on sanctions lists, but the Obama administration resisted calls to do so.

It is possible to influence foreign entities both by taking direct legal action and by changing their cost-benefit analysis of economically engaging with Pyongyang. After the U.S. Treasury prohibited U.S. banks and companies from doing business with Banco Delta Asia and the United States subsequently held numerous *sub rosa* meetings throughout Asia, the U.S. undersecretary of treasury stated that 24 entities, including entire nations and the Bank of China, stopped engaging with North Korea.<sup>7</sup> But Washington later reversed these measures in another attempt to improve the atmosphere for the six-party talks, which eventually collapsed. When the Obama administration entered office, several senior officials commented that the actions taken against Banco Delta Asia had been very effective and that it was a mistake for the George W. Bush administration to have removed the pressure.

Targeted financial measures, including secondary sanctions, are a component of several U.S. laws and executive orders to defend the U.S. financial system against those who would use it for illicit activities. Failing to enforce these laws does not move North Korea closer to denuclearization. In particular, bypassing secondary sanctions on Chinese entities effectively gives them immunity from U.S. law.

### *Humanitarian Aid*

Critics of sanctions mistakenly attribute the poor domestic living conditions within North Korea to the impact of sanctions on trade. UN Resolution 2270 is replete with exemptions for humanitarian assistance, and U.S. laws similarly have a specific exemption allowing for the provision of humanitarian assistance—for example, section 208 (b) of the North Korea Sanctions and Policy Enhancement Act. Trade in food is neither precluded nor sanctioned.

North Koreans live in squalor not because of targeted financial measures but instead because of the oppressive economic policies of the regime, its draconian methods to prevent access to the outside world, and donor fatigue brought on by Pyongyang's violations of international agreements, belligerent behavior, and refusal to implement economic reform. North Korea could provide for its people if it were to divert the money it spends on luxury items and the prohibited nuclear and missile programs, while reducing spending on the military, which consumes a significant portion of its national budget. According to a report from the UN Commission of Inquiry, in 2012 the regime spent around \$646 million on luxury items and \$1.3 billion on its missile programs.<sup>8</sup>

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<sup>5</sup> Hugh Griffiths and Lawrence Dermody, "Loopholes in UN Sanctions against North Korea," 38 *North*, May 6, 2014.

<sup>6</sup> Asan Institute for Policy Studies and Center for Advanced Defense Studies (C4ADS), *In China's Shadow: Exposing North Korean Overseas Networks* (Washington, D.C.: Asan Institute for Policy Studies and C4ADS, 2016).

<sup>7</sup> "Prepared Remarks by Stuart Levey, Under Secretary for Terrorism and Financial Intelligence," U.S. Department of the Treasury, September 8, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp86.aspx>.

<sup>8</sup> Commission of Inquiry on Human Rights in the Democratic People's Republic of Korea, "Report of the Detailed Findings of the Commission of Inquiry on Human Rights in the Democratic People's Republic of Korea," February 2014, 197, 203, <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G14/108/71/PDF/G1410871.pdf>.



By contrast, in 2013 the World Food Program requested only \$150 million in aid. The money that the regime spent on luxury goods could have purchased 1.5 million tons of rice.<sup>9</sup>

## Policy Implications

The United States' foreign partners are uncertain about the Trump administration's policy toward North Korea. During his campaign, Donald Trump appeared willing to hold a summit meeting with Kim Jong-un—an idea that Barack Obama suggested regarding Kim Jong-il during a 2008 presidential debate and which was soundly criticized. Trump stated, "I wouldn't go [to North Korea]. If Kim Jong-un came here, I'd accept him, but I wouldn't give him a state dinner like we do for China... We should be eating a hamburger on a conference table."<sup>10</sup> If such a meeting occurred, Trump believed that "there's a 10 percent or a 20 percent chance that I can talk him out of those damn nukes because who the hell wants him to have nukes? And there's a chance—I'm only gonna make a good deal for us."<sup>11</sup>

Conversely, Trump at one point also suggested that China eliminate Kim: "I would get China to make that guy disappear in one form or another very quickly... Well, you know, I've heard of worse things, frankly. I mean this guy's a bad dude."<sup>12</sup> He believes Beijing could do so since "China has control, absolute control of North Korea. They don't say it, but they do, and they should make that problem disappear... I would say, 'You gotta do it. You gotta do it.'"<sup>13</sup>

Trump has not yet articulated a plan for maintaining or augmenting sanctions on North Korea for its serial violations of U.S. law and UN resolutions. Uncertainty about the potential for a bilateral nuclear deal between the United States and North Korea or induced regime change could lead to trepidation among U.S. allies about being left on the sidelines or embroiled in a conflict. It could also be a catalyst for allies to adopt hedging strategies, including greater accommodation of China.

President Trump should abandon the Obama administration's policy of timid incrementalism, which never fully implemented U.S. laws and held some sanctions in abeyance, and introduce more robust measures after the next North Korean violation or provocation. These measures must sharpen North Korea's choice between its nuclear program and its economic needs by increasing the cost of its actions, as well as by targeting states—particularly China—that facilitate the regime's prohibited programs and illicit activities and condone its human rights violations.

The Trump administration faces a dramatically different landscape from that which the Obama administration faced in 2009. Then, many experts and pundits blamed the United States for the North Korean nuclear problem. President Obama's proposals of dialogue seemed to offer hope for improving bilateral relations and achieving denuclearization. However, North Korea's determination to act as badly toward the Obama administration as it did toward the

<sup>9</sup> Joshua Stanton and Lee Sung-yoo, "Pyongyang's Hunger Games," *New York Times*, March 7, 2014, <http://www.nytimes.com/2014/03/08/opinion/pyongyangs-hunger-games.html>; and "N. Korea Imports US\$644 Mln Worth of Luxury Goods in 2013: Lawmaker," Yonhap, October 7, 2014, <http://english.yonhapnews.co.kr/northkorea/2014/10/07/0401000000AEN20141007002300315.html>.

<sup>10</sup> Oliver Darcy, "TRUMP: No More State Dinners—We Should Be Eating Hamburgers!" *Business Insider*, June 15, 2016, <http://www.businessinsider.com/trump-kim-jong-un-state-dinners-2016-6>.

<sup>11</sup> John Power, "Trump's Unlikely Rise Hints at Shift in U.S. Policy on North Korea," *Diplomat*, November 13, 2016.

<sup>12</sup> "Trump on Assassinating Kim Jong Un: 'I've Heard of Worse Things,'" CBS News, February 10, 2016, <http://www.cbsnews.com/news/donald-trump-assassinating-north-korean-leader-kim-jong-un-china-role>.

<sup>13</sup> *Ibid.*



George W. Bush administration, combined with the collapse of yet more attempts at engagement, put such naive aspirations to rest.

At present, any offer of economic inducements to entice North Korea to abandon its nuclear arsenal is an ill-conceived plan with little chance of success. Meaningful change will not occur until North Korea is effectively sanctioned and China becomes concerned about the consequences of Pyongyang's actions and abandons its own obstructionism.



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# Avoiding Calamity: Preparing for a North Korean Collapse

*Andrew Injoo Park and Kongdan Oh*

**ANDREW INJOO PARK** is the President of the Sejong Society of Washington, D.C., and a master's candidate in Georgetown University's Edmund A. Walsh School of Foreign Service. He can be reached at <aip31@georgetown.edu>.

**KONGDAN OH** is a Senior Asia Specialist at the Institute for Defense Analyses. She can be reached at <kohassig@ida.org>.

## EXECUTIVE SUMMARY

This essay examines possible collapse scenarios for North Korea, considers the expected responses of regional stakeholders, and offers policy suggestions for the United States and the Republic of Korea (ROK).

### MAIN ARGUMENT

Despite the United States' attempts to achieve the denuclearization of the Democratic People's Republic of Korea (DPRK) by promising security assurances and providing aid packages, it appears increasingly likely that the DPRK will not give up its nuclear weapons program, regardless of what external actors offer. As long as the two Koreas are unlikely to unite under present conditions, the collapse of the Kim Jong-un regime is arguably a precondition for unification. In analyzing possible collapse scenarios, Kim's incomplete consolidation of power, North Korea's enhanced market mentality, and its worsening relationship with China, among other factors, should be considered. As Bruce Bennett and Jennifer Lind highlight, there are at least "five principal military missions" that need to be executed in case of such a collapse: (1) stability operations, (2) border control, (3) elimination of weapons of mass destruction, (4) disarmament of conventional weapons, and (5) defeat of resisting forces. However, reflecting the fact that regional stakeholders lack coordination and consent to perform joint maneuvers in the event that the North Korean regime collapses, the future looks very stark in any of the possible scenarios.

### POLICY IMPLICATIONS

The U.S.-ROK alliance should consider adopting the following policy objectives to prepare for an efficient transition in the aftermath of a collapse of the Kim regime:

- Find a way to maintain consistency in North Korea policy
- Ease Chinese concerns about Korean unification to achieve Beijing's assent by promising economic benefits and the protection of Chinese nationals in a unified Korea
- Gain international support to better manage the financial burden of unification by signing memoranda of understanding that will guarantee the immediate provision of substantial loans at the appropriate time

While there are a number of plausible scenarios that could lead to unification of the Korean Peninsula, unification without the collapse of the Kim Jong-un regime is highly unlikely. South Korea and North Korea have conflicting visions of governance in a unified Korea. A unified country that allows the free flow of people and information on the peninsula could compromise the legitimacy and survival of the North Korean leadership, which has kept its citizens under repressive rule for decades. Moreover, regional stakeholders, including China and the United States, have competing interests on the peninsula that would complicate any smooth transition.

For these and other reasons, the collapse of the Kim regime is arguably a precondition for unification. This essay examines the possible scenarios for the collapse of the regime and the expected responses from China, Japan, and Russia in order to highlight the absence of coordination among regional actors. The essay concludes by presenting three policy implications to guide the U.S. and ROK governments and avoid possible calamity.

## Collapse Scenarios

### *Incomplete Consolidation of Power Leading to a Takeover by the Military*

Many have speculated that Kim Jong-un would have difficulty consolidating his power due to his relatively short period of heir-grooming, but 2017 marks his sixth year reigning as supreme leader of the DPRK. Highlighting the regime's attempt at economic reform in 2014, Yang Moo-jin argued that this is a sign that the young leader has successfully consolidated his power.<sup>1</sup> On the same issue, Okonogi Masao stated that the Kim regime has successfully stabilized. He argued that it is Kim Jong-un himself who contemplated and pursued economic reform and the improvement of external relations, despite the perception that the third nuclear test and missile launches were conducted in accordance with his father's plans.<sup>2</sup>

However, by examining the frequency of purges, and in particular each victim's political significance in North Korean society, one may gather that the purges conducted by the Kim Jong-un regime until recently are signs of political instability. Since his succession, Kim has purged over one hundred high-ranking and midlevel officers.<sup>3</sup> Although the execution of his own uncle demonstrated consolidated control during the 7th Party Congress in May 2016, the young leader relentlessly continues to act to eliminate perceived threats.<sup>4</sup> Some observers may argue that the absence of a coup or revolt in the past six years suggests that Kim has successfully secured the throne, but the continuous purging and murdering of his own family members with political significance could suggest the opposite conclusion. Hence, a military takeover carried out as a result of Kim's assassination or through a coup remains a plausible scenario for the collapse of the regime.

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<sup>1</sup> Brian Padden, "N. Korea Economic Reforms Show Kim Jong Un's Growing Power," Voice of America, September 25, 2014, <http://www.voanews.com/a/analysts-north-korea-economic-reforms-kim-jong-un-growing-power/2461744.html>.

<sup>2</sup> Bae Jin-young, "Kim Jong-un jeong gwoneun eemi anjungwha deoaego ga go idda" [Kim Jong-un Regime Is Already Being Stabilized], *Chosun*, January 21, 2015, <http://pub.chosun.com/client/news/print.asp?cate=C06&mcate=M1047&nNewsNumb=20150116472>.

<sup>3</sup> Victor D. Cha, "Countering the North Korean Threat: New Steps in U.S. Policy," statement before the House Committee on Foreign Affairs, February 7, 2017, <http://docs.house.gov/meetings/FA/FA00/20170207/105527/HHRG-115-FA00-Wstate-ChaV-20170207.pdf>.

<sup>4</sup> Victor D. Cha, "The North Korea Question," *Asian Survey* 56, no. 2 (2016): 245–46. In July 2016, Kim Yong-jin, the deputy premier, was executed. Hwang Min, the former agriculture minister, and Ri Yong-jin, a senior official at the Education Ministry, were executed using anti-aircraft guns in the same month. In the following month, Kim Yong-chul, a hard-liner in charge of inter-Korean relations, and Choe Hui, vice chief of propaganda, were banished for re-education.

There have been reports of assassination attempts since Kim assumed power.<sup>5</sup> Given that Kim has already replaced five ministers of the People's Armed Forces, the military elites could be growing in fear, which may push them to consider a coup or assassination.<sup>6</sup> Though the probability of a military takeover is still low, the possibility will exist as long as there are military leaders who are wary of Kim's reign of terror.

Another potential cause of a military takeover is a medical incident. Kim's health is a source of speculation not only because of a family history of heart disease but also because of his frequent absence from public events. As his children are currently too young to step into leadership roles, a sudden medical emergency without a clear heir to the supreme command could create a vacuum in which the military is best positioned to forcibly take over the government.<sup>7</sup>

### *Escalation of a Minor Conflict into a War*

The second scenario is one in which the regime and government come under attack during or after a conflict or war. This scenario would most likely result from a limited military provocation by the DPRK that spun out of control after a strong response from the ROK or the United States.

The Korean Peninsula confronted the possibility of such a scenario in August 2015, when North Korean landmines maimed two South Korean soldiers (a small-scale provocation). After the ROK responded by resuming information warfare against the DPRK (a limited response), the North fired artillery and the South fired back (the provocation escalates).<sup>8</sup> In the end, three days of marathon negotiations in the demilitarized zone halted the situation; however, people feared that the crisis would escalate into war. Furthermore, a newly established operations plan (OPLAN 5015) reportedly dictates that the U.S.-ROK alliance should preemptively strike if it is certain that North Korea will take military action.<sup>9</sup>

### *Social Breakdown*

As the Soviet bloc disintegrated in 1989, the DPRK lost its "source of concessional trade," and the state's public distribution system started to fail.<sup>10</sup> According to Stephan Haggard and Marcus Noland, the famine between 1994 and 1998 killed an estimated 600,000 to 1 million people, which constituted 3% to 5% of the total population.<sup>11</sup> During this period, the common mode of survival was to violate the law and form black markets (*jangmadang*). Black markets provided more than 50% of the food consumed, and the regime had no other choice but to reluctantly

<sup>5</sup> See, for example, Elizabeth Shim, "Kim Jong Un Assassination Suspects Arrested, Source Says," United Press International, April 7, 2016, [http://www.upi.com/Top\\_News/World-News/2016/04/07/Kim-Jong-Un-assassination-suspects-arrested-source-says/9171460035491](http://www.upi.com/Top_News/World-News/2016/04/07/Kim-Jong-Un-assassination-suspects-arrested-source-says/9171460035491).

<sup>6</sup> Woo Kyung-im, "Sookchung bulan buk goonbu, Kim Jong-un amsal sido ganeung sung" [North Korean Military Leadership Fears the Purge, a Possibility of Assassinating Kim Jong-un], *Dong-a Ilbo*, November 16, 2015, <http://news.donga.com/3/00/20151116/74798690/1>.

<sup>7</sup> Kim Sung-dong and Baek Seung-goo, "Kim Jong-un, sinchae jungshin jilwhan euoro sam nyeon eul mot beotindaneun gae mi jungbodanggukeyoo pandan" [American Intelligence Community Assesses That Kim Jong-un Would Not Last 3 More Years Due to His Physical and Mental Illness], *Monthly Chosun*, November 11, 2014, <http://monthly.chosun.com/client/news/viw.asp?ctcd=H&nNewsNumb=201411100009>; and Lee Bong-suk, "Buk first lady lee sul-joo gu gae weol man ae gonggae hangbo" [North Korea's First Lady Shows Up for the First Time in 9 Months], *Yonhap*, December 4, 2016, <http://www.yonhapnews.co.kr/bulletin/2016/12/04/0200000000A KR20161204017300014.HTML>.

<sup>8</sup> Andrew Injoo Park, "Using PSYOP against North Korea," Council on Foreign Relations, Asia Unbound, October 28, 2015, <http://blogs.cfr.org/asia/2015/10/28/using-psyop-against-north-korea>.

<sup>9</sup> Michael Peck, "OPLAN 5015: The Secret Plan for Destroying North Korea (and Start World War III?)" *National Interest*, March 11, 2017, <http://nationalinterest.org/blog/the-buzz/oplan-5015-the-secret-plan-destroying-north-korea-start-19747>.

<sup>10</sup> Stephan Haggard and Marcus Noland, *Hunger and Human Rights: The Politics of Famine in North Korea* (Washington, D.C.: U.S. Committee for Human Rights in North Korea, 2005), [https://www.hrnk.org/uploads/pdfs/Hunger\\_and\\_Human\\_Rights.pdf](https://www.hrnk.org/uploads/pdfs/Hunger_and_Human_Rights.pdf).

<sup>11</sup> Stephan Haggard and Marcus Noland, *Famine in North Korea: Markets, Aid, and Reform* (New York: Columbia University Press, 2007), 1.

condone their existence as a “temporary measure.”<sup>12</sup> Yet these markets persisted long after the famine, and by enabling people to rely on an alternative source of food, they undermined the legitimacy of the party.<sup>13</sup> To address this issue, the regime attempted to re-establish the public distribution system in 2005 and conducted a currency revaluation in 2009.<sup>14</sup> Although reportedly there were no revolts following these two widespread anti-market measures, anecdotal evidence of resistance exists.<sup>15</sup>

Another area that could lead to internal social breakdown would be an erosion of China’s support for the DPRK. China is North Korea’s major trading partner, accounting for over 90% of its trade in 2015 (see **Table 1**). The suspension of coal imports from the DPRK is very significant in this context. Despite numerous multinational sanctions, such as UN Security Council Resolution 1718 of 2006, 1874 of 2009, and 2270 of 2016,<sup>16</sup> China had continued to import North Korean coal until February 2017. According to the Korea Trade-Investment Promotion Agency, coal is North Korea’s top export item, accounting for 49.6% of the country’s total exports in 2015. More than 97% of those coal exports were sent to China, so the suspension of imports is a significant shift in China’s attitude toward the North.<sup>17</sup>

Although it is difficult to speculate on China’s intention behind the February 2017 policy and how long it might last, there is a possibility that Beijing will implement all multinational sanctions. Such action would completely cut off the DPRK’s last lifeline. China may make such a decision when it perceives the consequence of the strategic dilemma to greatly offset the benefit gained by maintaining North Korea as a buffer zone between it and a U.S.-backed ROK. Under these circumstances, it would only be a matter of time until the disintegration of social order in the DPRK. Hordes of civilians would attempt to pursue freedom and obtain food by crossing the border, with soldiers and even military officers possibly joining the migration wave.

**TABLE 1** North Korean trade dependence on China

<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Dependence (%)</b>	24.8	32.5	32.7	42.8	48.2	52.6	56.7	67.1
<b>Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Dependence (%)</b>	73.0	78.5	83.0	88.3	88.5	89.1	90.1	91.3

**SOURCE:** Korea Trade-Investment Promotion Agency, *2015 Bukhan daeoe muyeok donghyang* [North Korean Trade Trends 2015] (Seoul, 2016), <http://125.131.31.47/Solars7DMME/004/162015%EB%B6%81%E D%95%9C%EB%8C%80%EC%99%B8%EB%AC%B4%EC%97%AD%EB%8F%99%ED%96%A5.pdf>.

<sup>12</sup> Stephan Haggard, Marcus Noland, and Erik Weeks, “Markets and Famine in North Korea,” *Global Asia* 3, no. 2 (2008): 32–38.

<sup>13</sup> Daniel Byman and Jennifer Lind, “Pyongyang’s Survival Strategy: Tools of Authoritarian Control in North Korea,” *International Security* 35, no. 1 (2010): 48.

<sup>14</sup> Ian Rinehart, “Nothing to Be Afraid Of? North Korean Political Economy and Economic Reform,” Korea Economic Institute, Joint U.S.-Korea Academic Studies-Emerging Voices, no. 22, 2011, 15.

<sup>15</sup> Cha, “Countering the North Korean Threat.”

<sup>16</sup> U.S. Department of Treasury, “North Korea Sanctions Program,” November 2, 2016, <https://www.treasury.gov/resource-center/sanctions/Programs/Documents/nkorea.pdf>.

<sup>17</sup> Mark E. Manyin, Susan V. Lawrence, and Keigh E. Hammond, “China’s February 2017 Suspension of North Korean Coal Imports,” Congressional Research Service, Insight, no. IN10659, 2017, 2.

A third scenario would be a general breakdown in the social order, including migration, desertion, civil disobedience, and internal defection of government and party officials. This scenario could be triggered by extreme hardship from sanctions (including comprehensive Chinese sanctions) or a natural disaster. For example, the government's incompetence in responding to large-scale disasters—such as the 2011 epidemic and the floods of 1995, 2007, 2013, 2015, and 2016—could erode the party's legitimacy.<sup>18</sup> In the midst of such social exhaustion, if the government were to attempt another wave of anti-market measures by confiscating personal savings that citizens have been earning through black markets, the discontent toward the regime may escalate and trigger an organized revolt.

A fourth scenario is social chaos following the violent suppression by security services of an uprising. This type of collapse would be the result of a rash response by the regime, which could be aggravated by the defection of security officials who resist the use of violence against the people.

Despite the perception that the reign of terror prevents civilians from speaking up and contemplating organized resistance, there have been numerous unofficial reports of street revolts in North Korea. As discussed earlier, the re-establishment of the public distribution system in 2005 and the currency revaluation in 2009 are the times with the most anecdotal evidence of resistance. More recently, *DailyNK* reported that there was a very violent brawl between a group of merchants and security officers at Musangun market on June 26, 2015, when the officers were attempting to confiscate goods. The State Political Security Department's violent suppression of the brawl resulted in 40 casualties and a shutdown of the market for days. According to North Korean informants, citizens responded to the incident by saying that “even worms will turn” and “we feel like we are suffocating...something has to happen.”<sup>19</sup> There are thus clear signs of discontent among citizens over the government's confiscation of personal savings and secret funds. Although signs of civilian revolt in North Korea are still rare, there would be a greater possibility of a public uprising or revolt against an “incompetent totalitarian or authoritarian regime” if the potential participants of the revolt enjoyed “political freedom” and “vigorous market activity.”<sup>20</sup>

## Responses to these Scenarios from Other Regional Stakeholders

The following discussion describes the expected responses to these scenarios by China, Russia, and Japan in the absence of a joint contingency plan.

### *China*

Although China suspended North Korean coal imports in February 2017, past actions by Beijing show that it may return to the familiar behavior of “pretending to play the role of a regional leader” to leverage and rein in its unruly neighbor. Furthermore, China has yet to fully participate with

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<sup>18</sup> Andrew Natsios, “The Politics of the North Korean Floods,” Center for Strategic and International Studies (CSIS), Beyond Parallel, November 2, 2016, <http://beyondparallel.csis.org/the-politics-of-the-north-korean-floods>.

<sup>19</sup> Choi Song-min, “Buk Moosanseo Boanwon-Jansaggoon gan jimpdan nanttoogeuk...sasangja soosipmyeong” [A Brawl among Security Officers and Merchants in Buk Moosan...Tens of Casualties], *DailyNK*, June 29, 2015, <http://www.dailynk.com/korean/read.php?catald=nk04500&num=106436>.

<sup>20</sup> Cha Du-hyeogn, “Instability and Regime Change: Why and How Are Regimes Ruined?” U.S.-Korea Institute, North Korea Instability Project, December, 2016, <http://uskoreainstitute.org/wp-content/uploads/2016/12/NKIP-Cha-Regime-Change-1213161.pdf>.



the international community in implementing secondary sanctions against domestic financial institutions that conduct illicit operations on behalf of the DPRK.<sup>21</sup>

The first and most likely response that China would take would be to close its border with the DPRK and deploy more troops to prevent migration. The government might also strengthen police presence in the northeast provinces and order the return of Chinese citizens in the DPRK.<sup>22</sup> Diplomatically, the government may warn the United States and ROK not to interfere in North Korean affairs. If disorder in North Korea seemed great enough to cause a total collapse of the government, China might decide to join a U.S.-ROK intervention to control disorder and secure weapons of mass destruction.<sup>23</sup> If the North Korean collapse moved slowly enough, Beijing might elect to intercede politically by encouraging pro-Chinese DPRK officers to fill the leadership vacuum as a means of establishing a pro-Chinese regime in the DPRK.<sup>24</sup>

### *Russia*

Russia has little leverage on the Korean Peninsula, as its strategic and economic relationship faded in the early 1990s. However, to prevent China or the United States from gaining influence in the DPRK, Russia may warn those countries not to interfere in North Korean affairs or demand to play a much larger role for its future gain.<sup>25</sup> Moscow could also appeal to the United Nations to prevent the United States and China from intervening. Although Russia shares only a small border with the DPRK, it would likely send troops to prevent mass migration and increase surveillance of North Korean workers in Russia.<sup>26</sup>

### *Japan*

Japan understands the sensitivities that North and South Koreans have about the possibility of a reinvasion by Japanese forces.<sup>27</sup> Hence, Japan would consult with the United States and the ROK about evacuating its citizens and also about providing support for any U.S.-ROK military intervention in the DPRK.

Given that a prominent North Korean population resides in Japan (*zainichi*), Japan would also be concerned about possible refugees escaping by boat from the North. Although the geographic obstacles may significantly limit North Korean refugees in crossing the East Sea (also known as the Sea of Japan), Japan will most likely monitor its coastline and sea lanes to intercept boats carrying government or civilian defectors.<sup>28</sup>

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<sup>21</sup> Scott A. Snyder, "Four Ways to Unilaterally Sanction North Korea," Council on Foreign Relations, Asia Unbound, September 28, 2016, <http://blogs.cfr.org/asia/2016/09/28/four-ways-to-unilaterally-sanction-north-korea>; and Dan Du Luce, "U.S. Weighs Iran-Style Sanctions on North Korea, Risking a Rift with China," *Foreign Policy*, October 6, 2016, <http://foreignpolicy.com/2016/10/06/u-s-weighs-iran-style-sanctions-on-north-korea-risking-a-rift-with-china>.

<sup>22</sup> Bonnie Glaser, Scott Snyder, and John S. Park, "Keeping an Eye on an Unruly Neighbor: Chinese Views of Economic Reform and Stability in North Korea," CSIS and U.S. Institute of Peace, Working Paper, January 3, 2008, 4–5.

<sup>23</sup> Tara O, *The Collapse of North Korea: Challenges, Planning and Geopolitics of Unification* (London: Palgrave Macmillian, 2016), 58.

<sup>24</sup> Andrei Lankov, "Post-Coup North Korea: A China-Controlled Future Puppet State?" NK News, July 12, 2016.

<sup>25</sup> Bruce W. Bennett and Jennifer Lind, "The Collapse of North Korea: Military Missions and Requirements," *International Security* 36, no. 2 (2011): 116.

<sup>26</sup> *Ibid.*, 116–17.

<sup>27</sup> *Ibid.*, 115.

<sup>28</sup> *Ibid.*, 115.

## Policy Implications for the U.S.-ROK Alliance

In accordance with OPLAN 5027 or 5029, depending on the type of collapse and level of conflict that is expected during operations, in a collapse scenario the United States would dramatically reinforce the U.S. Forces Korea, as well as the U.S. Forces Japan and other forces under the Pacific Command. If the U.S.-ROK alliance determines that stability operations should occur without consulting with China, the alliance would warn Beijing in the strongest terms not to unilaterally intervene in the DPRK.<sup>29</sup>

Unless the regional stakeholders responsibly discuss and formulate comprehensive contingency plans, the result of a North Korean regime collapse would be catastrophic and may trigger a dangerous race between China and the U.S.-ROK forces attempting to secure strategic and symbolic locations such as the Yongbyon nuclear facility and Pyongyang.<sup>30</sup> To minimize this risk, the U.S.-ROK alliance should implement the following recommendations.

### *Maintain Consistency*

U.S. support depends on the ROK's unification plans. Although the United States maintains strong interest in the Korean Peninsula due to its rivalry with China and the threat posed by North Korea's nuclear weapons program, the unification of the peninsula is South Korea's problem, and the ROK government has the last say in actions taken against the DPRK.<sup>31</sup> If the ROK pushes for gradual, long-term unification of two Koreas economically more equal than they are now, the United States will prepare plans to denuclearize the DPRK more quickly to lift sanctions and provide aid. If the ROK plans a short-term, "forced" unification, the United States is likely to strengthen deterrence and defense, enhance sanctions, and possibly initiate psychological operations against the North Korean regime to apply pressure for an earlier collapse.

In the past two decades, the ROK has not been consistent on North Korea policy. During the Kim Dae-jung and Roh Moo-hyun administrations, it pursued the Sunshine Policy, which was designed to establish a foundation for gradual unification or a "soft landing." During the Lee Myung-bak and Park Geun-hye administrations, the ROK pursued a hard stance toward the DPRK.<sup>32</sup> If this pattern of inconsistency in North Korea policy continues following the various power shifts between the political right and left, the U.S.-ROK alliance will not be able to efficiently develop a joint contingency plan. Hence, the ROK should formulate a national consensus on North Korea policy and consolidate efforts to pursue and maintain consistency for more efficient planning.

### *Ease China's Concerns about Korean Unification*

It is important to ease China's concerns about Korean unification. As Andrew Kydd argues, "turning collapse into unification" inevitably requires Beijing's assent.<sup>33</sup> Possible measures in this regard would be to promise that no substantial U.S. forces will be stationed in the northern half of

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<sup>29</sup> Bennett and Lind, "The Collapse of North Korea," 85.

<sup>30</sup> *Ibid.*, 115.

<sup>31</sup> For example, during the first North Korean nuclear crisis in June 1994, South Korean president Kim Young-sam blocked the Clinton administration's plan to strike the Yongbyon nuclear facility. Michael Martines, "Ex-South Korean President Kim Young-sam, Who Ended Military Rule, Dies," CNN, November 23, 2015.

<sup>32</sup> Victor Cha, "Five Theories of Korean Unification," CSIS, Beyond Parallel, June 30, 2016, <http://beyondparallel.csis.org/5-theories-of-unification>.

<sup>33</sup> Andrew H. Kydd, "Pulling the Plug: Can There Be a Deal with China on Korean Unification?" *Washington Quarterly* 38, no. 2 (2015): 63–77.

the peninsula after unification. The United States could also agree to withdraw most of its forces and facilities from the peninsula after peace and stability have been restored. This proposal, of course, can be made only after consultation with the ROK and Japanese authorities, who count on the United States for providing the first line of defense against China and Russia. It will also be important to guarantee Chinese contract rights and the safety of Chinese citizens working in a unified Korea. In order to guarantee such contract rights, the ROK government could sign memoranda of understanding (MOU) and include clauses that specify a list of industries that Chinese firms may participate in and guarantee a special economic zone that has reserved spaces for Chinese entities. To protect the Chinese nationals working in a unified Korea, the ROK could include other clauses that require all Chinese nationals to maintain communication with law-enforcement agencies and dispatch patrols of the special economic zone.

### *Gain International Support*

A major reason many former ROK administrations feared the sudden collapse of the DPRK is because response and rehabilitation would be too “expensive.” Although South Koreans hoped for reunification, after the world witnessed the process of German unification, there has been a spirited debate between the “soft landers” and “hard landers” on whether the ROK would be able to endure the cost of unification.<sup>34</sup> According to the National Assembly Budget Office’s estimate, the total cost of unification for 45 years from 2016 to 2060 would amount to \$9.2 trillion.<sup>35</sup> Despite the Lee Myung-bak administration’s initiation of a discourse on a “unification tax” and attempts to raise the awareness of unification costs, the financial burden on the government and citizens of a unified Korea would be tremendous.<sup>36</sup>

Hence, it would be wise to seek help from international financial organizations and obtain substantial loans to ensure that the South Korean public will not significantly suffer from the growing pains of unification. For instance, with the help of the United States, the ROK could reach pre-agreements or consult with the World Bank and International Monetary Fund to sign MOUs. More specifically, the ROK could include clauses such as the guaranteed provision of substantial loans to be provided if it faces a situation where it has to perform a reconstruction or any other related measures in the northern part of the Korean Peninsula.

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<sup>34</sup> Cha, “Five Theories of Korean Unification.”

<sup>35</sup> National Assembly Budget Office, “Economic Effect of the Reunification of the Korean Peninsula,” *Korea Focus*, December, 2014, [http://www.koreafocus.or.kr/design2/layout/content\\_print.asp?group\\_id=105755](http://www.koreafocus.or.kr/design2/layout/content_print.asp?group_id=105755).

<sup>36</sup> Choe Sang-hun, “South Korean Leader Proposes a Tax to Finance Reunification,” *New York Times*, August 15, 2010, <http://www.nytimes.com/2010/08/16/world/asia/16korea.html>.



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# Change and Continuity in the U.S.-ROK Alliance and North Korea Policy

*Yong-sup Han*

YONG-SUP HAN is a Professor at Korea National Defense University. He can be reached at <yshan2020@naver.com>.

## EXECUTIVE SUMMARY

This essay examines key issues in the U.S.-ROK alliance and assesses U.S. and ROK policy options for addressing the threat posed by North Korea.

### MAIN ARGUMENT

President Donald Trump has inherited a worse Northeast Asian security environment than any other president since the end of the Cold War. While previous changes in administration have brought changes in U.S. policy toward the region, the Trump administration must carefully consider possible alterations and work with South Korea and other nations, including China and Russia, to execute these strategies. Given its preference for an “America first” policy, the Trump administration is expected to make meaningful changes in Asia-Pacific security strategy, and in North Korea policy specifically, while exploring a new approach to alliance management with the goal of building a stronger, safer U.S. at a lower cost. In the rapidly changing security environment of the Asia-Pacific, this endeavor necessitates a patient approach that reflects U.S. values and interests and formulates a security and defense strategy based on an assessment of the merits and demerits of U.S. policy regarding specific issue areas.

### POLICY IMPLICATIONS

- As it reviews the Obama administration’s rebalancing strategy, the Trump administration needs to articulate an approach to Northeast Asia that maintains strong security alliances. Prioritizing economic deals with China at the cost of U.S. security interests in the Asia-Pacific would endanger regional stability and undermine the credibility of the U.S. with its allies.
- The U.S. must strive to cooperate with its ally South Korea through all existing bilateral institutions and channels before making unilateral announcements pertaining to the alliance. If the next South Korean president comes from a current opposition party, as is expected, a rise in South Korean nationalism could create more tension in the alliance. Leaders of both countries will have to work together to manage these issues to avoid friction.
- The U.S. needs to develop a new approach to deterrence that includes a dialogue mechanism as well as increased technical capabilities. If the Terminal High Altitude Area Defense system is not deployed in South Korea during the first half of 2017 as expected, it will become more difficult to deploy in the midst of China’s strong opposition, and other issues will come into play in alliance management.

During the past decade, the security environment in Northeast Asia has become more uncertain and dangerous due to heightened tensions between major powers in the region. North Korea's nuclear and missile programs have played a significant role in destabilizing Northeast Asia by increasing tensions not only between the United States and North Korea but also between the United States and China.<sup>1</sup> The worsening North Korean nuclear threat requires the Trump administration to take a different approach from President Barack Obama's policy of "strategic patience."

Although during the Obama administration the United States pursued a strategy of rebalancing toward the Asia-Pacific, including by relocating naval and air power to the region from the Middle East,<sup>2</sup> its inaction on North Korea allowed Pyongyang to make significant advances in its nuclear and missile programs. The Trump administration will need to reframe the U.S. Asia-Pacific rebalancing strategy in order to address threats not just from North Korea but also from China and Russia. China has increased its military power during its economic rise, resulting in a dramatic increase of 450% in defense spending since 2004. Beijing has argued that this buildup is necessary to protect against what it sees as a U.S. effort to encircle China. Under President Vladimir Putin, Russia has similarly increased defense spending threefold during the past decade, invaded Georgia and the Crimean Peninsula, and sided with China in opposing U.S. deployment of the Terminal High Altitude Area Defense (THAAD) system in South Korea.

To reverse this course, the new administration must take proactive actions to deal with the threats from China, Russia, and North Korea. At the same time, it also needs to take a different approach to its alliances with the Republic of Korea (ROK) and Japan by recognizing the problems associated with its traditional hub-and-spoke system of maintaining a series of bilateral alliances. A legacy of the Cold War, this system has inhibited intra-Asian ties. The United States should adopt a new strategy toward the Asia-Pacific that prioritizes building a more inclusive region.

The next section of this essay examines key issues in the U.S.-ROK alliance, including burden-sharing, transfer of the operational control (OPCON) of military forces, and anti-American sentiment in South Korea. The following section then discusses U.S. and ROK policy toward North Korea. The essay concludes by considering policy options for addressing the North Korean threat and stabilizing the Korean Peninsula.

## The U.S.-ROK Security Alliance

The Trump administration inherits one of the United States' strongest and most strategically important alliances in the world. However, with China's significant military buildup and its resultant exertion of military power and North Korea's growing nuclear armaments, the United States and the ROK have no choice but to take stronger measures to deal with these threats and therefore must strengthen their alliance relationship further.

There was much debate regarding South Korea's degree of dependence on the United States during the U.S. presidential campaign. Seoul believes that it shares an appropriate cost for hosting U.S. forces to defend South Korea in accordance with negotiated agreements between the two governments. Depending on domestic political and economic conditions, however, the U.S.

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<sup>1</sup> Joel S. Wit and Sun Young Ahn, "North Korea's Nuclear Futures: Technology and Strategy," U.S.-Korea Institute, Johns Hopkins School of Advanced International Studies, March 2015.

<sup>2</sup> U.S. Department of Defense, *Quadrennial Defense Review* (Washington, D.C., March 2014).



government occasionally raises questions concerning whether South Korea shares a sufficient burden of the costs of the alliance. Therefore, the governments of South Korea and the United States should discuss the reasons for maintaining and developing the alliance, including addressing the issue of not only burden-sharing but also role-sharing for the general public and political leaders of the two countries.

Regarding nuclear deterrence, the Trump administration needs to redouble U.S. efforts to provide stronger and more credible extended deterrence to South Korea. The Obama administration placed a low priority on nuclear weapons as a deterrent against North Korea, instead focusing on developing both advanced conventional weapons and missile defense capabilities.<sup>3</sup> As a faithful (or exemplary) signatory to the Nuclear Non-Proliferation Treaty (NPT), the ROK cannot and must not consider developing nuclear weapons. Instead, the Trump administration needs to clarify the United States' commitment to providing a robust nuclear deterrent against the growing threat posed by North Korea's nuclear and missile programs. A new U.S. nuclear posture review is required and should consider the possibility of a U.S. preemptive strike to reinforce the doctrine of deterrence by denial in addition to deterrence by retaliation.<sup>4</sup>

As North Korea's nuclear and missile threats increase rapidly, Seoul and Washington have agreed to postpone the transfer of OPCON to South Korea from the United States indefinitely until South Korea can demonstrate adequate self-defense capability. However, under certain political conditions, the ROK may aspire to become more autonomous from U.S. influence. If an opposition party wins the upcoming presidential election, the new government may consider complete transfer of OPCON again. Thus, the Trump administration may need to review the issue to remove potential problems for the alliance.

Finally, managing the anti-American sentiments that are seemingly dormant within South Korean society is critical to maintaining the U.S.-ROK alliance. Anti-American sentiment could re-emerge under the right circumstances—for example, in the event of a crime committed by U.S. servicemen in South Korea or if the deployment of THAAD causes widespread protests within South Korean society. Such anti-Americanism has the potential to jeopardize the alliance, especially if China attempts to fan these sentiments, as it has done in the recent past.

## U.S. and ROK Policy toward North Korea

President Obama pledged to hold direct talks with the North Korean leader during his 2008 campaign. However, after North Korea conducted its second nuclear weapon test in May 2009, political support for dialogue evaporated. Pyongyang conducted a fourth test in January 2016, leading to the North Korea Sanctions and Policy Enhancement Act, which pursued vigorous sanctions against persons or entities assisting North Korea with procuring items relating to weapons of mass destruction, arms, and luxury and counterfeit goods, among other things.

The Park Geun-hye administration, for its part, sought a pro-engagement unification policy by which Seoul attempted to maintain a strong stance against North Korean provocations while continuing efforts to renew dialogue with Pyongyang. However, these efforts at engagement reversed course after North Korea's fourth nuclear test in January 2016. Following the test, Park

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<sup>3</sup> U.S. Department of Defense, *Nuclear Posture Review Report* (Washington, D.C., April 6, 2010).

<sup>4</sup> Mike Mullen et al., *A Sharper Choice on North Korea: Engaging China for a Stable Northeast Asia*, Independent Task Force Report, no. 74 (Washington, D.C.: Council on Foreign Relations, 2016), 42.

closed the joint industrial complex in Kaesong and imposed additional sanctions on the Kim Jong-un regime.

North Korea proclaimed itself a nuclear weapons state after conducting five nuclear tests and has been taking steps to solidify this status.<sup>5</sup> It is unlikely that Pyongyang will relinquish its nuclear weapons, thus making the prospects for denuclearization more difficult. Fortunately, South Korea and the United States agree that North Korea cannot be accepted as a nuclear-armed state and that stronger sanctions are necessary to make the regime accept denuclearization. Yet for sanctions to be effective, it is necessary that not only South Korea and the United States but also Japan, China, and Russia reach a consensus on addressing North Korea's nuclear and missile threats. China has been unhelpful in this area, opposing the deployment of THAAD and showing a reluctance to enforce rigid sanctions against North Korea.

Nevertheless, Kim recognizes from North Korea's past experience that the worse the nuclear threat it poses becomes, the greater the possibility that the United States will pursue direct talks. One dire outcome of direct negotiations with Pyongyang could be that Washington agrees to freeze the North Korean nuclear program at the current state and to place a moratorium on tests of nuclear weapons and missiles. Leaving nuclear facilities, materials, and test sites intact would be a fiasco and repeat the mistakes of the 1994 Geneva Agreed Framework, which sought to freeze nuclear plants and replace them with light-water reactors. This agreement was violated by the North as it continued to develop a clandestine nuclear program. The United States needs to remember these lessons unless it wants to repeat past failures.

## Recommendations

Given the untenable security situation on the Korean Peninsula, it is necessary to develop effective alternative approaches to North Korea's perennial nuclear and missile threats once and for all. As the de facto leader of the NPT regime, the United States must work to persuade the four other permanent UN Security Council members (especially China) to prioritize the denuclearization of North Korea. The most appealing strategy would be to launch talks between the P5+2 (the five UN Security Council states, plus South Korea and Japan) and North Korea, following the example of the Iran nuclear deal. Concurrent with these negotiations, an international nuclear inspection team comprising the P5+2, North Korea, and the International Atomic Energy Agency (IAEA) should be established.

This strategy can enhance international cooperation with China and Russia and encourage their full participation in international sanctions, alongside the United States, the United Kingdom, and France. Like the Iran deal, such agreements could also enlarge the incentives for North Korea to suspend its nuclear weapons program. Economic incentives could be coordinated by all the countries participating in the negotiations so that they are clearly linked with concrete steps for North Korea to take toward denuclearization. The potential agreement could also institute comprehensive and irreversible verification systems to ensure North Korean compliance.

Multilateral dialogue is beneficial to all parties involved in this issue, as frequent discussion facilitates the identification of issues and concerns, presents opportunities to mitigate miscalculation, and would allow North Korea to feel included in the international community

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<sup>5</sup> See, for example, "Kim Jon-un Touts N. Korea as Responsible Nuclear State," *Chosun Ilbo*, May 9, 2016, [http://english.chosun.com/site/data/html\\_dir/2016/05/09/2016050900929.html](http://english.chosun.com/site/data/html_dir/2016/05/09/2016050900929.html).

through recognition by key leaders. Other options are restarting the six-party talks with the participation of higher-level government officials (at the secretary of state or foreign minister level) and making a commitment to holding talks on a more regular basis (for example, once every three months). The United States and South Korea could also consider beginning four-party talks (among the United States, South Korea, North Korea, and China) in parallel with peace talks on the Korean Peninsula. These alternatives, however, lack sufficient tools to shore up international pressure on China and bring in IAEA participation.

In addition to supporting a dialogue forum that incorporates other major powers, the United States needs to develop its technical capabilities to better address the North Korean nuclear issue and assure South Korea of the credibility of U.S. deterrence. This may be accomplished by giving equal attention to the three components of the nuclear triad—ground, air, and submarine-launch capabilities—including through the reintroduction of nuclear forces to the Korean Peninsula.<sup>6</sup> At the same time, the United States must continue to develop suitable conventional precision-strike and missile defense capabilities.

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<sup>6</sup> David E. Sanger and William J. Broad, “Trump Inherits a Secret Cyberwar against North Korean Missiles,” *New York Times*, March 4, 2017.

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# Recasting the North Korean Problem: The Nexus between Security and Human Rights

*Hun Joo Park*

**HUN JOO PARK** is a Professor at the Korea Development Institute School of Public Policy and Management. He can be reached at <[hjpark@kdischool.ac.kr](mailto:hjpark@kdischool.ac.kr)>.

**NOTE:** This essay partly draws on Hun Joo Park, “Amoral Familism in North Korea?” in *2016 DPRK Country Report* (Sejong: KDI School of Public Policy and Management, 2015).

## EXECUTIVE SUMMARY

This essay presents current approaches to the problem of a survival-driven North Korean regime and emphasizes the importance of recasting the problem through the existential perspective of ordinary people in North Korea.

### MAIN ARGUMENT

Neither the Sunshine Policy nor international sanctions and other pressures have proved adequate in bringing about regime change and thereby fundamentally improving humanitarian conditions in North Korea or the security situation on the Korean Peninsula. Nonetheless, the North Korean regime's demise is actually only a matter of time over the long run. Yet, as suggested by the preliminary results of the Korea Development Institute's ongoing research into the state of North Korean social capital, the socio-psychological obstacles to human trust and cooperation may be no less formidable a challenge to overcome in the process of longer-term normalization and development of society than security or political challenges. Hence, while managing the North Korean problem with as much balance and common sense as possible, simultaneously developing policies to properly diagnose and address the socio-psychological pathologies of the North Korean people would be wise and critical.

### POLICY IMPLICATIONS

- Further studies are needed for deeper understanding on the pathological state of North Korean society, culture, and psychology to provide more practical, effective, and empowering policy prescriptions.
- Helping ordinary North Koreans overcome their socio-psychological inhibitions and work together for their common good requires deliberate and dedicated policy attention on providing them with a just and fair system of public service, equal educational opportunities, decent and meaningful jobs, and independent, community-building media, among other things.
- Creating and nurturing an increasing number of role models, especially among the 1.5 and second-generation North Korean defectors, may be one of the best ways to help restore human dignity and individual freedom to ordinary people in North Korea.

The North Korean nuclear crisis has persisted basically unabated for the past twenty-plus years, despite numerous varied and competing exercises of state craftsmanship by all concerned countries.<sup>1</sup> With the exception of the People's Republic of China, concerned countries have basically frozen their relations with North Korea by linking future cooperation to progress on the North Korean nuclear problem, and there is very little sign of constructive change on the horizon. The nuclear threat has overshadowed, if not virtually shackled, other sides of the problem posed by North Korea. Although North Korean society remains largely a black box, the opportunity for change is bound to come even to North Korea sooner or later. When it does, it will require new alternatives and paradigmatic thinking to make the most of the opportunity to transform North Korea's society and economy. In order to imagine and construct a preferred future for ordinary North Korean citizens from an international societal perspective,<sup>2</sup> it is imperative to focus more attention on understanding the existential realities of the country's society and people.

This essay calls for a deeper understanding of the problem of totalitarian political-economic and socio-psychological pathologies in North Korean society. This policy issue has largely been obscured by the more immediate nuclear dilemma but possibly poses a tougher challenge. This is not to slight the nuclear problem. However, no resolution of the security or political problem in and of itself would lead to development and prosperity in North Korea. This is the case because even the elimination of the North Korean political regime would not naturally engender a growth-generating market economy, despite what neoclassical economic theory would have us believe. In particular, this essay raises concerns about the extent to which North Korean society suffers from what Edward Banfield calls "amoral familism"—a debilitating cultural pathology that hinders the members of a society from trusting or cooperating with one another for mutual benefit beyond the interests of their own nuclear family.<sup>3</sup> In so doing, the essay emphasizes the importance of rethinking the North Korean problem from the existential perspective of the lives of ordinary people.

## Amoral Familism in North Korea and Its Policy Implications

Although the number of premature deaths during the famine and mass starvation in North Korea of the mid-1990s peaked in 1997, even today there is little evidence to suggest that the dire and precarious economic and social situation for ordinary North Koreans has fundamentally improved. Clearly, the totalitarian dynastic regime is the primary culprit for the plight of ordinary

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<sup>1</sup> A series of tit-for-tat events—from North Korea's missile launch on December 12, 2012, and its third nuclear weapons test on February 12, 2013, to the UN Security Council Resolutions 2087 and 2094 and then to North Korea's fourth and fifth nuclear tests on January 6 and September 9, 2016—has escalated the crisis to a new height. The latest events have shown that the Kim Jong-un regime remains preoccupied with consolidating its fledgling power and that its survival continues to depend on support from the army and the state security forces, not to mention the possession of nuclear weapons.

<sup>2</sup> For more elaborate discussions of this issue, see Hedley Bull and Adam Watson, eds., *The Expansion of International Society* (New York: Oxford University Press, 1984); David Lumsdaine, *Moral Vision in International Politics* (Princeton: Princeton University Press, 1993); and Hun Joo Park, "Ideas, Interest, and Construction of a Northeast Asian Community," *Journal of East Asian Affairs* 18, no. 1 (2004): 78–97.

<sup>3</sup> Edward Banfield, *The Moral Basis of a Backward Society* (New York: Free Press, 1958).

people in the land.<sup>4</sup> Based on the UN Commission of Inquiry's 2014 report, in fact, the UN Human Rights Council adopted a resolution condemning the North Korean regime's human rights violations as "systematic, widespread, and gross."<sup>5</sup> However, there exists no consensus or easy policy alternative on how best to help solve or handle the problem.

### *Humanitarian Conditions in North Korea*

An inconvenient fact of the matter is that despite decades of international sanctions and pressures, frequently premised on the imminent implosion of the North Korean government, the regime continues to survive and traumatize its own people. As a result, the horrible human conditions in North Korea continue unabated, despite the limited humanitarian assistance efforts by a few UN institutions and NGOs. From a long-term perspective, the North Korean regime will surely fall, even though it might not happen as soon as expected or hoped.<sup>6</sup> The bigger and far more important question may well concern the manner, pace, and direction in which change will take place in North Korea. An uncontrolled collapse of the current regime or a poorly managed transition could lead to an even worse humanitarian disaster than did the famine of the mid-1990s. Thus, one cannot overemphasize the importance of managing the process of regime transition well enough to prevent North Korean society from falling into violent chaos or catastrophe.

Hence, planning and preparing for such a contingency is necessary. At the same time, however, it is also important to adopt a long-term perspective on what constructing a prosperous future for North Koreans after the collapse of the regime would entail. This is because the international community's ultimate goal is to transform North Korea, reinstating it as a normal, legitimate, and contributing member of the regional and international order. Given the huge disparity between the South and North Korean economies,<sup>7</sup> pursuit of socioeconomic harmonization between the two would be a priority to achieve a softer landing.<sup>8</sup> Normalization and development of North Korea for the sake of its ordinary citizens thus pose a critical and formidable challenge, especially because the outside world possesses such scant knowledge and understanding of North Korean society.<sup>9</sup>

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<sup>4</sup> The problem of malnutrition and stunted growth among children is particularly endemic and serious. See, for instance, Kisan Gunjal et al., "Special Report: FAO/WFP Crop and Food Security Assessment Mission to the Democratic People's Republic of Korea," UN Food and Agriculture Organization and World Food Programme, 2013, <http://documents.wfp.org/stellent/groups/public/documents/ena/wfp261353.pdf>; Michael Sheinkman et al., "Special Report: WFP/FAO/UNICEF Rapid Food Security Assessment Mission to the Democratic People's Republic of Korea," World Food Programme, UN Food and Agriculture Organization, and UN International Children's Emergency Fund, 2013, <http://documents.wfp.org/stellent/groups/public/documents/ena/wfp233442.pdf>; and Stephan Haggard and Marcus Noland, *Famine in North Korea: Markets, Aid, and Reform* (New York: Columbia University Press, 2007). North Korea remains the only country in Asia to belong to tier 3 of human trafficking countries, as classified by the U.S. Department of State. Tier 3 countries are those whose governments do not fully comply with the Trafficking Victims Protection Act's minimum standards and also are not making significant efforts to do so. Only 13 out of a total of 177 countries in the world, including North Korea, belong to this rock-bottom tier. For tier classification, see "Tier Placements," U.S. Department of State, <http://www.state.gov/j/tip/rls/tiprpt/2010/142755.htm>.

<sup>5</sup> Human Rights Watch, *World Report 2016* (New York: Human Right Watch, 2016), <https://www.hrw.org/world-report/2016>.

<sup>6</sup> According to the investment promotion authority in Dandong, China, North Korea's trade with China through the relatively small border city alone has amounted to an annual total of \$6.5 billion, which includes \$3 billion worth of unofficial or black market goods presumably destined for the privileged consumption of North Korea's establishment elite in Pyongyang. Author's interview with the authority's vice director, Dandong, October 28, 2015.

<sup>7</sup> The South Korean economy is now nearly 50 times the size of the economy of North Korea, even in purchasing power parity terms.

<sup>8</sup> Based on a critical reassessment of the process of German reunification, Stefan Niederhaffner cogently argues against the wisdom of Korea's adopting a German-style strategy of "[rapid political] reunification first, [socioeconomic harmonization] later." See Stefan Niederhaffner, "The Challenges of Reunification: Why South Korea Cannot Follow Germany's Strategy," *Korea Observer* 44, no. 2 (2013): 249–87.

<sup>9</sup> Some useful, albeit limited, sources include John Everard, *Only Beautiful, Please: A British Diplomat in North Korea* (Stanford: Stanford Asia-Pacific Research Center, 2012); and Andrew Natsios, *The Great North Korean Famine: Famine, Politics, and Foreign Policy* (Washington, D.C.: U.S. Institute of Peace Press, 2001). However, this essay focuses on the insights of Banfield in the hope of getting at the heart of the socio-psychological dimension of the North Korean problem. See Banfield, *The Moral Basis of a Backward Society*.



## *The Implications of Amoral Familism in North Korea*

As Banfield explains, the extreme poverty and backwardness in the amoral familial society stems “largely”—albeit not entirely—from “the inability of the villagers to act together for their common good or...for any end transcending the immediate interest of the nuclear family.”<sup>10</sup> The society of amoral familists may be the same as the world we would experience if everyone were to become entirely selfish, utility-maximizing, and economically calculating beings.

Contrary to the expectations of neoclassical economic theory, the growth-generating market does not emerge automatically just through the existence of rational, self-interested individuals. In fact, no matter how different they may be, governments play an indispensable role in sustaining and regulating the market in accord with a given society’s needs and wishes, protecting private property, and enforcing contracts, among other things. Hence, no matter how free or mature a market may become, it can be neither self-sustaining nor self-regulating. Moreover, no market success may be sustainable without the presence of what Adam Smith calls “fellow feeling,” sympathy, empathy, or goodwill in the hearts and minds of the citizens.<sup>11</sup>

Given the pathological consequences of famine on North Korean society and psychology,<sup>12</sup> a deeper examination of the social psychology of North Korea is needed to adequately address this challenge. In fact, the self-interested society of amoral familism that Banfield observed in southern Italy may well powerfully characterize the kind of society that North Korea finds itself increasingly to have become. This is corroborated by the preliminary results of survey research conducted by the Korea Development Institute. The survey involves interviews with 1,010 North Koreans who have defected to South Korea since 2003 to look into the socio-psychological state of the North Korean people. The early findings of this ongoing research project suggest that no significant elements of public spiritedness or even enlightened self-interest exist in North Korea. Hence, individuals tend to pursue the material and immediate gain of their own nuclear family at the expense of fellow citizens, assuming everyone else does the same.<sup>13</sup>

Conventional wisdom along the lines of the neoclassical economics paradigm would have us expect economic and political associations and organizations to arise quickly in accord with the necessity for development to occur whenever technical conditions or natural resources permit. Such a view overlooks the crucial importance of culture, however: The higher the standard of living to be attained, the greater the need for associations and organizations, or social capital.

Douglass North and Robert Thomas identify the development of an efficient economic organization as the key to growth and development, yet they also recognize that the success of such an organization in wealth creation depends on human beings’ ability to learn to work together.<sup>14</sup> As with every human endeavor, the capacity to cooperate and coordinate holds the critical key to successful development. Although no definitive evidence or studies exist on North Korean society, the capacity to trust, cooperate, and coordinate seems to be sorely lacking after having gone through the horrible humanitarian catastrophe under the repressive Kim regime. There is no

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<sup>10</sup> Banfield, *The Moral Basis of a Backward Society*. Banfield attributes the origins of amoral familism in the southern Italian region to a combination of three factors: (1) a high death rate and the fear of premature death, (2) the absence of the institution of the extended family—the mechanism of survival and stability in subsistence farming, and (3) certain land tenure conditions.

<sup>11</sup> Adam Smith, *The Wealth of Nations* (New York: Penguin Classics, 1986); and Adam Smith, *The Theory of Moral Sentiments* (New York: Prometheus Books, 2000).

<sup>12</sup> Natsios, *The Great North Korean Famine*.

<sup>13</sup> Hun Joo Park, “A Study of North Korea’s Social Capital: A 2016 Survey Research on North Korean Defectors in South Korea” (forthcoming, Korea Development Institute).

<sup>14</sup> Douglass North and Robert Thomas, *The Rise of the Western World: A New Economic History* (Cambridge: Cambridge University Press, 1973).



reason to believe that human conditions would fundamentally improve on their own with only the passage of time. Thus, the task of identifying and addressing the socio-psychological obstacles to human trust and cooperation requires independent policy attention.

## Policy Implications

It is deeply regrettable that other dimensions of the North Korean problem—particularly, the socio-psychological state of North Korean society as experienced at the grassroots level—have remained overshadowed, if not forgotten, by the impasse on the Kim regime’s nuclear weapons program. North Korea as an international societal problem may be at a crossroads. Both the Sunshine Policy and international sanctions have fallen short of resolving the North Korean problem. Given the current state of international politics both at the global and regional levels, accidents, if not disasters, seem more prone to happen than not. Hence, in the process of addressing the nuclear issue, preferably from a broader and longer-term perspective, concerned countries should take a deep breath and remind themselves, as members of the international community, of policy objectives such as transforming North Korean society and building a more peaceful regional security community.

The Kim regime is not sustainable in the long term; its fall and demise are certain, even if exactly when, how, and with what consequences are not yet clear. Hence, we can expect to see the opportunity for change to rise sooner or later. The real question is whether we would be able to make the most of such a moment to build toward a common social good. This task requires consensus building not only on how to see, approach, and help manage the process of change in North Korea better but also on what societal goals and values are shared in common by the international community.

How can countries then best help, on the one hand, ordinary people in North Korea, where there exists little social capital, regain their human dignity, individual freedom, and ability to trust and cooperate and, on the other hand, North Korean society move back to a more normal development trajectory by way of peaceful integration with the outside world?

One of the most important policy implications that can be drawn from the Korea Development Institute’s ongoing research into the existential state of North Korean society, culture, and psychology through the analytical framework of amoral familism is that when we try to help people in North Korea, we need to approach this problem more from the perspective of ordinary people. We would need to better study the serious pathological consequences of the Kim family’s dynastic rule of whim and terror and how arduous the years of recurrent famine and starvation since the 1990s have really been to provide more practical, effective, and empowering policy prescriptions. Helping North Koreans stand on their feet to overcome their socio-psychological inhibitions and to learn to trust and work together with their fellow citizens for the common good would require deliberate and dedicated policy attention on providing them with a just and fair system of public service, equal educational opportunities, decent and meaningful jobs, and independent, community-building media.

In preparing for the development or transition to a more desirable future in North Korea, we must ensure that both the processes and the outcomes be “of the people, by the people, for the people” of North Korea. In accordance with that spirit and motivation, nurturing as many North Korean role models as possible would surely be of great importance and help.

Specifically, developing role models among the 1.5 and second generation of North Korean defectors may be a constructive way to help restore human dignity and individual freedom to ordinary people in North Korea. South Korea, for example, should lead efforts to train 1.5 and second-generation defectors for leadership roles in various professional areas so that they could provide such critical services as psychological, legal, and medical counseling to other North Koreans.



THE NATIONAL BUREAU *of* ASIAN RESEARCH

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# Improving the Effectiveness of Sanctions against North Korea

*Nam Hoon Cho*

NAM HOON CHO is a Senior Research Fellow at the Korea Institute for Defense Analyses. He can be reached at <[chonh@kida.re.kr](mailto:chonh@kida.re.kr)>.

## EXECUTIVE SUMMARY

This essay assesses the early impact of sanctions on North Korea and suggests policy options for improving the efficacy of the sanctions regime.

### MAIN ARGUMENT

UN Security Council Resolution 2270 went into effect in March 2016 and imposed the toughest sanctions to date on North Korea, covering international finance, trade, and the export of North Korean labor, among other areas. These sanctions have not had time to be fully realized, but it is already clear that their effectiveness varies widely by sector. Although South Korea's decision to shut down the Kaesong Industrial Complex dramatically reduced the flow of cash to the Kim Jong-un regime, the impact of the UN sanctions on trade, particularly between China and North Korea, has been limited at best. Overall, North Korea continues to exploit numerous loopholes in the UN sanctions related to finance, trade, and exported labor, which poses significant obstacles for effective implementation. These loopholes must be closed if sanctions are to have any chance of ending or even slowing the Kim regime's nuclear weapons program.

### POLICY IMPLICATIONS

- In order to increase the efficacy of sanctions on trade, exceptions to embargoed goods must be eliminated or, if China objects to this measure, replaced with a quota system. In addition, pressure must be applied on Beijing to restrict unofficial trade in the border areas between China and North Korea.
- Loopholes in sanctions should be closed, including in the areas of international finance, trade, and labor export. In particular, given that income from North Korean labor abroad represents one of the biggest workarounds enabling the Kim regime's acquisition of foreign currency, North Korean laborers should be repatriated.

Since UN Security Council Resolution 2270 went into effect in March 2016, many discussions have taken place on whether the sanctions against North Korea have affected the regime. Proponents insist that sanctions will become effective once UN member countries adopt their own sanction laws and measures. Conversely, those who oppose sanctions argue that they are ineffective because they cannot force North Korea to give up its nuclear weapons program and dispose of nuclear materials and weapons. They argue that dialogue with North Korea and the resumption of the six-party talks are more important tools for addressing the North Korean nuclear threat.

However, one thing both sides agree on is that the effects of sanctions are not identical across all parts of the North Korean economy. There are sectors in which sanctions against North Korea have had the desired effect and sectors in which the sanctions have not had any effect. This essay will first examine the impact of sanctions on trade, the export of labor, North Korean markets, and humanitarian assistance. The essay will then conclude by considering policy options for overcoming obstacles to the implementation of sanctions.

## The Impact of Sanctions on North Korea

In response to North Korea's fourth nuclear test in January 2016, the UN Security Council unanimously adopted Resolution 2270 on March 2, expanding on previous sanctions that had followed earlier tests by Pyongyang. While existing sanctions had been focused on North Korea's development of its nuclear and missile programs, Resolution 2270 greatly increased the scope of sanctions, targeting military programs as well as the North Korean economy. The most notable aspects of the sanctions regime include a prohibition on importing many North Korean minerals, a ban on foreign branches of North Korean banks, and a mandate that countries screen cargo that comes into their territory while en route to or departing from North Korea.<sup>1</sup> It was hoped that these increased sanctions would impose a sufficient economic burden on the Kim Jong-un regime as to dissuade Pyongyang from conducting further tests.

### *Trade*

The shutdown of the Kaesong Industrial Complex by the Republic of Korea (ROK) in February 2016 has had the most direct effect on halting cash flow into North Korea. Before the shutdown, North Korea earned some \$100 million a year through payment to North Korean workers employed at the Kaesong Industrial Complex.<sup>2</sup> However, its closure has put a stop to these revenues. These efforts should reduce cash flow to the Kim regime and deter its development of nuclear weapons.

Nevertheless, effective implementation of sanctions in other sectors is questionable. This can be seen in the cargo shipping industry. Many countries, such as Mongolia and Panama, have complied with Resolution 2270 by canceling registration of North Korean ships using flags of convenience. As a result, the refusal of entry and departure of ships owned by North Korea's Ocean Maritime Management Company has made the transport of embargoed goods difficult. However, this has not resulted in a reduction of goods transported into and out of North Korean ports. A recent analysis of satellite images reported by Voice of America showed that the number

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<sup>1</sup> Richard Nephew, "UN Security Council's New Sanctions on the DPRK," 38 North, March 2, 2016, <http://38north.org/2016/03/rnephew030216>.

<sup>2</sup> "What Is the Kaesong Industrial Complex?" BBC News, February 10, 2016.

of containers at Nampo port in North Korea has increased compared with last February, before the sanctions went into effect.<sup>3</sup> This finding deviates from the forecast that North Korean imports and exports would be drastically reduced following the implementation of Resolution 2270.

Likewise trade between North Korea and China has not been significantly affected by sanctions. Bilateral trade should have decreased if the new sanctions were effectively enforced. Instead, after declining in 2014 and 2015 due to a drop in the price of international raw materials and economic depression in China's three northeastern provinces, trade between the two countries is on the increase despite the strengthened sanctions imposed on North Korea in 2016. In fact, trade in the first half of 2016 increased by 0.6% over the same period in 2015. Furthermore, after August, it increased by around 48% over July. Imports from China increased by 74%, while exports to China increased by 24%. Significantly, trade in the 25 goods declared by the Chinese government increased overall after April 2016. Of the 25 embargoed mineral resources and their products, gold ore and titanium are the only goods that have seen a marked reduction in the amount traded.<sup>4</sup>

### *The Export of Labor*

The number of North Korean laborers overseas is not declining, and North Korea continues to acquire foreign currency through the export of laborers. Official data on the number of North Korean laborers working overseas is not available, but estimates range from 50,000 to 100,000. The Asan Institute for Policy Studies' estimate is around 53,000, the U.S. Congressional Research Service's estimate is 50,000–65,000, ABC (Australia) reported 90,000, and the *New York Times* reported 100,000.<sup>5</sup>

The amount of money earned by North Korea from overseas workers is very large, even when using the minimum estimate of 50,000 laborers working outside the country. Supposing that a Chinese company hires 50,000 North Koreans and their average annual income is \$3,000, labor earnings from China would be around \$150 million. Under such conditions, North Korea's income from exported labor would be greater than the amount earned from the Kaesong Industrial Complex. Remember that this is a minimum estimate, and the amount would be larger if the number of laborers is higher.

### *North Korean Markets*

Another area to consider is the market situation in North Korea. If the sanctions imposed by Resolution 2270 are having an effect, the trade of goods in North Korean markets should have been collaterally affected. Supplies of some commodities should be limited and the prices of those goods should increase. However, this phenomenon has not occurred. Instead, rice prices and exchange rates are both stable. Even though the price of rice rose slightly between July and September, this is understood as a seasonal effect before the harvest season. Although the price of gasoline has been

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<sup>3</sup> Kim Ji Seung, "Trade in the Port of Nampo Seemingly Unhindered by Sanctions," *DailyNK*, October 21, 2016, <http://www.dailynk.com/english/read.php?num=14142&catald=nk00100>.

<sup>4</sup> Korea International Trade Association, K-Statistics database, <http://stat.kita.net/main.screen>.

<sup>5</sup> Shin Chang-Hoon and Go Myong-Hyun, *Beyond the UN COI Report on Human Rights in DPRK* (Seoul: Asan Institute for Policy Studies, 2014), 30; Emma Chanlett-Avery, Ian E. Rinehart, and Mary Beth D. Nikitin, "North Korea: U.S. Relations, Nuclear Diplomacy, and International Situation," Congressional Research Service, CRS Report for Congress, R41259, January 15, 2016, 23; Matthew Carney, "North Korea's Kim Jong-un Exporting 90,000 Slave Labourers Worth \$2 Billion to Fund Nuclear Program," ABC (Australia), July 20, 2015; and Choe Sang-hun, "North Korea Exports Forced Laborers for Profit, Rights Groups Say," *New York Times*, February 19, 2015.

slightly higher following the new sanctions, the change is not significant.<sup>6</sup> As a result, because there is no scarcity of goods or meaningful price increases, it appears that UN sanctions on North Korea are not having a measurable effect on the everyday life of North Koreans.

### *Humanitarian Assistance*

Another area where the effects of the sanctions regime are closely monitored is humanitarian assistance. If the ROK government bans humanitarian aid to North Korea because of concerns that the materials and goods are diverted to its nuclear weapons program, the amount of aid will decrease significantly. Therefore, the ROK's policy will have a great impact on the level of humanitarian aid.

Countries are thus confronted with the question of whether they should provide humanitarian assistance to North Korea during sanctions. This is not an easy decision, given the potential impact on the North Korean population. Experts have debated the issue, and no general consensus has been reached so far. After Resolution 2270 was passed, the issue was raised when a South Korean NGO tried to aid the victims of a flood in North Korea in August 2016. The flood in North Hamgyong Province in the country's northeast region resulted in a large number of victims. South Korean NGOs applied for permission to contact North Korea for the purpose of providing material assistance, but the ROK government did not allow the contact, citing the sanctions in effect.

## Policy Implications

The above discussion suggests that the effects of sanctions imposed after UN Security Council Resolution 2270 have not been significant. This finding raises the question of why sanctions have not worked. The following measures may overcome these obstacles to the implementation of sanctions on North Korea.

- *China's active participation should be encouraged.* China is still ambivalent about joining the sanctions regime, and restricted goods continue to flow into North Korea via Chinese companies. This can be seen in the results of the investigation into the Liaoning Hongxiang Group announced by the Chinese government—illegal trade between Chinese businesses and North Korean agencies continues.
- *Unofficial trade along China's border with North Korea should be strictly banned.* The supply of goods by North Korean merchants who are active in these border areas diminishes the effect of the sanctions. Therefore, the Chinese government must severely restrict the still-thriving unofficial trade between North Korea and China.
- *Exceptions to embargoed goods must be eliminated and replaced by a quota system.* Resolution 2270 allows the import and export of minerals for people's livelihood. China only requires a one-page document to prove that the trade is taking place for this purpose. Under such circumstances, strict inspection and restriction of the mineral trade cannot be expected. To overcome this obstacle, the exception clause allowing trade for people's livelihood should be eliminated. If this is not feasible because of China's objection, a quota for embargoed goods should be established.

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<sup>6</sup> Korea Development Institute, KDI North Korea database.



- *Further measures should be taken to block the flow of cash into North Korea.* The recent decision by the Society for Worldwide Interbank Financial Telecommunication (SWIFT) to suspend access to its network for three North Korean banks is an important development.<sup>7</sup> Although blocking the flow of cash into North Korea may not end the country's nuclear weapons program, it could have the effect of slowing down the program's development.
- *Loopholes in sanctions should be closed, including in the areas of international finance, trade, and the export of labor.* Financial sanctions, trade sanctions, and measures against exported labor should be strengthened. In particular, income from North Korean labor abroad represents one of the biggest workarounds enabling the Kim regime's acquisition of foreign currency. To address this problem, North Korean laborers should be repatriated. Workers can be repatriated by framing the situation as a human rights issue due to their poor living conditions abroad. Kuwait recently banned Air Koryo from landing in the country, making it difficult for North Korean laborers to travel to the Middle East. Since the adoption of Resolution 2270, Thailand and Pakistan have also revoked Air Koryo's flight license. As a result, the airline's flights are now limited to China and Russia.

## Conclusion

While the closing of the Kaesong Industrial Complex has limited the Kim regime's access to foreign cash flow, and some countries have cracked down on the use of flags of convenience to facilitate trade with North Korea, the intended effects of current sanctions have not been fully realized. The relative stability of markets and the continuation of the seemingly unrestricted movement of goods and labor into and out of the country show that problems exist with the implementation and enforcement of UN Security Council Resolution 2270. Yet sanctions against North Korea can produce effects via other ways. Increasing the dissatisfaction of North Korean elites and residents could lead the Kim regime to run aground or provoke abrupt change. However, North Koreans have a high level of tolerance for hardship, and it may take considerable time for sanctions to have such an impact. Some analysts insist that the sanctions regime should be abolished because they see no immediate effects, but it is too early to draw this conclusion. We need more time.

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<sup>7</sup> Jethro Mullen, "North Korean Banks Kicked Out of Global Messaging Network," CNN, March 8, 2017, <http://money.cnn.com/2017/03/08/investing/north-korea-banks-swift-ban>.

THE NATIONAL BUREAU *of* ASIAN RESEARCH

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# Charting the Path of Korean Unification amid the Changing Security Landscape in Northeast Asia

*Kuyoun Chung*

**KUYOUN CHUNG** is a Research Fellow at the Korea Institute for National Unification.  
She can be reached at <[ckuyoun@kinu.or.kr](mailto:ckuyoun@kinu.or.kr)>.

## EXECUTIVE SUMMARY

This essay examines South Korea's unification policy and argues that it is inherently incompatible with North Korea's strategic goals, which emphasize regime survival and unification on the regime's own terms.

### MAIN ARGUMENT

Significant political and generational differences exist within South Korea regarding unification with the North. Whereas conservatives tend to be realists who insist on reciprocity in negotiations and view North Korea with mistrust, progressives have a more favorable view of the utility of engagement and economic assistance. Meanwhile, younger generations who did not experience the Korean War tend to have more negative views about unification than older generations. Moreover, the changing regional security landscape in Northeast Asia and conflicting regional expectations for unification could dramatically alter the end state of the Korean Peninsula. North Korea's *byungjin* strategy of pursuing both economic and nuclear development has affected the calculations of South Korea's unification policy. If the U.S. and South Korea continue to pursue a risk-averse strategy, the Korean Peninsula will remain split between two hostile Koreas and fail to achieve denuclearization. By contrast, pursuing a tailored policy toward different North Korean actors will produce an environment in which social perspectives in the North can converge with those in the South, ultimately charting a favorable pathway toward unification.

### POLICY IMPLICATIONS

- South Korea must persuade the Trump administration to strengthen its determination to convince North Korea that the consequences of continued nuclear development outweigh the benefits.
- The U.S. should maintain its strong commitment to the region, and the U.S.-ROK alliance should be the cornerstone of this commitment.
- Washington must diversify its methods for affecting North Korean policy; in particular, it should work to apply pressure to the regime by adopting methods that can shift elites' policy preferences and erode popular support for the Kim Jong-un regime.

The two Koreas have pursued unification since the division of the peninsula after the Korean War. Unification is revisionist in its nature not only because it entails the physical restoration of a unified Korea but also because it would provide a unified Korea with an opportunity to shape a new national identity, change the scale of the national economy, and possibly alter the status quo of the current security landscape in Northeast Asia. As such, unification has always had repercussions within the national discourse in the Republic of Korea (ROK) and has been much politicized. In spite of the South's "national community unification formula" of 1989, which takes a gradual, functionalist, and three-stage approach toward unification (reconciliation, confederation, and unification) embraced by most of the South Korean government as a foundation for its unification policy, public opinion remains highly polarized on this issue. Meanwhile, North Korea's successive nuclear tests and missile launches demonstrate that its strategic goal staunchly remains regime survival and unification on its own terms, which would not accompany peaceful negotiation with the South on unification. In the meantime, U.S. president Donald Trump's foreign policy doctrine allegedly embodies Ronald Reagan's playbook of "peace through strength,"<sup>1</sup> breeding uncertainty over the United States' policy toward North Korea and the ultimate end state of unification on the Korean Peninsula. Altogether, the prospect for the peaceful unification of the Korean Peninsula is fading.

This essay examines South Korea's unification policy and assesses its compatibility with North Korea's strategic goals. The first section analyzes political and generational differences in South Korean views about unification with the North, while the second section considers the diminishing prospects for a unified Korean Peninsula in the aftermath of the Kim Jong-un regime's recent nuclear and missile tests. The essay concludes by considering policy options for pursuing peaceful unification amid the political transitions in both the United States and South Korea.

## South Korea's Ideological Polarization over Unification

### *Political and Generational Differences*

The legacy of the Cold War and the division of the Korean Peninsula for over half a century is a narrowing of the ideological spectrum in the South to the exclusion of a middle ground. Against the backdrop of such polarization, progressives and conservatives in South Korea have ceaselessly debated the roadmap to unification and strategies to implement each step of such plans. Conservatives, who generally emphasize a principled approach as well as reciprocity in negotiating with the North, have a hostile view of North Korea.<sup>2</sup> The North's military provocations against the South, such as nuclear tests, the sinking of the *Cheonan*, and the artillery attack against Yeonpyeong Island, have reinforced such conservative perceptions of North Korea as a rogue state and deepened distrust toward Pyongyang. Meanwhile, progressives have relatively favorable perceptions of the potential for engagement with the North. Emphasizing the role of economic assistance as an important tool to maintain stability on the peninsula, progressives prefer unconditional engagement and reconciliation between the two Koreas that would theoretically facilitate regime change in North Korea and build a more conducive environment for unification.

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<sup>1</sup> Peter Navarro, "Peace through Strength," *National Interest*, March 31, 2016.

<sup>2</sup> Seong-joon Ko, *Rethinking the Need for Unification* (Seoul: Ministry of Unification, Institute for Unification Education, 2014), 85.

However, support for unification also varies by generation. Younger generations that did not personally experience the Korean War and the initial division of the peninsula do not see the imperative for unification, particularly during an economic downturn. Given that unification would likely have high economic costs, this generation tends to have a more negative outlook that sees this goal as undesirable under present circumstances.

Such diverging perspectives on unification can be conceptualized through four different theoretical lenses—realism, pragmatism, liberalism, and isolationism. Realism, which mostly resonates with conservatives, perceives the North as a hostile enemy to confront rather than as a counterpart for cooperation. Specific realist policy stances include strong support for economic sanctions, the deployment of Terminal High Altitude Area Defense (THAAD), and the internationalization of North Korea’s human rights issues.

Pragmatists are similar to realists in that they are also hostile to the North and agree that its nuclear development threatens the national security of the South. They even support the current shutdown of the Kaesong Industrial Complex. However, pragmatists prefer a flexible approach that uses both sticks and carrots, depending on the circumstances. A majority of South Koreans are pragmatists with respect to North Korea, though their commitment to pragmatism vacillates with the ups and downs of inter-Korean relations.

Liberalism, which mostly resonates with the progressive base, believes that the development of North Korea’s nuclear program can be addressed through economic engagement. Its underlying assumption is that North Korea is a reliable partner for cooperation. What makes liberals different from progressives is that the majority also support THAAD deployment and the continued U.S. presence on the peninsula. Therefore, perspectives on national security per se do not divide realism and liberalism; rather, what primarily distinguishes them are their views on the instrument with which the South can improve the inter-Korean relationship. Whereas realists argue for coercion, liberals promote economic engagement.

Last, the theoretical lens of isolationism is unique, as it supports neither coercion nor engagement toward North Korea. While isolationists strongly agree that the ROK’s national security should be strengthened against the threat from the North, they are pessimistic about the prospect for unification, as they do not expect that the Kim regime will change its behavior. Such an isolationist perspective becomes more salient as nuclear provocations aggravate inter-Korean relations; in particular, younger generations in the South exhibit isolationist views.

### *Trustpolitik*

Regardless of political affiliation, successive administrations in South Korea have pursued unification as a goal. As much as public opinion has been politicized, however, each administration has set a different ideological tone for its unification strategy, rendering it impossible for the South to implement a consistent strategy, even as the goal of unification has remained relatively consistent.

Former president Park Geun-hye introduced the doctrine of “trustpolitik” in her inauguration speech. This cornerstone of her foreign policy was described as a strategy of alignment that proportionally and flexibly responds to the North’s behaviors without resorting to a specific ideological prescription.<sup>3</sup> President Park’s trustpolitik was initially well-received, as it departed from past policies of either appeasement or coercion. Such reciprocity, fortified by the South’s robust

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<sup>3</sup> Yun Byung-se, “Park Geun-hye’s Trustpolitik: A New Framework for South Korea’s Foreign Policy,” *Global Asia*, Fall 2013.

security posture, was expected to enable both Koreas to build trust and pave the way for mutual cooperation. The ultimate goal was to replace the vicious cycle of provocation-compensation within the virtuous cycle of denuclearization-improvement of inter-Korean relations.

In this vein, President Park rarely presented a policy for unification per se. Rather, she attempted, at least initially, to stabilize the relationship and lay the foundation for peaceful unification. The idea of a “unification bonanza” in President Park’s “Dresden declaration” should be understood as a rosy vision that would offset the isolationist perspective and garner nationwide and global support for unification. Theoretically, her approach, which emphasized a strategy for inter-Korean relations rather than unification, was sensible and practical given that her administration was still in its early days and she needed to sustain the momentum of her policy for the rest of her presidency. Raising the unification policy from the beginning would have been perceived by the Kim regime as an attempt to unify the peninsula by either absorption or regime collapse, which would in turn have impeded the goal of denuclearization. The inherent incompatibility between the ROK’s North Korea policy and its unification policy, which results from the different strategic goals pursued by each, helps explain President Park’s initial prioritization of the former over the latter.

## Fading Prospects for Unification

North Korea’s nuclear tests and missile launches since January 2016 demonstrate that its strategic goal invariably lies in regime survival and the unification of the Korean Peninsula on its own terms. Nuclear weapons serve as an instrument for Pyongyang to accomplish both of these strategic goals. The Kim regime’s ability to deter military threats from the United States and South Korea prolongs its survival, while expanding the North’s foreign policy space by deepening the security dilemma in the region. Ultimately, the North intends to force the United States to recognize it as a nuclear weapons state and normalize their bilateral relationship. The Kim regime calculates that the threat of a nuclear strike on the United States would weaken the alliance between the United States and the ROK and isolate the latter. In this context, one can infer that North Korea’s strategic goal of unification on its own terms would not accompany any peaceful negotiation with South Korea. Indeed, the North would not negotiate unification with the South, as gradually negotiated unification would inevitably change the nature of the regime—i.e., through democratization—which would in turn threaten the current leadership. The North’s dual national strategy of economic and nuclear development (*byungjin*), which it has pledged to continue until the entire world denuclearizes, strengthens such presumptions about its unification policy.

Meanwhile, the United States under the Obama administration neither accepted the proposal of a peace treaty for normalization without the denuclearization of the North nor initiated attempts at regime change. Instead, it took a comprehensive approach that included components of deterrence, pressure, and diplomatic isolation to make Pyongyang return to the six-party talks and honor its past commitment to denuclearization. It is clear that North Korea would face sharper choices if the pressure from the international community became stronger as a result of the Kim regime’s provocations. However, the North’s nuclear doctrine and growing nuclear capabilities inevitably narrow down the range of options from which the United States and South Korea can choose. As a result, the end state of the peaceful unification of the Korean Peninsula is now an increasingly distant goal, and the window of opportunity for gradual unification

is closing. Should the United States and South Korea maintain the current course of their North Korea policy, an end state of two hostile Koreas and a peninsula without denuclearization is a very real possibility.

In this vein, it is significant that the United States has recently diversified the goals of its policy toward North Korea. While the previous sanctions-based approach has been criticized for being risk-averse in targeting only elites, one recent measure differentiated targets in the North and attempted to provide access to foreign and independent information to both influence elites but also empower ordinary citizens and promote the universal values of human rights as stated in the North Korea Sanctions and Policy Enhancement Act (HR 757) and the Distribution and Promotion of Rights and Knowledge Act of 2016 (HR 4501). Such soft coercion will be conducive to changing popular preferences in the North and bringing about the convergence of the two Korean societies in the long run, which will apply pressure on the Kim regime and create an opportunity for the South to deploy a more unification-oriented North Korea policy. Thus, the argument that denuclearization can only be achieved through unification entails that the strategic goals of South Korea's North Korea policy converge with the goals of its unification policy.

## Policy Options in a Time of Political Transition

The countries surrounding the Korean Peninsula significantly differ in their expectations for unification. Such conflicting interests make for a less advantageous environment for the South to pursue its unification policy. Above all, in the context of so-called power transition in the Asia-Pacific region, it should be noted that China has been less than cooperative with U.S. efforts to denuclearize North Korea.

For the United States, unification has been stated as a strategic goal of the U.S.-ROK alliance, stipulated in the Joint Vision for the Alliance of the ROK and the United States (2009). Washington particularly supports a peaceful transition to a nonnuclear, unified Korea that is a liberal democracy, has a market economy, and is aligned with the United States. China, on the other hand, envisions a self-determined, independent, and peaceful process of unification in line with its principles of a "peaceful, stable and nuclear-free Korean Peninsula."<sup>4</sup> However, Beijing's underlying motive remains "delayed unification" until it is able to balance the power distribution in the region. Therefore, the United States and China have different visions for a unified Korea, particularly with respect to the peninsula's relationship with the United States in the absence of a threat from North Korea.

Meanwhile, Washington's and Beijing's strategic stances are now subject to the changing regional security environment. The inauguration of a new administration in the United States and the election of a new president in South Korea in May 2017 will inevitably change the tone of both countries' policies toward China and North Korea, with implications for the security landscape in Northeast Asia. President Trump has often emphasized that China is responsible for North Korea's nuclear weapons. Hence, how the United States and China structure their relationship will determine the external environment in which the South can deploy its North Korea policy as well as its unification policy. If the Trump administration starts a trade war with China and attempts to reset relations with Russia, not only would the security landscape in Northeast Asia change,

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<sup>4</sup> Bonnie S. Glaser and Yun Sun, "Chinese Attitudes toward Korean Unification," *International Journal of Korean Unification Studies* 24, no. 2 (2015): 71–89.



but North Korea issues would likely be structured along the competing strategic interests of these neighboring countries, which again would decrease the prospect for the peaceful denuclearization and unification of the peninsula.

Therefore, the immediate task for South Korea should be persuading the Trump administration to strengthen its efforts to convince North Korea that the consequences of its nuclear program outweigh the benefits and to dispel the perception of a power transition in the region. At the same time, understanding the North Korea issue in zero-sum terms vis-à-vis the United States' relationship with China would give the North a loophole. The current U.S. approach that distinguishes between the North Korean government and people is optimal to serve the United States' interests in influencing North Korean elites to change their policy preferences and providing the people of North Korea with outside information. It is important to acknowledge that the Kim regime's strategic goal of survival will outlast changes of administration in Washington and Seoul, which makes it imperative to maintain the current momentum over the long term. More than ever, a strong U.S.-ROK alliance cooperation is essential to this endeavor and at the same time ensuring peace and stability on the Korean Peninsula.









*Seattle and Washington, D.C.*

1414 NE 42ND STREET, SUITE 300  
SEATTLE, WASHINGTON 98105 USA  
PHONE 206-632-7370, FAX 206-632-7487

1819 L STREET NW, NINTH FLOOR  
WASHINGTON, D.C. 20036 USA  
PHONE 202-347-9767, FAX 202-347-9766

[NBR@NBR.ORG](mailto:NBR@NBR.ORG), [WWW.NBR.ORG](http://WWW.NBR.ORG)