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**NORTH KOREA: POWER PLAY OR
BUYING BUTTER WITH GUNS?**

Ron Huisken

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Tel: 02 6125 9921
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About the Author

Dr Ron Huisken joined the Strategic and Defence Studies Centre, ANU, in 2001 after nearly 20 years in government with the departments of Foreign Affairs & Trade, Defence, and Prime Minister & Cabinet. His research interests include US security policies, multilateral security processes in East Asia, alliance management and non-proliferation. Prior to government he worked with the Stockholm International Peace Research Institute, the University of Malaya, SDSC, and the United Nations. He holds degrees in economics from the University of Western Australia and the Royal Stockholm University, and a PhD in international relations from the ANU.

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Abstract

North Korea has been an angry dictatorship for as long as anyone can remember. It now wants honourable admittance to the post-Cold War society of states and is using the threat to acquire nuclear weapons as its sole argument to secure the agreement of those that matter. This is an unusual way of doing business and everyone's first instinct is to tell Pyongyang that it has everything back to front. Giving Pyongyang a face-saving exit may seem totally undeserved, but the alternatives are equally unattractive. Looking at what is likely to happen in North Korea after a deal on nuclear weapons has a lot going for it. The effects of inspections and subsequent monitoring, the sustained delivery of development assistance, the re-training of the nuclear workforce, and of normal diplomatic and economic relations with the US, Japan and South Korea are likely to be quite dramatic. That is an outcome worth aspiring to, even at the cost of awarding Pyongyang a status it has yet to deserve. Revamping the current embryonic proposal to make more clear at the outset that Pyongyang will get the trappings of legitimacy and acceptance entails no compromise on the thorough and enduring dismantlement of its nuclear weapon capacities. It does involve making some difficult political concessions on the basis of a reasonable expectation that these concessions will be rewarded through developments that flow from the agreement but are not part of it.

North Korea: Power Play or Buying Butter With Guns?

Ron Huisken

Introduction

North Korea, or the Democratic Peoples Republic of Korea (DPRK), is different. The country has had just two leaders (father and son) since it was created in 1945, both revered so absolutely as to evoke incomprehension and disbelief. The country has totally repelled the successive waves of economic dynamism that swept East Asia from the mid-1950s onwards while supporting a mammoth military establishment and projecting an image to the outside world of unrelenting and almost undifferentiated belligerence. The net effect has been to see North Korea shrink to the verge of destitution, clinging to an economic system that showed no signs of life and dealing almost continuously with the fact or the real risk of actual famine. This systemic decline accelerated with the end of the Cold War as one major lifeline, the Soviet Union, disappeared from the scene and the other, China, took a markedly more distant stance, politically as well as economically.

Throughout the post-Cold War era, North Korea has been battling international dismissal as a 'Stalinist theme park', a militarised relic unable to reliably feed its people and expected soon to be added to the ash heap of history.

As its options shrank, the regime turned increasingly to illegal or 'gray-area' activities. These include trading in drugs and counterfeit currencies, but the signature activity has been the export of ballistic missiles to recipients on or beyond the fringe of acceptability to other possible suppliers – Libya, Iraq, Iran, Pakistan, Yemen and Syria. Republic of Korea estimates suggest North Korea exported 540 ballistic missiles between 1985-2001 plus components to selected customers (notably Pakistan and Iran) seeking to develop their own capacity to manufacture these weapons. This trade is estimated to have earned North Korea some US\$580 million annually – its largest single source of hard currency.

In addition, the regime set out in the early 1980s to give itself the option of a nuclear weapon capability. North Korea is no stranger to weapons of mass destruction (WMD). It has long had a significant offensive chemical weapon capability, deliverable by missiles, rockets and artillery shells. It *may* also have a biological weapon capability. For more than a decade, however, the defining issue has been the regime's quest for nuclear weapons.

The Intelligence Picture

For the present purpose, the most sensible starting point is the shut-down of North Korea's reactor in 1989/90. How much plutonium could North Korea theoretically have got its hands on? This is driven by hard scientific principles but gaps in the basic data and unknowns like the efficiency of North Korea's reprocessing plant result in a range of possible answers. (Even in Japan for example, where reprocessing has taken place for 25 years with maximum transparency, the projected and actual yield in 2003 was 7,096 kilograms and 6,890 kilograms of plutonium respectively, a discrepancy of 206 kilograms.)

Everyone got in on the act on North Korea: the State Department – 6-8kg; the Central Intelligence Agency (CIA) – 12kg; a major US think tank – 14kg; ROK – 7-22kg; Japan – 16-24kg. Fuelling the debate was the fact that North Korea had built a reprocessing facility, with the first production line becoming operational in 1993, although smaller, experimental operations may have existed earlier.

In addition to the uncertainty about whether North Korea has separated plutonium, and how much, there are a range of views about how much it would need for a single bomb. The standard employed by the International Atomic Energy Agency (IAEA) for an amateur nuclear weapon state is 8kg. Others say this ignores the dissemination of know-how and that figures like 3kg or even 1.5kg for a 1 kiloton yield cannot be excluded. These multiple uncertainties allowed Donald Rumsfeld to say in 2001 that North Korea had enough for '2-3, maybe even 4-5', weapons (even though the CIA position was 1-2).

Between 1993-2000, the CIA restricted its unclassified assessments to the proposition that North Korea probably had enough plutonium 'for at least one, and possibly two, nuclear weapons'. It did not venture a judgement on whether Pyongyang actually had the bomb until its assessments in 2001 and 2002, both of which said North Korea had one or possibly two nuclear weapons. Intriguingly, the assessment for 2003 reverted to the old language; that is, no judgement on whether Pyongyang had weaponised the plutonium it probably had. In August 2003, however, in a written response to questions from the Senate Select Committee on Intelligence, the CIA assessed that 'North Korea has produced one or two simple fission type nuclear weapons and has validated the designs without conducting yield-producing nuclear tests'. The CIA has also reportedly told allies that the DPRK has progressed to design work on warheads light and compact enough to fit onto a missile.¹ The basis of this new confidence in North Korea's capabilities is not clear.

Still, the prevailing judgement is that North Korea can and has weaponised its fissile material.

Further Reprocessing

When the DPRK expelled IAEA inspectors and dismantled their monitoring equipment in December 2002, it regained control of some 8,000 irradiated fuel rods that had been stored under IAEA seal. These rods were estimated to contain sufficient plutonium for 5-6 weapons, ie of the order of 35-40 kg. In April 2003, Pyongyang signalled that it had begun to reprocess these rods to extract the plutonium. During the second half of 2003, it claimed on several occasions to have completed the reprocessing of all 8,000 rods by June, that is, in about 4 months.²

This claim has not been reliably verified. Some estimates of the capacity of the known reprocessing facility, at Yongbyon, suggested the process would take some 10-12 months, even in the absence of technical hitches with a facility that had been shut-down for a decade. Remote detection of reprocessing is difficult. There were reports in April/May 2003 that US sensors had detected whiffs of Krypton 85, a gas associated exclusively with reprocessing, but not a stream linked to the plant at Yongbyon (and other possible sources of the gas exist in the region).³ Whatever it may or may not know, US intelligence has been content to signal that the picture on reprocessing is very ambiguous. It has been prepared to say that North Korea has probably reprocessed some of the rods, perhaps up to one-third, and may, therefore, have the material for an additional 1-2 weapons. In addition, press reports in July 2004 indicated that the US was considering preparing a new formal intelligence estimate crediting North Korea with a nuclear weapon stockpile of up to 7-8 weapons.

Highly Enriched Uranium

There are two materials that can form the explosive core of a nuclear weapon: plutonium, and uranium that has been enriched to very high degrees of purity (96 percent or higher from the natural state of around 0.7 percent). Some types of nuclear reactors use enriched uranium as a fuel, but the degree of enrichment generally falls in the range 4-20 percent. Highly Enriched Uranium (HEU) is therefore exclusively associated with nuclear weapons.

The public record indicates that US intelligence was speculating on the possibility that North Korea was seeking a HEU capacity as early as 1996 or 1997. One of the triggers for this earlier speculation was strong evidence that the DPRK had agreed to a significant transfer of ballistic missile

technology to Pakistan. As both countries were known to be in extreme financial difficulty, a barter arrangement seemed likely and people wondered what Pakistan would provide in return. The confessions of Pakistan's Dr A Q Khan in 2003/04 indicate that the know-how and at least some components for an enrichment facility were transferred to North Korea around 1999, but that it was left to Pyongyang to acquire the volume of components needed for a facility with a viable production capacity.

We also know that, by 2000, opinions in the US intelligence community had hardened in support of the likelihood that North Korea was seeking an enrichment capability. This progression culminated in the firm assessment in mid-2002 that such a facility was under construction. A plausible inference is that North Korea's 'shopping' for the necessary components in the period 1999-2002 triggered the intelligence material to support an assessment firm enough for the US to confront Pyongyang with it in October 2002.

Some of the key data points on this issue are as follows:

- In 1996, a very high-level North Korean defector referred to a secret enrichment program;
- In 1997, intelligence picked up a major transfer of ballistic missiles and related technology from North Korea to Pakistan. As both countries were broke, US intelligence suspected a barter deal and wondered about the *quid pro quo*;
- Leaks to the press late in 2002 indicate that US intelligence came to the preliminary conclusion in 2000 that North Korea had a secret enrichment program and that the program had probably started in 1997/8;
- In March 2000, President Clinton informed Congress that he could **not** certify that North Korea did not have an enrichment program;
- US intelligence went firm on the existence of an enrichment program in mid 2002, and informed Japan and the Republic of Korea;
- In May 2002, a senior State Department official (John Bolton) stated publicly that North Korea had a secret nuclear weapons program (not further specified);
- In June 2002, a Japanese newspaper cited an alleged Chinese intelligence report on a secret enrichment program in North Korea;
- Japan's Prime Minister Koizumi was briefed on the program prior to his historic visit to Pyongyang on 17 September 2002. He is reported to have raised the issue, but only in passing as his primary objective concerned Japanese nationals kidnapped by North Korea in the 1970s.

The status of this capability is unclear. In October 2002, the US delegation reported that, to their surprise, Pyongyang had defiantly acknowledged

that they had an enrichment program. After a delay of nearly two weeks, Pyongyang insisted it had only asserted that, given US hostility, it had the right to take such a step. It has since consistently denied that it has an enrichment program and will therefore not countenance its inclusion in any list of capabilities that North Korea would verifiably dismantle and remove in the context of a denuclearisation agreement.

There are no indications on the public record that the enrichment facility is operational. Estimates of how distant this milestone might be extend out to three years. This is unsurprising as an important variable may still be Pyongyang's ability to import components, something that has been made more difficult by Dr Khan's confessions and heightened vigilance and/or perception of risk since September 11 on the part of all of the countries that could play a role in this regard. Similarly, very little seems to be known about where this facility might be located. Some reports, linked to intelligence sources, suggest that, by late 2003, the US had become doubtful that the DPRK had progressed very far with HEU, and that some analysts doubted that a HEU plant (as distinct from components) even existed.⁴

Assessment

This synopsis of the intelligence picture is inconclusive on the question of Pyongyang's motives for seeking a nuclear option and whether it can be persuaded to abandon this quest. On the one hand, the time and energy Pyongyang has invested in this enterprise would support the judgement that it seeks a deterrent capability for the long-term. Pyongyang has openly claimed that it has nuclear weapons, and threatened to test and/or export them, but these claims have only been made in official circles. Publicly, Pyongyang has been more oblique, pointing to its 'nuclear deterrent' and the option it has to develop it further. When it displayed this 'deterrent' to a group of senior American visitors in January 2004, it consisted of two glass jars with the lids secured by masking tape containing what may have been plutonium. In addition, while US intelligence assessments have inched forward on crediting North Korea with workable nuclear weapons, there are abundant indications that the US still harbours strong suspicions that Pyongyang's claims with respect to both fissile material and weapons might be as much bluff as substance.

At the same time, the intelligence picture does not preclude the possibility that Pyongyang is using the threat to become a nuclear weapon state to extract the political/economic package that it considers will ensure its survival as a sovereign state. Several considerations can be marshalled in support of this judgement. It has, both in the current negotiations and in the

1994 Framework Agreement, accepted that the objective is the complete elimination of its nuclear weapon program. Further, it can be said with some confidence that there is a significant or substantial element of bluff and posturing in Pyongyang's position, a feature consistent with the thesis that it aspires to inflate the sense of crisis and elicit from the US in particular the package that it seeks. Thirdly, a plausible inference from the information summarised above is that Pyongyang would have suspected from 2000 that its HEU program was no longer a secret, and that it would have been essentially certain of this fact from early in 2002.

In short, it seems extremely unlikely that Pyongyang was taken by surprise in October 2002 when the US essentially charged it with breaching the Framework Agreement through clandestine pursuit of a HEU capability. North Korea had ample time to consider whether and how, and to what purpose, to leverage the exposure of its enrichment program into a crisis to be resolved through a new bargain. From this perspective, Pyongyang set the stage and then provoked the present crisis, pointing to a real preparedness to ultimately trade its nuclear weapons program away.

Yet another possibility would be to combine these assessments and argue that Pyongyang is confident both that it can achieve the goal of a functioning nuclear weapon capability, and that such a status would deliver enduring net benefits, but that it remains open to doing a deal.

Each of these alternative assessments – and other variants may be possible – have their adherents, and each tends to support a distinctive attitude and approach toward negotiations. The discussion below will endeavour to throw additional light on the basic question of whether Pyongyang is prepared to abandon its nuclear weapon program.

The final point worth making in the context of the intelligence picture is that, despite the strong probability that Pyongyang is inflating its capabilities, the now rather prolonged phase of posturing to shape the framework of a possible deal, and to put the ball in the opposite court, may have put North Korea in the position where its credibility will depend on being able to reveal a bomb or two.

The First Nuclear Crisis

North Korea signed the Nuclear Non-Proliferation Treaty (NPT) in 1985, just a year before its first significant reactor (a 5 megawatt plant using natural uranium fuel) went online in 1986. In a key development, this reactor was shut down for 70-100 days in 1989/90. What, if anything, North Korea did with the irradiated fuel rods during this shutdown lies at the heart of the saga that has unfolded since.

In 1991, the first Bush administration applied strong pressure on North Korea to complete its NPT obligations and conclude a safeguards agreement with the IAEA. It offered a major incentive in the form of its joint declaration with the Soviet Union to bring all sub-strategic nuclear weapons 'home' from deployment abroad or at sea. This included 160-odd US nuclear weapons deployed in the Republic of Korea. In this context, North and South Korea concluded a bilateral agreement in January 1992 not to possess or host nuclear weapons, not to construct enrichment or reprocessing capacities, and to conduct reciprocal inspections to verify compliance.

IAEA inspections (six of them) took place between June 1992 and February 1993. The inspectors found some anomalies in regard to plutonium and, as provided for in the safeguards agreement, requested additional 'special' inspections to clear them up. The following month, in March 1993, North Korea announced its intention to withdraw from the NPT and the first nuclear crisis was underway.

A party to the NPT must give three months' notice of its intention to withdraw from the Treaty. In June 1993, following talks with the US in New York, North Korea withdrew its withdrawal notification before it went into effect and agreed to resume consultations with the IAEA on inspections. The US, in return, gave Pyongyang assurances against the threat or use of force and promised not to interfere in North Korea's internal affairs.

After protracted negotiations, IAEA inspectors arrived in North Korea in March 1994 to inspect its seven declared nuclear facilities only to have Pyongyang refuse access to its reprocessing plant at Yongbyon. The crisis escalated again, with North Korea this time withdrawing from the IAEA and the US making serious plans for a surgical strike on North Korea's nuclear facilities (using conventional weapons and seeking to avoid any dispersal of nuclear material).

A dramatic intervention by former US President Jimmy Carter in June 1994 resulted in agreement on the basic parameters of a stop-gap deal. Several months of negotiations – which had to cope with the death of North Korea's founder, Kim Jong-il, in July 1994 – yielded the Agreed Framework on 21 October 1994.

The Agreed Framework, so-called to avoid the status of a treaty and the consequent Congressional scrutiny, was an awkward construct (see Annex 1). North Korea had repeatedly resisted its inspection obligations under the NPT, announced its intention to withdraw from the Treaty and, through the building of a reprocessing facility, violated its January 1992 joint declaration with the Republic of Korea on the denuclearisation of the Korean peninsula.

Nevertheless, in return for a verifiable freeze on its known nuclear facilities, North Korea received:

- (a) two light-water reactors for power-generation to be funded and built by an international consortium;
- (b) 500,000 tons of fuel oil per annum until the reactors were completed;
- (c) no further comprehensive IAEA inspections until some 3 years before the nuclear components for the new reactor were delivered; and
- (d) undertakings from the US on non-aggression, and the pursuit of full normalization of US-DPRK political and economic relations.

The Agreed Framework had many critics. Republicans, in particular, seized on it as an outstanding illustration of an administration that had lost the plot, lacked the will to take tough decisions and had effectively been blackmailed. Much of this criticism was well-founded. The agreement only froze North Korea's known nuclear facilities, and in a manner that did not compel Pyongyang to provide greater transparency of its activities. Possible alternative paths to nuclear weapons, specifically HEU, were addressed only indirectly through a reference in the Agreed Framework to 'consistently take steps' to implement the DPRK-ROK joint declaration on the denuclearisation of the peninsula. On the other hand, the Agreed Framework represented what was within reach at the time. It did shut down facilities that were demonstrably capable of yielding fissile material and therefore postponed North Korea's likely acquisition of the basis for an arsenal of nuclear weapons.

Implementation of the agreement was often a vexatious process. Funding the fuel oil supplies was a constant struggle, and construction of the reactor fell several years behind schedule. Broadly speaking, however, and notwithstanding the nagging but inconclusive indications of a covert HEU program, the agreement was being implemented. Even under the Bush administration, senior officials acknowledged in 2001 that North Korea had upheld its obligations.⁵

In addition, between 1996-2000 the Clinton administration held seven rounds of official-level talks with North Korea focused on the development and export of ballistic missiles. These talks were interspersed with the imposition of sanctions on several North Korean entities for missile proliferation activities (even though the sanctions were largely symbolic given the essentially complete absence of an economic relationship with North Korea).

Further, in December 1998, the US raised concerns about possible clandestine nuclear activities at a large underground facility at Kumchang-

Ni, and sought to inspect this facility. An inspection took place six months later, in May 1999, and found no trace of any activity, nuclear or otherwise. A second inspection of the same site in May 2000 produced the same result. Given that North Korea had ample time to cleanse the site, the exercise was not reassuring. It did, however, constitute a useful precedent in the context of a state so obsessively secretive as North Korea.

The missile talks did result, in September 1999, in North Korea undertaking not to conduct further tests of long-range missiles (like the famous Taepo-Dong test in August 1998 that passed over Japan) while the talks continued. When US Secretary of State Madeleine Albright visited Pyongyang in October 2000 – the most senior US official ever to have done so – North Korea agreed to a moratorium on tests of the Taepo-Dong. Reportedly, a broader agreement was believed to be within reach under which North Korea would stop the export of medium and long-range ballistic missiles and be compensated by the US for the loss of income.

The Second Crisis: Does Pyongyang See an Imminent Threat from Washington?

North Korea contends that it faces a severe and imminent military threat from the US. This threat drove it down the road of an illegal and clandestine nuclear weapon program. Its rhetoric in support of this contention has become steadily more extravagant since October 2002. On the face of it, this contention seems entirely without foundation. The US military posture in Northeast Asia generally, and the ROK in particular, has been static. The only things on the radar screen in Washington since 11 September 2001, have been al Qaeda and Iraq.

In crisis management, however, it is critical to determine as clearly as possible the other party's state of mind. What is really driving them? Are they working to a script that has been thought through beforehand or acting spontaneously and thinking on the run? Are they nervous, perhaps scared? In earlier times, Pyongyang had a reputation for unpredictability. A significant potential for 'irrational' behaviour was factored in when dealing with them. This can be a very powerful weapon, particularly if one is not in fact irrational. North Korea substantially lost this negotiating asset during the nuclear crisis in 1992-94. It was certainly a negotiating partner with maddeningly distinctive characteristics – terms like mercurial, petulant, inconsistent come to mind. But it knew what it was doing.

So even if there are no proximate events that clearly and adequately explain North Korea's actions, it is not smart to simply conclude that it is

bluffing its way toward some easy pickings. It is important to put oneself in North Korean shoes and see if the perception of threat could be real.

Through the early and mid-1990s, there was a widespread view that North Korea's days were numbered. It was being written off as a state without a future and no longer with a single powerful friend who really wanted to give it one. This is likely to have influenced, whether consciously or unconsciously, the postures and policy positions that other states adopted toward North Korea. And Pyongyang would have become pre-disposed to look darkly at proposals and overtures from other states based on the implicit assumption that North Korea would not be around for long. William Perry, Secretary of Defense in the first Clinton administration and commissioned by the administration in 1998 to review US policies toward North Korea, picked up on this phenomenon and stressed the importance of correcting any tendency to approach North Korea from such a viewpoint. Similarly, an important rationale for South Korea's 'sunshine policy' was to overcome the legacy of the years it spent looking closely at the economics of reunification (and deciding firmly that anything resembling the German example was a very bad idea).

In other words, the contention that, throughout the 1990s, North Korea was very aware of a widespread view that it should not be regarded as part of the political landscape in North Asia beyond the medium term is a plausible one. In such a context, with its legitimacy being questioned openly, North Korea may well have approached the General Framework Agreement predisposed to doubt US intentions to implement it fully. Any such concerns would have been reinforced by trenchant Republican criticism of the agreement. These concerns would also have been reinforced as delays accumulated in the construction of the light water reactors.

A number of other events would have fuelled Pyongyang's concerns further. In August 1998, North Korea surprised the world (and especially the US intelligence community) with the launch over Japan of a three-stage missile that narrowly failed to put a small payload into orbit. This was a consequential development and appears now to be having an enduring effect on Japanese attitudes toward their security requirements. The launch also tipped the political balance in Washington decisively in favour of a commitment to deploy ballistic missile defences (a consequence that would not have endeared North Korea to Russia and China). For Pyongyang itself, the symbiotic relationship between long-range ballistic missiles and weapons of mass destruction meant that it became the defining example of the 'rogue' state and asymmetric threats that weighed heavily in the security posture adopted by the Bush administration.

The Bush administration, in stark and certainly deliberate contrast to the intensified engagement attempted by the outgoing Clinton team in 2000, essentially ostracised Pyongyang. All bilateral contacts ceased pending a policy review. A statement by Colin Powell on 6 March that the Bush administration intended to pick up where its predecessor had left off elicited an angry response from the White House and a backward step by Powell. This, and other signals, provoked a shrill response. On 15 March 2001, Pyongyang blasted the administration's new stance as 'hostile' and went to the extreme of declaring that the DPRK was fully prepared for both 'dialogue and war'⁶.

In June 2001, following the policy review, the administration announced that the US would continue to implement the 1994 agreement, but signalled that the parameters of engagement on steps beyond this agreement would be broadened to include missile proliferation, the size and disposition of North Korean military forces, and human rights. In the event, there was no official contact between the Bush administration and North Korea until the meeting in Pyongyang in October 2002 that kicked off the present crisis.

Two developments in January 2002 should also be regarded as potentially important in shaping Pyongyang's frame of mind. The first was the US nuclear posture review that identified seven countries, including North Korea, capable of generating the kind of extreme scenarios that might cause the US to consider the use of nuclear weapons. The second, and probably more influential, was Pyongyang's elevation from 'rogue' state to a member of the 'axis of evil'. This was the proverbial blunt instrument of international diplomacy, a foolish piece of extravagance in the sense that the US had an immediate interest in dealing with only one member of this axis – Iraq. Still, Bush's remarks did convey the sense that these states would be addressed sequentially, and that the doctrine of pre-emption was taking shape with them very much in mind.

In sum, even if North Korea's efforts to suggest that it is currently acting under extreme duress are hard to take seriously, the broader contention that it was driven toward drastic and high-stakes measures cannot be so readily dismissed.

All of this, however, is greatly diminished by the clear evidence that North Korea decided back around 1996 or 1997 to violate its obligations under two treaties and give itself some additional ammunition with which to engage in nuclear brinkmanship. The only real surprise at the meeting in Pyongyang with the US on 16 October 2002 was North Korea's admission that it was developing an enrichment capacity (or, as Pyongyang claimed

subsequently, it actually neither confirmed nor denied the US allegation but insisted that it had a right to seek such a capability). As we have seen, pieces of this jigsaw had been circulating in intelligence circles since the mid-1990s.

North Korea's economic circumstances and outlook are utterly desperate. Even for a regime with such highly developed delusional capacities, one suspects an awareness at the top that time is not on their side. Moreover, the regime in all probability considered that a number of critical factors were stacked in its favour in late 2002. Above all, of course, there was the all but total US preoccupation with Iraq. In addition, the Bush administration was seeking to roll back the impression that the US had become a rampant superpower and to rebuild both domestic and international support for its view on strategies and priorities in the war against terrorism. These considerations would have supported a judgement that Washington would be relatively more inclined to reach a quick political settlement with North Korea.

In addition, North Korea may have reasoned that it had good prospects of ensuring that the Republic of Korea and Japan would resist any inclination in Washington to take a hard, uncompromising line. The possibility cannot be excluded that surprising gestures like the apology to the South over the fatal naval incident in June 2002, and the admission to Koizumi in September 2002 that Japanese nationals had indeed been kidnapped in the 1970s, were part of the stage-setting process. This line of reasoning would have been reinforced by the prolonged difficulties with the US-ROK bilateral relationship and the significant erosion in public support for the presence of US troops. The North has fuelled these sentiments by appearing to be much more positive in bilateral forums with the South about eventual reunification.

The North also has some harder negotiating coin. Its armed forces operate antiquated equipment and severe financial constraints must be hollowing out their effectiveness as a fighting force. But they remain huge, and primarily deployed in the south of the country. Most particularly, some 600 long-range rocket and artillery systems are deployed in hardened sites within reach of Seoul. It also has a potent force of short and medium-range rockets and missiles with chemical warheads. And it may have a nuclear bomb or two. There are still grounds for being doubtful about this, but it is not a remote possibility.

This characterisation of the political calculations in Pyongyang supports the further conjecture that it knew it had to move quickly and secure an

outcome while Washington was most inclined to avoid distractions from its campaign against Saddam Hussein.

Accordingly, the North has focused on the fuel rods and its reprocessing facility in ratcheting the issue to the point of crisis. It expelled IAEA inspectors and dismantled their monitors at the key facilities. It then, on 10 January 2003, announced its intention to withdraw from the NPT and signalled that it may abandon its moratorium on long-range missile tests. At the beginning of February 2003, the North undertook activities – visible to satellites – that looked like the transportation of fuel rods. Whether it was new rods to refuel the reactor or spent rods destined for the reprocessing facility was not clear. It may have been a complete ruse intended to sow doubt in US minds about where all the rods were and complicate any plans for a surgical strike. On 6 February, Pyongyang boasted about the power and range of its weaponry, and warned that pre-emption was an option not only for the US. Two weeks later, on 18 February 2003, it threatened to withdraw from the armistice that ended the war in 1953.

The second part of the North's strategy was tougher. To support the sense of crisis, it had to demonstrate that it faced a stark and imminent military threat from the US. At a minimum, it had to be convincing that it believed this to be the case, and was therefore acting in circumstances of great duress and might do something irreversible.

The Other Parties and Their Interests

The five parties to the negotiations other than the DPRK all have their own interests and priorities. There is considerable commonality, but the various national perspectives still result in significant differences on negotiating tactics, the timing of proposals, the tone in which statements are couched and so on. Indeed, quite apart from their interactions with the DPRK, the negotiations have become a quite revealing window on the relationships between the five parties. That, however, is another story.

United States

For Washington, history is an important factor. The US is still technically at war with the DPRK and Washington will bear in mind that any dealings and agreements with Pyongyang in the interim should not prejudice an eventual peace treaty that is honourable and fully consistent with America's status and the costs it has incurred on the peninsula. A nuclear armed North Korea cuts across a number of critical US interests. For one thing, it sharply raises the potential risks for the US that flow from its security obligations to the ROK and Japan. Further, to the extent that a nuclear

North Korea weakens non-proliferation instincts in these two countries, and perhaps elsewhere, it would probably complicate profoundly the protection and advancement of US interests in the future.

International terrorism has made these concerns much more acute and immediate. Each new nuclear-capable state heightens the risk that nuclear weapons or materials will find their way into terrorist hands. The Bush administration has stressed that the US will not allow the world's most dangerous regimes to possess the world's most dangerous weapons and, of course, included North Korea in the three countries of most concern in this regard.

A state in America's position must also pay close attention to style, to the perceptions it generates about how it addresses challenges to its authority, and to the resulting confidence and/or concern that it can and will respond robustly to such challenges. Getting this right can deliver invaluable future benefits in terms of preventing challenges and adverse developments. The Bush administration has asserted America's pre-eminence with uncharacteristic force and clarity and seems to attach correspondingly great weight to consolidating America's image as the authoritative and irresistible force on the international stage. This priority was starkly apparent in Washington's approach to every phase of the campaign to depose Saddam: the preparatory political campaign, the military strategy for the invasion, and the management of post-invasion Iraq.

The heightened importance attached to style and image can also be readily detected in the administration's approach to the DPRK. The Clinton administration was deemed to have diminished the US by dealing with the DPRK as an equal, one on one, not only in negotiating the Agreed Framework (where it was outmanoeuvred) but again in 1999-2000 following the missile launch over Japan in August 1998. The Bush administration comprehensively terminated official engagement with the DPRK, even though it concluded, in June 2001, that the US had no viable alternative to implementing the Agreed Framework. The first official contact came in October 2002 when US officials travelled to Pyongyang with the assessment that the DPRK had a covert HEU program. In the interim, of course, Pyongyang was included in the 'axis of evil' in January 2002.

As the present crisis unfolded, Washington adopted a somewhat disdainful attitude, contributing nothing to Pyongyang's strenuous efforts to characterise the situation as explosive, urgent, profoundly consequential and, of course, due entirely to America's hostile attitude. Washington preferred to deadpan that it would not engage bilaterally with the DPRK,

and would not engage at all until Pyongyang brought itself back into full compliance with the Agreed Framework. It is well known that the administration was, and remains, divided on the approach to the DPRK, a situation that has contributed to periods of stalemate in policy development and to confusion and frustration among the other players. The State Department and elements of the National Security Council see no sensible alternative to a negotiated bargain which, although a much harder and more definitive bargain than the Agreed Framework and one likely to compel change in the nature of the regime, would still be a negotiated solution. The Pentagon and the Vice-President's office, on the other hand, support an approach more likely to precipitate the collapse of the regime.

Behind both approaches, but especially the regime change approach, there is the implicit but indispensable 'or else'; that is, the option of the use of force. The military option is far more problematic in respect of the DPRK than was the case in Iraq. The world, and especially the American public have become accustomed to high-confidence Pentagon assessments that a particular campaign can be conducted with clinical efficiency as far as US and allied casualties are concerned. Against recent precedents like the Gulf War (1991), Kosovo (1999), Afghanistan (2002) and Iraq (2003), a ground war on the Korean peninsula looks very ugly indeed. US fatalities in the several thousands look to be inescapable, while the figures for South Korea, combining civilians and the military, are likely to be in the tens of thousands. This constitutes a sobering responsibility for Washington, as Seoul will certainly be pointing out on a regular basis. Beyond this, the unexpectedly long diversion of a large part of America's ground forces to Iraq and Afghanistan means that the US cannot in the foreseeable future sensibly contemplate intensifying the pressure on the DPRK through making the threat of regime change by force more credible.

What this means is that, even setting aside the infighting in Washington, US options are seriously constrained. Washington has to be doubly cautious. It needs a higher level of confidence in the prospect of an acceptable outcome than would otherwise be the case before it commits to driving the negotiations to a conclusion. The reason is clear. If an acceptable outcome remains out of reach, there will be a strong expectation that the US must then resort to highly coercive measures and accept a much higher probability of war. There is an abundance of statements and commitments from the Bush administration, and from the President down, supporting such an expectation. But this is also something that the administration is loathe to contemplate and, for the moment, lacks the means to execute with confidence.

China

China has an array of vital interests in how the North Korean issue plays out. It is opposed to a nuclear North Korea, but this position has more to do with minimising any risk of Japan, in particular, but also South Korea and possibly Taiwan following suit than with any sense of threat from North Korea. More generally, China has voiced its concern that Japan is dramatising the threat from North Korea and exploiting it to accelerate the drive toward an unrestricted military posture. China's interests all point to a compelling preference for the DPRK to remain in place, discontinue its nuclear program and undertake a gradual process of political normalisation and economic transformation assisted by its wealthy neighbours. Such an outcome would provide maximum scope for China's proximity and rapidly increasingly economic and political clout to bring the entire peninsula, whether divided or re-unified, more securely into its sphere of influence.

As it does not feel directly threatened by the DPRK, Beijing sees only costs and risks in the option of using force to stop Kim Jong-il. War would probably see a huge and costly inflow of refugees from the DPRK. It would at least interrupt a burgeoning economic and political relationship with the ROK, an interruption that could become prolonged if the South had to abruptly assume the burden of re-unification. War might also see US influence intensified and prolonged, including a military presence throughout the peninsula. And intensified US involvement on the peninsula, even if temporary, would give Japan more openings to strengthen its influence in Korean affairs.

If Beijing believed the US contention that Pyongyang had admitted to a covert HEU program in October, it would probably have been both surprised and embarrassed. Some reports have China reassuring the US earlier that the DPRK was complying with its obligations. Beijing initially kept a low profile, however, and quietly supported Pyongyang's demand for bilateral negotiations with the US.

Beijing's calculus changed significantly as the crisis escalated. It seems likely that Beijing saw in the ascendancy of the neocons in Washington and the mounting evidence of a high-risk, no-turning-back attitude in Pyongyang a combination that could result in outcomes very costly to China's interests. In addition, Washington's insistence that the neighbouring states had as much, if not more, at stake as the US and should therefore take some formal responsibility for resolving the problem struck a new nerve in Beijing. It had declared its intent to be an engaged and responsible player in the region with aspirations to a leadership role. This posture imposed new costs on

Beijing if it were seen to duck all responsibility for the DPRK. In broad terms, most countries in Asia probably see the DPRK as a creature of China's making.

The challenge for China should not be understated. It certainly has the most influence in Pyongyang but, equally, it should be believed when it says that its influence is limited and that, even to them, the North Koreans 'have their own logic'. China consciously distanced itself from Pyongyang soon after the Cold War ended, particularly through what the DPRK would have seen as the ultimate betrayal – establishing diplomatic relations with South Korea in 1992. For Pyongyang, the essential disappearance of its socialist brotherhood security blanket around this time would have elevated the importance of the nuclear option to regime survival.

China has some interests in common with the other players, but probably ranks them in a different priority order (especially from the US and Japan), and some interests that others do not share. China's principal value as a player in the negotiations is to be viewed by Pyongyang as a friend and confidante while still using its influence and access to nudge them toward an agreement. It is certain that the US and others appreciate this and make allowances for Chinese statements and positions supportive of the DPRK. It is equally certain that the others are aware that Beijing has its own distinctive agenda and is not acting selflessly as their agent.

South Korea

South Korea's perspective is driven by the reality that, whoever might miscalculate, South Korea will be the frontline state and the consequences could be horrific. Having the most compelling interest in the avoidance of war, but conscious that this outcome depends more on decisions in Pyongyang and Washington than in Seoul, constitutes an awful dilemma and explains much of the instability in South Korea's policy settings on the issue.

The dilemma is exacerbated by generational change which has resulted in receding perceptions of threat from the North and growing discontent with the US military presence. Managing the domestic politics of the US alliance has become steadily more difficult. Washington, in turn, has displayed clear irritation and impatience with what it sees as policy incoherence in Seoul regarding reshaping the US military presence, policy toward North Korea, contributing as an ally to coalition efforts in Iraq and so on.

Japan

Of all the major players, Japan is perhaps the only one that views North Korea as an acute and imminent threat. A senior Pentagon official observed in May 2003 that North Korea had 'almost single-handedly overturned a deep-seated third generation pacifism' in Japan.⁷ Japan views itself as the target of choice for Pyongyang's existing ballistic missiles and chemical warheads. This concern may not be misplaced. Japan's patient efforts over decades to get past the legacy of its colonial occupation of the peninsula between 1910-45 have enjoyed modest success in South Korea, yet seemingly no success at all in the North. Moreover, being very close to the US and hosting US forces, Japan is the likely surrogate for the US if Pyongyang ever reached the point of thinking this way. Accordingly, Japan has become steadily more firm in the view that North Korea must be prevented at all costs from acquiring a functioning nuclear arsenal.

The Negotiations

By February 2003, North Korea had regained full control of its nuclear facilities, annulled the Agreed Framework, and lodged its notification of withdrawal from the NPT. In short, it was positioned to resume production of plutonium and to add, perhaps, to its presumed stock of 1-2 nuclear weapons.

The Bush administration, however, was consumed with Iraq, both diplomatically at the UN and militarily as it assembled its forces for a possible invasion. North Korea was on the backburner. While the administration quietly acknowledged the likelihood that Pyongyang would begin reprocessing, Powell cited on-going diplomatic efforts to get a multilateral dialogue started.⁸ Other senior administration figures anticipated that the demonstration of resolve in Iraq would give the US more diplomatic leverage in dealing with North Korea, and that Pyongyang's provocative escalation of the crisis would build support in the Security Council for punitive action.⁹

To discourage further escalation by Pyongyang to coincide with any invasion of Iraq, a development considered likely in Washington, the Pentagon in February announced the deployment of 24 B-1 and B-52 bombers to Guam, and the resumption of reconnaissance flights.¹⁰ Similar concerns may have led China to briefly interrupt its oil shipments to North Korea in late February, ostensibly because of technical difficulties.

The action on oil supplies reflected a wider decision in Beijing, perhaps out of concern about Washington's intentions after it had ousted Saddam, to involve itself more systematically in managing the crisis and getting

negotiations underway. In mid-March, Pyongyang conceded the principle of multilateral talks and began to focus on who it would exclude, notably Japan and Russia. It also intensified its opposition to having its actions taken up in the Security Council, declaring that any sanctions would be a 'prelude to war'. The US had been lobbying for action to coincide with the date of North Korea's withdrawal from the NPT: 10 April 2003. China, supported by Russia, consistently opposed such a move and its anticipated veto precluded any resolution.¹¹

News of the agreement to begin talks in a trilateral forum broke a week later, on 15 April. Washington signalled that China had agreed to be full participant, not simply a host, and that it anticipated that participation would be expanded in due course to include Japan, ROK and Russia.¹² At the same time, the US had stepped away from its demand that any talks be preceded by an undertaking from Pyongyang that the objective would be the complete elimination of North Korea's nuclear program. Pyongyang, on the other hand, characterised China as the host and the talks with the US as near enough to bilateral.

The first round of negotiations in the current crisis took place in Beijing on 23-24 April 2003. It was by all accounts a stormy affair and lasted two rather than three days. It was preceded by a provocative official DPRK statement on 18 April indicating that reprocessing of the 8,000 fuel rods was underway, a statement that was amended two days before the talks to say that *preparations for* reprocessing were proceeding successfully.¹³ The statement also volunteered the view that, in order to avoid Iraq's fate, 'it is necessary to have a powerful physical deterrent'.

The US delegation had a limited brief. It was under strict instructions not to negotiate, but to reiterate that no substantive negotiations were possible until North Korea had brought itself back into full compliance with its earlier obligations, and committed itself to the complete, verifiable elimination of its nuclear program. Press reports suggest that even participating in the talks went beyond the limited consensus in Washington, and that the State Department had secured the President's approval when the Pentagon wasn't looking.¹⁴

North Korea, on the other, despite sending a relatively low-level delegation, had quite a lot to say. Most importantly, they declared for the first time that they already had nuclear weapons and were acquiring the material to make more. It appears that they also alluded to the possibility of a 'physical demonstration' of this capability (taken to mean a reference to a nuclear test) and, most provocatively of all, to the option of 'transfers' to third parties.¹⁵

In addition, however, North Korea said it was prepared to end its nuclear and ballistic missile development/export programs in exchange for:¹⁶

- commitments on non-aggression;
- the normalisation of political and economic relations with the US and Japan; and
- food and energy assistance, including the completion of the two reactors provided for under the Agreed Framework.

As one might expect, North Korea's proposal envisaged it declaring its intent on its nuclear and missile programs, with implementation to come after the US (and others) had fulfilled their side of the bargain. This sketch of Pyongyang's proposal was broadly confirmed in an unusual way. Before the talks in Beijing, a member of the staff of the Senate Foreign Relations Committee somehow obtained a copy of what was purported to be North Korea's talking points for the first day. This document, which the administration had declined to share with Congress, is suggestive of a more active back-channel between the US and the DPRK than most commentary would lead one to believe. It may also suggest that there are some differences in Pyongyang on tactics for the negotiations. In any event, the North Korean notes indicated a preparedness to be flexible on four issues:¹⁷

- inspection of the nuclear facilities;
- the reactor project from the Agreed Framework;
- the future of US forces on the Korean peninsula; and
- the development and export of ballistic missiles.

The April 2003 talks in Beijing ended without any attempt to provide a joint, let alone coordinated, assessment of what had transpired. The US delegation leader, James Kelly, after briefing officials in Seoul and Tokyo, spoke of a 'bold proposal' from Pyongyang. China's Foreign Ministry, reportedly somewhat embarrassed by North Korea's belligerent stance, gave a rare briefing to the press and characterised the proposal Pyongyang had tabled. Off the record, Chinese officials admitted to being mystified by the DPRK's tactics and fell back on the observation that 'the North has its own logic'.¹⁸ Although President Bush described North Korea's position as 'blackmail', Colin Powell said the meeting had been 'quite useful' in that North Korea had acknowledged a number of things and said, in effect, that they were up for further discussion.¹⁹

These disparate characterisations of the first round reflected divergent national and intra-national views on the core issues raised by North Korea's apparent drive to nuclear weapon status, and on the viability of achieving a solution through negotiation. Washington was under pressure from South

Korea, Japan and, of course, China, to keep the negotiating track open. The hardliners within the administration, or some of them at least, were prepared to play along, reasoning that Pyongyang would continue to confirm the futility of negotiations and thus prepare the ground for a more coercive posture.²⁰

President Bush remained above the fray. He had said repeatedly since the 'axis of evil' speech in January 2003 that the US was prepared to approach the DPRK differently from Iraq, namely through negotiations. Equally, however, he had made no secret of his personal distaste for, and distrust of, Kim Jong-il. His characterisation of the North Korean position as 'blackmail' naturally signalled that he was content to see the policy battle in Washington carry on. On the eve of the first round, Chinese officials are reported to have said, off the record, that China believed the US administration's long-term goal to be the overthrow of Kim Jong-il's regime. They also said that Pyongyang had a very clear understanding of the US administration's position and therefore would not regard a deal with Bush as a reliable guarantee of regime survival.²¹ This was a harbinger of the view (that became widespread a year later) that Pyongyang would prolong the stage-setting phase beyond November 2004 and hope for regime change in Washington.

For many analysts, the net assessment of the April 2003 talks was not heartening. The fact that nuclear weapons constituted Pyongyang's sole asset, that it was inclined to wield this asset aggressively and seemingly without regard to the future of the negotiations or to its wider political interests, especially in keeping Beijing onside but also in not playing into the hands of the hardliners in Washington, made it harder to believe that it was genuinely prepared to scrap the program. A more realistic assessment seemed to be to take more literally the lesson Pyongyang said it drew from Iraq, namely that nothing could substitute for a strong deterrent. Further, one then had to concede that Pyongyang may have set out to get security assurances and international recognition in return, at most, for scaling back its nuclear program but not relinquishing it. If this looked like a monumental misjudgement, one had to bear in mind the North Korean view, which it had shared with the Chinese, that nuclear weapons had been the key to China's successful development.²²

Pyongyang stayed relatively silent as the others digested the April meeting. There was one indication, however, that it sensed having overplayed its hand. At the end of April, a senior North Korean diplomat told the British Foreign Office in unqualified terms that the DPRK would abandon its nuclear program and admit international inspectors in exchange

for security guarantees. The Foreign Office considered this discussion to be sufficiently credible to announce it to the press.²³

In the end, the Bush administration decided to reject Pyongyang's proposal. Secretary of State Colin Powell told the Senate Foreign Relations Committee on 29 April that the proposal 'was not going to take us in the right direction'. By that time, Japan and the ROK, while stressing the importance of further negotiations, had signalled support for a tougher line. Similarly, as noted earlier, Beijing had been surprised and concerned by Pyongyang's belligerent attitude, a posture that probably defied the counsel it had offered.

North Korea's claim that it had begun, or was about to begin, reprocessing, plus its reference to the option of transferring this material, was more than sufficient in the climate of April 2003 to empower those in Washington inclined to pressure North Korea economically so as to precipitate an implosion that would sweep the regime away. While President Bush met with his South Korean counterpart on 15 May 2003 and re-affirmed his determination to seek a peaceful solution, the administration was signalling a stronger focus on a blockade of North Korea to prevent the export of plutonium.²⁴ As a number of US experts pointed out, this was something of a pipedream given that even a full bomb's worth of plutonium was no bigger than a baseball and emitted very little radiation. The initiative broadened out to include more feasible activities like interdict trafficking in drugs and counterfeit currency, and the export of ballistic missiles. It was formally launched, ostensibly with a global remit, as the Proliferation Security Initiative (PSI). The simple and obvious intent behind talking about plutonium was to emphasise to Pyongyang that transfer was an absolute 'red-line' for Washington, the mere hint of which would result in war. The subsequent record suggests that Pyongyang got this message at least: It has not spoken of this option since.

The day after Powell's rejection of its proposal on 29 April, Pyongyang responded to the push for sanctions, reiterating that it would regard such a step as 'the green light for war'. The statement also reiterated its willingness to negotiate.²⁵

Beyond the PSI, the administration encouraged others to squeeze North Korea economically. Speaking at a regional security conference in Singapore, Deputy Secretary of Defense Paul Wolfowitz described North Korea's perilous economic situation as a 'major point of leverage' and urged the countries sustaining it – specifically, Russia, China, South Korea and Japan – to make full use of it.²⁶

At the G-8 meeting in France in June, which China attended for the first time as a guest, President Hu Jintao agreed with Bush that any future talks with North Korea should include Japan and the ROK, and no longer pressed for Pyongyang's position to have bilateral discussions with the US programmed into the format.²⁷

A North Korean statement on 9 June declared that 'the DPRK would have no option but to build up its nuclear deterrent force' if Washington persisted with its hostile policy. Although put in the future tense, this was the most specific public reference the regime had made to the capability to make nuclear weapons. Intriguingly, the statement went on to assert that 'the intention to build up a nuclear deterrent force is not aimed to threaten or blackmail others, but to reduce conventional weapons' and allow resources to be diverted to economic development.²⁸

Separately, North and South Korea agreed at this time to re-link the railway lines across the demilitarized zone (DMZ), a link that had been broken in 1950. Despite resisting ROK efforts to also discuss security and the nuclear issue, and formally nullifying the 1992 denuclearisation agreement in mid-May, Pyongyang had pursued these renewed bilateral discussions very positively. One purpose, clearly, was to ensure that Seoul remained securely in the 'softline' camp in the wider manoeuvring over the balance between carrots and sticks in approaching the DPRK.

Yet another development unsettling both North and South was intensifying US pressure on Seoul to formally agree to its plan to withdraw its forces and headquarters from the DMZ and Seoul and to consolidate them in a fewer number of locations well south of the capital. The US contended that the new arrangements would allow US forces to be more effective more quickly in responding to aggression from the North, as well as for contingencies further afield. Seoul was reluctant, in part because the move required it to assume costly new responsibilities (eg, countering DPRK artillery units located within range of Seoul), but also because it disturbed the status quo at a time of great tension on the peninsula. Seoul may also have sensed, correctly as it turned out, that the move was a prelude to a significant reduction of US forces stationed in South Korea.

Statements from Pyongyang suggest that it was alert to the possibility that the new configuration would leave the US better placed to conduct pre-emptive or surgical strikes against the North.²⁹ A revival of discussions in the US media about deficiencies in the US ability to destroy hardened underground targets with conventional weapons – and on the alternative of a nuclear 'bunker buster' – would have sharpened Pyongyang's concerns, and was doubtless intended to do so.³⁰

China intensified its shuttle diplomacy in July 2003, and allowed its efforts to become more visible, to secure agreement to renewed talks. Perhaps at Pyongyang's urging, Beijing indicated that it would advocate a return to the 1994 Agreed Framework (which only froze North Korea's nuclear facilities) as a step toward a comprehensive solution.³¹ Washington still insisted on a wider forum, but reportedly agreed to a formula whereby an initial 3-party session would transition into a wider group including Japan, ROK and possibly Russia. Administration officials also signalled that the US would table a proposal at such a meeting.³²

The momentum faltered amid continuing uncertainty among US and regional intelligence agencies on North Korea's claim, which it repeated to US officials at the UN, to have completed reprocessing of the 8,000 fuel rods. North Korean officials added that production of weapons was now underway but made no reference to testing or transfers.³³

At the end of the month, US Under Secretary of State, Ron Bolton, an official who seemed to specialise in delivering statements totally at odds with the tone set by Secretary Powell, delivered a speech in Seoul that attacked in strong and explicit terms not only the regime in Pyongyang, but Kim Jong-il personally. It was a speech that raised reasonable doubts about whether 'doing business with Pyongyang' was really on Washington's agenda. If the speech was an attempt by the hardliners in Washington to frustrate new talks and US proposals, it came too late. On the same day, 31 July, the news broke that Pyongyang had agreed to further talks in a 6-party format and, indeed, claimed credit for thinking of such an arrangement. Interestingly, Pyongyang allowed its agreement to be announced by Russia, a probable signal to Beijing that it was moving too close to US positions.³⁴

Bolton's speech reverberated for some days. Pyongyang speculated about what it said about the US commitment to talks and made clear that he would not be acceptable on the US delegation, a course that some were pushing for in Washington. Japan and South Korea also complained, but through diplomatic channels. This could have become a major stumbling block: Washington could not allow a foreign government to decide who would represent it. In the event, the State Department waited until 13 August to announce that Bolton had never been considered for the delegation to these talks, by that time scheduled to begin on 27 August.³⁵

With the US anticipated to deliver a proposal at the talks, the form of a possible security assurance attracted new interest. The Bush administration had already said repeatedly that it had no intention of attacking North Korea, and that it would consider providing written security guarantees.

But it had ruled out a treaty that required Congressional approval. And this was precisely what North Korea was asking for, since it doubted the reliability of an executive agreement concluded just with the Bush administration. A non-aggression pact in the context only of a denuclearisation deal, however, would be very difficult to reconcile with Washington's extant alliance arrangements with Japan and the ROK. By leaving Pyongyang with a lot of military muscle, it could undermine confidence in US security assurances, weaken the basis for forward-deployed US forces, and possibly stimulate interest in Japan and the ROK in a deterrent of their own. Russia and China stepped in with the suggestion that they could supplement any undertakings given by the US. Pyongyang's initial response was blunt: 'Only the US is threatening. The conception of guarantee of collective security is meaningless'.³⁶

With the agreement to resume talks at the end of August, and in a format that promised to be stable, the US and the DPRK began to jockey in earnest on who would make the first move.

Off to one side, and without fanfare, the CIA signalled a significant upgrade in North Korea's nuclear competence. In written answers submitted to Congress on 18 August, it assessed that North Korea possessed 1-2 nuclear weapons and had validated the design to provide confidence in their reliability without the need to conduct a nuclear test. This new assessment provided no hint of the reasons for discounting earlier scepticism on this score.³⁷

Although it now had two 'friends' in the forum, China and Russia, Pyongyang would still have felt pretty lonely. All of the other participants had clearly signalled that the objective had to be the denuclearisation of the peninsula, and the signs of significant collaboration and coordination among them seemed to be unmistakable. Planning was underway for the first PSI exercise (in the Coral Sea), Russia planned an exercise near its border with the DPRK seemingly designed to cope with a major influx of refugees, whilst Japan had conspicuously intensified scrutiny of its economic links with North Korea and had agreed for the first time to reciprocal naval visits with China.

Pyongyang's response was consistent with the first rule of negotiations: never convey the impression that you need an agreement more than the other side. In mid-August, Pyongyang put the core issue on the line: unless the US signalled clearly that it was prepared to live with North Korea, Pyongyang would be forced to declare at the talks that 'it cannot dismantle its nuclear deterrent force'.³⁸ As for the US, it went into the talks having

blurred earlier signals that it would table a proposal but hinting that it had alternative positions to respond to the lead given by the DPRK. The extent to which this posture was the result of calculation rather than the divisions in Washington on dealing with Pyongyang is impossible to determine.

The hard position required the DPRK to declare and implement the dismantlement of its nuclear capabilities after which there could be negotiations on security assurances, diplomatic ties, economic assistance and so on. This was the mirror image of the proposal Pyongyang advanced in April – namely, it would declare its intent to scrap its program but not do so until the other side had delivered its side of the bargain – and just as clearly a non-starter. The US press also carried hints that the State Department had developed a more nuanced position. This envisaged a multi-phase process starting with a full declaration by North Korea of the scope of its nuclear program. If this declaration was agreed, a freeze of the program and the introduction of inspectors would follow, plus a US promise to discuss aid and security assurances after the program had been completely and verifiably dismantled. The US also signalled that it might accept other parties offering economic incentives earlier in the process.³⁹ This was a tough variant of the phased approach, but it signalled the possibility of horse-trading over the number of phases, the number of steps in each phase, and the sequencing of steps and phases provided the agreed end-state was the elimination of North Korea's nuclear program.

It would seem that the first day of the talks progressed as though the April round had never happened. The US and the DPRK opened with pure versions of their 'after you, I insist' positions; that is, respectively, dismantle first then talk about rewards and rewards in return for a statement of intent to dismantle followed by dismantling. Still, the US and North Korean delegations also held an informal 30-minute bilateral session in one corner of the negotiating room, something that China had promised the DPRK and the US had accepted, provided it was incidental to the main talks and did not involve excluding the other parties.

Day two saw the talks take a sharp turn for the worse. North Korea's delegation, presumably on instruction from Pyongyang, said in plenary (that is, to all the delegations) that it could detect no change in the hostile attitude of the US. It went on to say that North Korea had nuclear weapons (in some accounts, that it intended to formally declare that it had them), the means to deliver them, and intended to conduct a test.⁴⁰ This was the position it had conveyed privately to the US during the April round, with the conspicuous omission of a threat to transfer to third parties. Although everyone present was aware that this position was not new, it still would

have been seen as an escalatory step in that it sought to impose a degree of collective responsibility for any steps that North Korea deemed necessary.

In view of the cleavage in Washington on approaching North Korea, it can reasonably be inferred that the US delegation was under strict instructions not to deploy the more nuanced proposal mentioned above unless Pyongyang made critical concessions and passed a defined threshold. And those hardliners in Washington who wished to demonstrate the futility of negotiations would have tried to set the bar very high. Clearly, the talks never got close to the threshold. At the same time, China's representative, Wang Li, reported that the US had re-affirmed in the talks that the US had no intention to threaten or attack North Korea and, in an interesting further step, no intention to work for regime change in Pyongyang. Further, the US said that it was willing to address North Korea's security concerns in formal, written terms but in a multilateral format.⁴¹

The talks concluded on 29 August. China's hopes for a joint declaration – stating that all agreed on the objective of a nuclear free Korean peninsula, that the issue be resolved peacefully, that North Korea's security concerns be addressed, and that talks would continue – were dashed.⁴² North Korea had, in the talks and in statements from Pyongyang during the talks, also reiterated that it was willing to dismantle its nuclear program and that it was not North Korea's goal to have nuclear weapons, but on balance the talks were a success only in the limited sense that they did not break up early and left the way open for another round. There was agreement on, or at least no opposition to, meeting again within two months, and China's point man for the talks, Vice Minister Wang Yi, referred to an understanding by all parties to refrain from inflammatory deeds or words so long as the negotiating channel remained open.⁴³

The agreement to meet again was short-lived. Upon its departure from Beijing on 30 August, the North Korean delegation declared that it saw no purpose in continuing talks. Officials in Pyongyang confirmed this position, contending that the US position had hardened, demanding of North Korea that it 'drop its gun first' and trust the US to deliver on its vague promises.⁴⁴ Two days later, however, an official statement in Pyongyang reiterated that 'its fixed will to peacefully settle the nuclear issue between the DPRK and the US through dialogue remains unchanged'.⁴⁵

An important part of the explanation for Pyongyang's strident intransigence, including embarrassing Beijing a second time, was probably to be found in Iraq. Between April and August 2003 the US position in Iraq had gone from stunning military triumph to looming disaster. The post-

combat phase had diverged dramatically from that so confidently expected and planned for. The expectation that Iraq would set a potent precedent and boost US leverage against other rogue states, not least North Korea, looked increasingly misplaced as domestic support for the grand strategy of bold pre-emptive action began to crumble. Indeed, the scale and probable consequences of the administration's errors of judgement was already fuelling speculation in America that a second term might be difficult to secure. In more concrete terms, it seemed inevitable that Iraq would absorb substantial US ground forces for much longer than anticipated. Taking into account the forces preparing for and resting after a tour of duty, this would essentially preclude backing up its demands on Pyongyang with a credible threat to change the regime by force.

At the same time that North Korea reaffirmed its commitment to the negotiations, Chinese spokesmen began to put out the word that it was the US that was impeding progress, and that it was not clear that Washington genuinely supported the negotiations.⁴⁶ While US officials discreetly acknowledged the role China was playing – that is, doing what they deemed necessary to retain Pyongyang's confidence and its willingness to negotiate – they also indicated that the statement the US tabled at the talks contained important signals that North Korea appeared to have missed or, of course, elected to ignore. Specifically, they claimed that the statement allowed for the possibility that movement on the issues of importance to North Korea could occur in parallel with the US goal of 'complete, verifiable and irreversible dismantlement' of its nuclear program. Reportedly, the head of the US delegation, James Kelly, presumably after North Korea had reverted to threats on the second day, pointedly said: 'Read my statement carefully. Has Kim Jong-il read my statement?'.⁴⁷ It would be reasonable to infer that, at the talks, the US delegation concluded that North Korea had elected to ignore these signals and was holding out for something more definitive.

It was apparent in September 2003 that there was still no agreed framework for negotiations. The two rounds of talks – in April and August – had been fleeting encounters. Little or no actual negotiations had taken place and the talks had still not been endorsed as the centrepiece of a process that would test the scope to achieve a negotiated settlement.

North Korea's statement to the UN General Assembly on 2 October 2003 continued to ignore the flexibility the US insisted it had signalled in the August talks, stressing that the US still demanded everything from Pyongyang up front when the only realistic way forward was simultaneous actions by both sides. On the same day, a statement in Pyongyang declared, for the third time, that reprocessing of the 8,000 fuel rods had been completed

in June, something that US intelligence could still not confirm.⁴⁸ The administration's response was to play it down as an old and questionable claim.⁴⁹ Two weeks later, Pyongyang said it would end the doubts in due course and make its deterrent public as a 'physical force', taken to be a reference to a nuclear test.⁵⁰

South Korea, meanwhile, continued to lobby the US strongly to be more flexible in responding to Pyongyang's overtures. In a meeting at the UN with Colin Powell, Seoul's Foreign Minister reportedly spoke very forcefully along these lines, even intimating that South Korea could re-think its commitment to send additional troops to Iraq. Powell is said to have taken a dim view of this linkage.⁵¹

A breakthrough of sorts came at the APEC summit meeting in Bangkok on 20 October 2003. In a private session with his Chinese counterpart, President Hu Jintao, President Bush said that he would be prepared to sign a document giving North Korea the security assurances it demanded, provided the other four participants in the Beijing talks were also party to the assurances.

The concept was not new, as we have seen, and Bush provided no specifics other than to rule out a treaty-level instrument. The significance of the move lay in the fact that the President had acknowledged that North Korea has security concerns, and had for the first time associated himself directly with the substance of the standoff with Pyongyang. To that extent, it was a blow to the hardliners in Washington who angled for a negotiating position so hard that it would require North Korea essentially to capitulate or to pull out of the talks and provide the rationale for more coercive measures.

In return for such assurances, North Korea would have to demonstrate that it was taking concrete steps to dismantle its nuclear facilities. The verification regime needed to provide confidence in North Korea's compliance with any agreement had already become a divisive issue in Washington. North Korea's obsessive secrecy and its record of cheating will certainly mandate a rigorous verification regime. Even so, there were complaints that some in Washington were promoting measures so intense and intrusive that were seen as intended to lead to deadlock and failure of the negotiations.

A further consideration, of course, was that North Korea had already dismissed the concept of multilateral security assurances. China was naturally seen as the only party that could bring Pyongyang around. This meant, in turn, that China had to be convinced of the merits of the approach or it would simply run the idea past Pyongyang and report that it was a

non-starter. The State Department had been looking at possible alternatives and precedents, and a senior official outlined three possibilities:

- a Presidential statement co-signed by the other parties;
- something modelled on the security agreement between the US, Russia, the UK, France and the Ukraine when it agreed to give up the nuclear weapons deployed on its territory during the days of the Soviet Union; or
- a more complex pact that would be negotiated with the DPRK and signed by all six parties.

Pyongyang initially – instinctively might be more apt – dismissed Bush’s overture as ‘laughable’, but then indicated informally that it wished to explore the idea with US officials at the UN.⁵² Coincidentally, Beijing announced that its second-ranked official, Wu Bangguo, would visit Pyongyang on 29-31 October. Visits at this level cut many ways. On the one hand, Pyongyang would see it as recognition of its new weight in regional affairs but, on the other, as an honour that it could not lightly put at risk of being cancelled. In respect of the latter view, Beijing would not risk so senior a figure being embarrassed by attitudes in Pyongyang that were dismissive of China’s ‘responsibility’ to engineer a continued process of 6-party meetings. Equally, however, relations between Pyongyang and Beijing were not such that the former would be prepared to give the impression that it had done Beijing’s bidding.

The latter consideration may have prompted an official statement from Pyongyang ahead of the visit that ‘we are ready to consider Bush’s remarks on the written assurances of non-aggression if they are based on the intention to co-exist’.⁵³ A few days later, when Wu Bangguo was in Pyongyang, China announced North Korea’s agreement ‘in principle’ to a further round of talks, and China’s hope to organise the next round as soon as possible.⁵⁴

This brief positive trend was disrupted on 4 November by the announcement from KEDO (Korean Energy Development Organisation) that construction of the two light water reactors in North Korea would be suspended for a year. The US had lobbied openly for this step on the grounds that North Korea had violated the Agreed Framework. It also made clear that it would veto any attempt by the other partners – Japan, ROK and the EU – to resume construction after the period of suspension.⁵⁵ North Korea reacted angrily, but it did not further qualify its willingness to participate in another round of talks.

Shortly afterwards, two items of intelligence on North Korea’s nuclear program found their way into the press. The first, mentioned above, was the

CIA judgement that North Korea had validated the design of its first 1-2 weapons to the point where it would not have to test to be confident they would work.⁵⁶ Why an unclassified assessment, conveyed to Congress in August 2003, took nearly three months to make it into the media is a mystery. The second concerned the HEU program that had triggered the crisis in October 2002. An intelligence report apparently concluded that a further year of intensive surveillance raised doubts about whether North Korea had actually been able to build a centrifuge plant for the enrichment of uranium, as distinct from assembling many of the components for such a plant.⁵⁷

Cautious optimism in mid November on the part of both US and Chinese officials about a third round of talks in December receded early in that month.⁵⁸ Officials from the states involved met frequently in different combinations to discuss how the various elements of a deal might fit together. As in August, the objective was a joint statement that would institutionalise the 6-party forum and set out an agreed basis for engaging in detailed negotiations. Differences between Washington and Pyongyang proved unbridgeable and the exercise lost momentum as Christmas approached. On Christmas Day 2003, a continuing irony of the nuclear crisis resurfaced: the US State Department announced an additional 60,000 tons of food aid for North Korea.

The horse-trading became a little more visible during January 2004. Pyongyang insisted that the first step should consist of the 'DPRK's complete freeze of its nuclear activities' but was awaiting an adequate offer from the US (and others) on what it would get in return for this step.⁵⁹ A senior North Korean diplomat, addressing a think tank in Washington, provided a fuller (and probably somewhat hopeful) account of how Pyongyang saw the process unfolding:

First, the United States must resume shipments of heavy oil and greatly expand food aid, and in exchange North Korea would renounce nuclear intentions. Once the United States provided security assurances in writing and provides energy compensation, North Korea would freeze its facilities and allow inspections of its nuclear material. North Korean missiles would be restrained after the United States and Japan establish diplomatic relations with North Korea. Finally, North Korea's programs would be dismantled only after the United States and its allies finished building light-water reactors in North Korea – a program suspended by the Bush administration.⁶⁰

Colin Powell put a positive spin on Pyongyang's offer of a 'complete freeze', and tested its meaning by suggesting that it implied no nuclear tests and a willingness to give up all nuclear ambitions, not just military ones. Pyongyang would contest the latter 'implication'. On the possible joint statement, however, the US remained adamant that the very first step had to be Pyongyang's agreement to the endpoint of the 'complete, verifiable and irreversible dismantlement (CVID)' of its nuclear program.

In addition, of course, the US and North Korea still disagreed on the scope of any freeze in that Pyongyang denied the existence of a HEU program. China tilted toward Pyongyang on this question early in January. At a meeting in Seoul on North Korea between Chinese, South Korean and Japanese officials, China reportedly indicated that it did not believe that North Korea had such a program.⁶¹

Even as prospects for a joint statement receded, diplomats indicated that both Washington and Pyongyang were prepared to meet again without one. Cheekily, Pyongyang stole the initiative, announcing on 3 February that talks would resume on 25 February, leaving Beijing to confirm it later the same day.⁶²

Almost coincidentally, Pakistan's Dr A Q Khan was disclosing the extent of his clandestine business dealings in nuclear technology, including with North Korea on uranium enrichment. The events that led to Dr Khan's exposure originated with Libya's spectacular agreement to openly divest itself of all weapon of mass destruction programs, programs that Dr Khan had been deeply involved in supporting.⁶³ James Kelly used a speech in Washington on 13 February to reiterate US confidence in its intelligence on Pyongyang's HEU program and to make clear that it had to be included in any undertaking on what would be dismantled.⁶⁴

These developments strengthened the US negotiating position going into the talks but bolstered the hardline position in particular. Characterisations of the US position gleaned by the media suggested clarity on what the US would demand offset by limited agreement on what the US delegation could offer in return. What the President had described as a 'bold proposal' would be left quite vague.⁶⁵ It seems likely that the US now shared the assessment that Pyongyang probably preferred to wait for the Presidential elections. The fact of the negotiations protected the administration from Democrat charges that it was ignoring the threat from North Korea, while chasing a party that was reluctant to come to agreement would be a poor negotiating strategy.

The conduct of the talks seemed to reflect low expectations all round but, equally, a shared interest in keeping the process alive. The talks went the full distance (25-28 February), the atmosphere was professional, and the rhetoric on the reasons for the lack of progress subdued. There was agreement to meet again before the end of July and for meetings of 'working groups' to precede the meeting of principals.⁶⁶ The US pressed North Korea to acknowledge its HEU program. Although North Korea's denials seemed absolute, James Kelly indicated to a Senate panel shortly after the talks that it might be looking for a way to fold this issue into any future deal.⁶⁷

While the US and North Korea got nowhere on their respective visions on who and what would go first, South Korea outlined a three-stage plan that envisaged a North Korean pledge to dismantle its program, followed by a freeze and compensation (initially by parties other than the US), and concluding with a process of elimination along with security assurances.⁶⁸ This proposal, reportedly developed with input from China and Russia, was left hanging. One account, attributed to South Korean officials, suggests that the proposal was not discussed in detail because, in part, North Korea refused to acknowledge a HEU program to include in the freeze. The US, in turn, declined a North Korean request to outline the rewards it would receive if it agreed to a freeze (which may have been a hint that it might, in due course, acknowledge a HEU effort).⁶⁹ Still, the fact that the US acquiesced in the presentation of Seoul's proposal left the implication that it approximated the process the US had in mind. Kelly later described the concept of other parties providing rewards earlier in the process — something that Washington had long ruled out as blackmail — in positive terms.

In a couple of respects, however, the talks exposed new complications. For example, after giving the impression over several months that it was prepared to put its entire nuclear program on the table, North Korea now explicitly exempted its civilian nuclear program (even though its negotiators were hard put to describe such a program). A second development was potentially more serious. During the talks, China continued to play with a relatively detailed draft statement on the steps to a resolution of the crisis. The US had rejected earlier drafts in December 2003 because they did not call on North Korea to explicitly accept CVID. Going into the February 2004 talks the US delegation had no flexibility. It had to secure acceptance of CVID. Reading between the lines, it appears it got to the point where China's draft included a characterisation of CVID that the US delegation considered worthwhile, particularly as it would secure a key US objective — getting all five parties to formally urge North Korea to dismantle its program. China, however, reported that Pyongyang's agreement was dependent on a reference

to the administration's 'hostile attitude'. The delegation sought instructions from Washington and the request found its way to the President and Vice-President. Their response went beyond a simple rejection, and was an implicit reprimand of the delegation, if not of the State Department. The delegation was instructed to say that continued US support for the negotiations rested on North Korea's commitment to the precise language of CVID.

This advice terminated discussion on China's draft. Beijing fell back on a less ambitious statement referring to the goal of a nuclear-free peninsula and the commitment to further talks, including in working groups. Pyongyang, however, determined to level the score, insisted in the dying minutes of the meeting on new language referring to the 'significant differences' with Washington. The meeting therefore ended with no statement of any kind.⁷⁰

Pyongyang's commentary on the February round, while relatively subdued, began to zero in on CVID. It suggested that the US position masked an intent to 'exterminate' North Korea's communist system, and that the *quid pro quo* would have to include the complete and verifiable withdrawal of US forces from the ROK.⁷¹ This came to a head at the end of March 2004. Shortly after another senior Chinese visit to Pyongyang, this time by Foreign Minister Li Zhaoxing, a statement on North Korean radio on 27 March rejected CVID point by point:

- complete nuclear dismantling is a plot to overthrow the North's socialist system after stripping it of its nuclear deterrent;
- verifiable nuclear dismantling reflects a US intention to spy on our military capabilities before starting a war; and
- irreversible nuclear dismantling is nothing other than a noose to stifle us after eradicating our peaceful nuclear-energy industry.⁷²

The statement did not explicitly retract Pyongyang's declared willingness, in principle, to abandon its nuclear weapon program, but it was certainly a step in that direction. The statement did make very clear that the words themselves, if not their intent, were now an issue.

Vice President Cheney visited Beijing (as well as Tokyo and Seoul) in mid April. Cheney's messages on North Korea did not make China's role as facilitator any easier. He stressed that the negotiations needed to produce tangible results soon as North Korea continued to develop nuclear weapons. But while he warned that prolonged negotiations might favour North Korea's interests over those of the others, he stressed that the US would not

countenance incentives to get Pyongyang to declare its intent to dismantle its programs, and to act on that intent.

As China had begun expressing reservations about the reliability of US intelligence on North Korea, Cheney also came armed with new evidence on the scope of Pyongyang's nuclear program. This included, it seems, details on Dr Kahn's confessions regarding the HEU program and his rather questionable claim of having been shown three plutonium weapons during a visit to North Korea in 1999.⁷³

Kim Jong-il visited Beijing on 19-21 April, only his third ever visit to the Chinese capital. Presumably at his insistence, the visit was conducted in complete secrecy, with Chinese officials denying the fact absolutely (and with evident amusement) until he had left. China's official assessments of the visit offered little beyond a 'broad common understanding' and commitment to the negotiations, though not, it seemed, to the new wrinkle of working groups agreed to but not formally announced at the February 2004 round.⁷⁴

Meanwhile, the accumulating anecdotal evidence on North Korea's nuclear capacities was putting pressure on the official US intelligence position – a possible 1-2 weapons. Apart from Dr Khan, the unofficial US delegation that visited North Korea in January had confirmed that the fuel rods were no longer in their storage pond and had seen what was purported to be recently reprocessed plutonium. Ambiguities abounded – on whether North Korea could make nuclear weapons, on the extent of reprocessing, and on the state (indeed existence) of a HEU plant. Moreover, the official intelligence estimate mattered. Senior administration officials had occasionally discounted the significance of, say, 10 weapons versus 1-2, not least to signal patience and resolve in the negotiations. But a state with 10 weapons can credibly threaten to test or transfer one and, if it came to war, has more options on how and when to use them. If North Korea was formally credited with an arsenal of nuclear weapons, it would change the psychology of the negotiations quite significantly.

Press reports in late April 2004, citing intelligence officials, referred to a new estimate being prepared that would credit North Korea with at least eight plutonium weapons and a HEU plant that could be operational by 2007, with a capacity to fuel up to six weapons per year.⁷⁵ This accumulating anecdotal evidence, some of which Cheney had shared with his Chinese hosts, did not convince everyone. China continued to niggle the US to provide convincing evidence on the HEU program or drop it as an issue in the negotiations.⁷⁶ North Korea's delegation at the February talks had issued

a similar challenge to Kelly who was forced to respond that providing details would only improve North Korea's concealment techniques.

Another high-level meeting that was to have an effect on the negotiations with North Korea was a second summit between Kim Jong-il and Japan's Prime Minister Koizumi on 22 May 2004. Koizumi's first order of business was to secure the release of relatives of Japanese citizens abducted by North Korea in the 1970s and 1980s, but he also tackled the impasse over the nuclear issue. Like the US, Japan took a hard line on North Korea's brinkmanship, but had been pressing Washington to be more flexible and allow Pyongyang's position to be explored and tested. Koizumi came away with the view that Kim Jong-il had been impressed by the new economic and political opportunities that would be open to North Korea if it abandoned its nuclear program, and that he would look favourably on a more definitive proposal. Koizumi shared this assessment with President Bush at the G-8 Summit in Georgia in early June.

Agreement to hold a further round of 6-party talks in Beijing on 23-26 June was announced on 15 June 2004. The Bush administration, having succeeded in February in getting all its partners aligned on the goal of CVID, now found pressure from all of them to actually negotiate and entice North Korea into agreement. Moreover, this common front was being diluted as Japan, and even more so, the ROK, were proceeding to cut their own deals. The qualitative transformation of North-South relations – highlighted in June 2004 by the first meeting of military leaders in 50 years – had become unmistakable and was testing Seoul's capacity to stay in step with the US in resolving the nuclear issue.⁷⁷ In addition, the likely Democrat challenger for the Presidency, John Kerry, was criticising the lack of progress to good effect, and promising that he would tackle the issue through direct negotiations.

The administration made little secret of the fact that it was responding to allied pressure, almost, indeed, acting against its own better judgement. But it did go into the talks with a proposal, derived from the plan South Korea had tabled in February and refined since. The key steps were as follows:⁷⁸

1. North Korea would give an undertaking to dismantle its programs 'in a permanent, thorough and transparent manner subject to effective verification' (ie, a polite variant of CVID).
2. Japan, ROK and Russia would immediately resume shipments of fuel oil and all five parties would give Pyongyang a 'provisional' assurance not to invade or to seek to topple the regime.

3. North Korea would have three months to fully disclose, halt and seal its nuclear activities, and to begin securing and destroying nuclear materials under international supervision, or to allow such materials to be taken out of the country.
4. During the three months, the US would also launch a study of North Korea's energy needs and open bilateral discussions with Pyongyang on lifting economic sanctions and removing the DPRK from the US list of state sponsors of terrorism.

Administration officials, quoted in the press anonymously, characterised the proposal either as a serious effort to secure a breakthrough or as a 'test' of Pyongyang's sincerity, a test that most seemed to think Pyongyang would fail. Chinese and Russian diplomats associated with the talks doubted that the proposal would attract Pyongyang. The proposal was certainly skewed to the US view that North Korea had to signal its recognition that a nuclear capability was not in its interests: it would be rewarded for making this sensible determination rather than bribed to come to such a determination. Many in Washington cited Libya as the precedent that North Korea should emulate.

On the other hand, the proposal had several features that would have been seen in Pyongyang as responsive to its position: the re-phrasing of CVID; the early rewards in the form of fuel oil; and bilateral discussions with the US pointed towards eventual diplomatic relations. In addition, against the still-recent precedent of Iraq, there was little sense of ultimatum or take-it-or-leave-it in this US position. It was a negotiating bid. North Korea could respond positively without accepting the proposal as it stood.

In the talks, North Korea described the US proposal as 'constructive' and said it would have to take it back to Pyongyang for 'careful consideration'.⁷⁹ It also put down some markers, in terms of energy assistance, significantly larger and more urgent than that envisaged in the US proposal, and in fact linked to the capacity of the LWR provided for under the Agreed Framework. It also signalled broadly its desire to see the US contribute to economic assistance from the outset; that is, from the point at which it pledged to freeze and ultimately dismantle its own program.

North Korea's own proposal, labelled 'reward for freeze', naturally sought to prolong the leverage of its nuclear program as far into the process as possible, so that its wish-list of demands could be locked in before it transitioned to dismantling. The duration of the freeze would hinge on how quickly and completely the US and others satisfied Pyongyang's requirements.⁸⁰ In the usual bilateral US-DPRK session within talks, North

Korea's delegation leader reiterated to Kelly that Pyongyang would test a weapon unless the US moved to engage on Pyongyang's terms.

China's concluding statement was limited to the familiar agreement in principle to hold another round by the end of September 2004, but to be preceded by a working group meeting to look into the scope, duration and verification of steps toward denuclearisation.

Official commentary immediately after the talks highlighted the fact that neither side had accepted the other's vision for a peaceful solution. On 28 June, a Foreign Ministry spokesman in Pyongyang characterised the US as still intent on disarming the DPRK first.⁸¹ Colin Powell, in Jakarta in early July for ASEAN meetings that included an informal session with his North Korean counterpart, Paek Nam Sun, was adamant that Washington would not deliver rewards until 'it was absolutely clear that (North Korea) is taking irreversible steps' on dismantlement. He also debunked the notion of an extended freeze, saying that reaching a common understanding on the components of North Korea's nuclear capability and allowing them to be verified would not take long.⁸² At the time, however, the State Department's considered assessment, as conveyed to Congress by James Kelly, was that it could not be said in July 2004 that the DPRK had made the 'strategic calculation' to give up its nuclear weapons in return for economic and other rewards.⁸³

As the June meeting receded into history without anything resembling an official response from Pyongyang to the US proposal, there were renewed signs of the policy battle in Washington. The State Department's Ron Bolton gave another speech in Seoul dismissing the notion of a negotiated freeze as a first step and arguing that the US needed North Korea to follow Libya's lead and independently declare its determination to dismantle its nuclear program before it received any rewards. This was followed by somewhat stronger language from Pyongyang on the US proposal – a 'sham offer' because it would not reward a freeze but required North Korea to be disarmed and inspected first.⁸⁴ Again, however, these comments came from a Foreign Ministry spokesman and were not clearly the government's definitive view. Indeed, in criticising the US position, the spokesman skilfully muddied the waters by referring to the 'landmark proposal made by the United States'. It was noteworthy, however, that, by this time, the absence of positive support for the US proposal from Japan and South Korea added to the earlier expressions of disappointment by China and Russia. Pyongyang would not have sensed any collective pressure to provide a considered response to the US proposal.

From about this time, all signs of momentum ceased, confirming judgements that North Korea (and the US) preferred to await the outcome of the US elections and making unlikely a fourth round of talks in September 2004.

North Korea was angered by a bill, passed unanimously by the US House of Representatives in late July, but subject to Senate approval, that would allow North Koreans to seek asylum in the US. It was embarrassed a week later when Seoul repatriated 460 North Korean defectors from a camp in Vietnam. Unsurprisingly, it linked these developments into a conspiracy.⁸⁵

Australia's Foreign Minister, Alexander Downer, visited Pyongyang on 18 August in a fruitless attempt to inject new momentum into the 6-party process. His hosts declined even to confirm an intention in principle to attend the next round and, elsewhere, North Korean officials deferred the meeting of the working group from late August to early September at the earliest.⁸⁶ The outlook for a September 2004 round of talks dimmed further when President Bush described Kim Jong-il as a 'tyrant' in a campaign speech in late August. Pyongyang returned the epithet with interest, describing the President as 'an imbecile, ignorant, a tyrant and a man-killer'.⁸⁷

Taking Stock

What are the important lessons to be drawn from events over the two years since the present crisis erupted in October 2002? To start with, let's break the answer down to what this experience has revealed about the positions of the three major players – the US, the DPRK, and China.

United States

It made good sense for the US to respond relatively passively at first to North Korea's strident claims that it was reacting to a new hostility in Washington and, indeed, to an imminent threat of attack. The Bush administration did want to approach Pyongyang in a radically different way from its predecessor. Unfortunately, as one observer remarked, North Korea is a land of 'lousy options' and no viable alternatives emerged from its policy review in the first half of 2001 other than to be more distant and disdainful, and to foreshadow that any future engagement would be conducted in a broader and more demanding context. After 11 September 2001, Pyongyang slid even further down the priority list. It was included in the 'axis of evil' in January 2002 as much to soften the impression of a campaign against Islam as to signal that it ranked alongside Iraq and Iran as a likely source of the intersection of technology (WMD) and international terrorism. Still, inclusion in this axis, when Washington's official position

was still that the Agreed Framework was in place and being broadly complied with and implemented, would have shocked Pyongyang. It would also have told the North Korean leadership that exposure of its HEU program was probably not far off.

Washington's insistence on collective bargaining also made good sense. It preserved bilateral talks with the US as a privilege that North Korea would have to earn. It brought inside the tent all the states that (1) had a major stake in the outcome; (2) would have to be a major part of any solution; or (3) could become part of the problem, particularly if they were freelancing on the outside. China was the main target. It 'knew' North Korea better than anyone else, and was the only state with real economic leverage on Pyongyang. China was reluctant. Playing an overt role and assuming a measure of direct responsibility for the outcome was not Beijing's style. As speculated earlier, Beijing jumped in because it was concerned that Pyongyang's high-risk strategy and the powerful neocon faction in Washington might combine to produce bad outcomes for China. In addition, China in 2003, an essentially declared aspirant for regional leadership and perceived in the region as responsible in important ways for what North Korea had become, had little choice politically. Japan and South Korea were more eager participants. Each had vital national interests at stake and, as the 1994 Agreed Framework demonstrated, each would be expected to finance a major part of the incentives to get North Korea to an agreement. Russia, finally, welcomed being relevant to a core issue in Northeast Asian affairs. Its inclusion was also positive in that it balanced the group, giving Pyongyang a further measure of reassurance, as well as giving Beijing a bit of competition in its role as broker.

A further consideration shaping Washington's approach was that if the negotiations failed, what then? This dimension of the issue is not often exposed in expert commentary. The US has studiously avoided any references, let alone threatening references, to the option of resolving the issue by force. Even without the strain of Afghanistan and Iraq, war on the Korean peninsula is a deeply unattractive option. Equally, however, if the negotiations proved fruitless, Washington could hardly say that was the end of the matter. This consideration, which falls singularly on Washington's shoulders, puts a further premium on trying to establish with high confidence that a negotiated solution is within reach, rather than launching into negotiations to see what emerges.

These positive and/or understandable aspects of the US approach are offset by the strong evidence that the administration could not in fact agree that the US should seek a negotiated settlement. To this point, the most

intensive negotiations on North Korea have taken place within the Bush administration. The hardliners, led by Vice-President Cheney but licensed indirectly by the President's expressed distaste for Kim Jong-il, seek regime change in Pyongyang. They have been unable to outline a credible course of action that would bring this about but, equally, they have been determined to ensure that this objective was not sidelined by a commitment to negotiations and, implicitly, to the survival of the regime in Pyongyang. The outcome has been a draw or a stalemate. US delegations have participated in the talks, but only to present positions tantamount to North Korea's capitulation. They have not been authorised to actually negotiate; that is, to tease out North Korea's position, or to explore the trade-offs that Pyongyang might find attractive. And the White House rather than the State Department has policed adherence to this position.

DPRK

Pyongyang has been characteristically maddening as a negotiating partner – presumptuous, petulant, cavalier, and shameless are a few terms that spring to mind. There is almost certainly a deeper undercurrent at work in the negotiations: a sense of resentment at having to deal with Pyongyang. The country has an appalling record of abuse and neglect of its own citizens, and of aggressive disdain for its neighbour, including acts of terrorism and kidnapping. It has done little or nothing economically or politically to arrest its slide into destitution. Nothing, that is, except to bring itself to the edge of a nuclear weapon capability while still supporting massive conventional forces. It is probably fair to say that none of the five states engaging Pyongyang feel that the regime *deserves* a break. Four of these five states, however, seem to accept that giving Pyongyang a break is much the lesser evil. Only the US remains loath to fully concede that the option of direct regime change is not viable.

It must still be said that Pyongyang has displayed considerable skill and resourcefulness, particularly in playing on the multiple fronts (including two in Washington) that the 6-party process has imposed on everyone. Thus far, while it has stressed all of these relationships, Pyongyang has managed to keep all the other players engaged.

Pyongyang's behaviour confirms that it sees the outcome of the crisis as a defining moment or turning point in the history of the DPRK. Whether it seeks nuclear weapons with the fundamental intent of keeping them, and whether it is confident that it can complete its transition to the status of a nuclear weapon state within a reasonable timeframe (say, 5 years), remains ultimately uncertain. At the same time, what the record of the past 15 years

suggests to this observer is that, beyond possibly significant technological and financial limitations on its ability to do so, Pyongyang harbours profound doubts about the wisdom of crossing the line and becoming a declared nuclear weapon state. In other words, Pyongyang is possessive of the leverage its nuclear program has provided but ambivalent about exercising the option that this effort may have given it. What this suggests is that Pyongyang is amenable to persuasion that the alternative to becoming a nuclear weapon state is the more certainly advantageous course to take, and that it has not engaged in the talks simply to buy time to put its nuclear capability beyond reach.

China

China recognises that its central role is to be a sympathetic neighbour and to try to keep Pyongyang reassured that talks and negotiations will not put its core interests at risk but could in fact advance them. Beijing has been diligent in fulfilling this role even though the circumstances have frequently been testing. Beijing, of course, is also a player in the talks, with its own interests to protect and advance. This dual function means that determining China's national stance is not straightforward because it requires making judgements on which function particular Chinese positions are intended to serve. That said, there is little doubt that China shares the view that dissuading Pyongyang from making an irrevocable commitment to nuclear weapons is an absolute imperative, or close to it. There is also little doubt that Beijing accepts that Pyongyang bears significant, perhaps even the greater, responsibility for the still finely-balanced state of the talks, and that some of its negotiating ploys have been in defiance of Beijing's counsel. The exasperated references to Pyongyang's singular (and inexplicable) logic, coupled with commentary from academics close to the government that regime change in Pyongyang could also become a Chinese interest, point rather clearly in this direction. At the same time, Beijing seems to be aware that one of the motives for the policy deadlock in Washington is to see the negotiating track exposed as a dead-end, opening the way for a more coercive posture. At this stage at least, Beijing is determined not to be an agent of such stratagems and has been fully prepared to make this clear to Washington.

Where to from here?

We have a small, fundamentally mysterious, impoverished, and over-armed state taking on the world's super state and several significant regional powers, each with their own mix of interests and concerns, over an issue that could have profound and far-reaching implications for the security of

East Asia. The complexity of the issue is reflected in the range of assessments on the essential character of the crisis and on the central parameters of dealing with it.

Some observers are convinced that Kim Jong-il is committed to a nuclear capability, and negotiating only to buy time or, perhaps, to explore the scope for being rewarded for limiting but not abandoning this capability.⁸⁸ Pyongyang's contention that it needs a nuclear deterrent in order to reduce the economic burden of its conventional forces might have been a pointer in this direction. This view leads to recommendations on learning how to live with a nuclear-armed North Korea, but typically also to a coercive posture designed to encourage the early 'implosion' of the regime in Pyongyang. This view also puts a premium on containing Pyongyang economically, and being in a position to use force if it seeks to break out and cross specified red lines. The outcome of a war on the Korean peninsula may not be in doubt but it is a most unattractive option. It could not be made remotely 'surgical' by the standards to which we have become accustomed in Kosovo, Kuwait, Afghanistan and Iraq. Not for the US, and certainly not for South Korea. Further, of course, war characteristically engenders unintended and unexpected consequences. Additional disincentives come in the form of who might be dragged in (China?), or who might be tempted to capitalise on the confusion and distraction (Taiwan?), leading to a wider war. Still, it is a near certainty that nothing would stay America's hand if it came to the view that Pyongyang might pass weapons or fissile material to other parties.⁸⁹

A variant on this line of thinking contends, as we have above, that Kim Jong-il is not committed to nuclear weapons and that there is a significant element of bluff and posturing in his threat to cross the line. This view goes on to argue that, in contrast to Saddam Hussein, he is risk averse, so that a credible demonstration of intent to resolve the issue by force will see him blink and take the deal that leaves him in power. Indeed, a credible US-led escalation of the dispute may be necessary to preclude the temptation to string things out to see if the pot is sweetened even further.⁹⁰

Among those inclined to the view that a negotiated solution is possible, or must at least be earnestly attempted, there are significant differences on what the decisive elements of a deal are, and on how these elements might be integrated or sequenced. Some contend that stopping North Korea's nuclear program is the first priority and that the negotiations should be tightly focused on this objective, deferring other desirable objectives like reductions in conventional forces, and economic and political transformation.⁹¹ Others see the deadlock in the negotiations as sufficient

reason to look further afield for an opening into an agreement. One proposal, for example, has posited rewards in return for reductions in North Korea's conventional forces as the linchpin of a deal, with complete dismantlement of the nuclear program deferred until this process is well advanced.⁹²

The author's own initial evaluation of the crisis early in 2003 saw a fundamental choice for Washington between two alternatives. One was to stoop down and arm-wrestle with Pyongyang, paying a lot of attention to who blinked first, and attaching high importance to the signals being sent on such matters as reward for 'blackmail' and the respect that flowed from a nuclear weapon capability. The other was to deal 'magnificently' with Pyongyang from the vantage point of the most powerful state the world has ever seen looking upon a very small actor on the verge of failure as a state. This approach would have the US lead promptly with a comprehensively generous proposal, but one that provides fully for confidence that North Korea's nuclear program had been and would remain terminated.⁹³ This latter approach still has merit but the additional history from the course of the crisis, including the episodic talks, now needs to be taken into account.

There is little doubt that Pyongyang's pre-eminent objective is legitimacy and acceptance. Its former socialist family has disappeared, or transformed beyond recognition and moved on, disowning Pyongyang in the process. Legitimacy and acceptance was missing from the first deal, the Agreed Framework. Pyongyang got a good deal on paper but the spirit of implementation was that of a death watch. It was hoped and expected that the regime would not survive either to see the end results or to oversee the following stage of dismantling its nuclear weapon program. This attitude was not confined to the US. The Perry review in 1999 concluded, seemingly without dispute, that this attitude extended to South Korea, Japan and very probably China. The Clinton administration made a belated effort to respond to this assessment, intensifying the missile talks, sending Secretary of State Albright to Pyongyang, and openly considering a Presidential visit. South Korea launched its 'sunshine policy', although motivated as much by the frightening economics of reunification as by remorse for expecting North Korea to implode.

Whatever the prospects of salvaging the situation may have been, North Korea's decision to prepare to re-visit the deal through adding a HEU program to its frozen but intact plutonium facilities, and the arrival in Washington of an administration with no inclination to disguise its preference for regime change, reduced those prospects to zero.

Pyongyang is again demanding admittance, as is, to the post-Cold War society of states. Looked at one way, this is a demand that sticks in the

throat, and not just in US throats. North Korea has done essentially nothing positive to deserve this privilege. But it can be looked at in another way. Granting North Korea admittance to the society of states could be the surest way, other than war, of imposing change on the regime. Moreover, whatever the terms of the deal, it would be far less costly than war.

Legitimacy and acceptance are codified in the following: (1) ending the state of war that technically still exists between the US and the DPRK; (2) the establishment of diplomatic relations; (3) removing implicit or explicit threats to use force (provided Pyongyang itself abides by the relevant international laws and conventions); (4) the lifting of sanctions; and (5) removing North Korea from the list of states that sponsor terror. This is the core basket of issues. The other dimensions of the deal – the verified and permanent dismantlement of North Korea’s nuclear facilities, and the provision of development assistance focused on energy and agriculture – are technical by comparison. If North Korea can be persuaded that it is being given a genuine opportunity to carve out a future for itself within the community of states, the other components of the deal will fall into place more readily.

This perspective on the crisis supports keeping the initial deal focused as carefully as possible on the nuclear issue. It is tempting to fold a number of other issues into the initial deal: chemical and biological weapons, the size and disposition of conventional forces, the development and export of ballistic missiles, and some form of association between North and South Korea. These issues all have merit, and all of them have to be addressed sooner rather than later if the Korean peninsula is to be made truly stable and peaceful. Including them from the outset, on the other hand, would complicate and prolong the negotiations, and the timeframe for implementation (including for nuclear dismantlement) would stretch out over several years at a minimum. Moreover, attempting to prescribe North Korea’s future in detail from the outset would clash with the primary reward Pyongyang seeks – the opportunity to chart its own course as a state with normal relations with its neighbours. The wiser course, it would seem, is to first erase nuclear weapons from the equation and tackle the other questions as Pyongyang and the citizens of North Korea get a taste for being connected to the world.

Even if the approach recommended here is followed; that is, to respond fulsomely to Pyongyang’s wish for legitimacy and acceptance, and to focus the initial deal on denuclearisation, the earlier account of the talks to date exposed another likely stumbling block. The US (and to varying degrees the other participants) seeks an early and definitive end to Pyongyang’s nuclear program. Pyongyang, however, lacking any other sources of leverage, is

equally determined to retain some elements of this program until the deal is fully consummated. Front loading a proposal with measures that address the dimension of legitimacy and acceptance will ease this tension, but there is a further step that may prove very persuasive.

The US has ruled out providing security assurances in treaty form; that is, in a form that would require the advice and consent of the US Senate to become US law. This is understandable, both as a bridge too far, given the history of US-DPRK relations, and because such an undertaking would be difficult to reconcile with the security obligations the US has to South Korea and Japan. What the US could think about, however, is to put its other undertakings to Pyongyang – development of the energy and perhaps agricultural sectors; and presumably retraining of the nuclear workforce – into an act of Congress. This would send Pyongyang a powerful signal that Washington will deliver on its commitments and that it has no expectations or serious hopes that the regime will not be in place to receive them.

Combining this approach to the proposals already tabled in the talks would yield a sequence of steps along the following lines:

Stage 1

- North Korea declares its willingness to dismantle its nuclear program and provides a comprehensive account of the facilities and their location;
- Shipments of heavy fuel oil for power generation resume;
- North Korea is given interim multilateral security assurances by the other participants;
- North Korea and the US open 'interest sections' in respective capitals to facilitate detailed negotiations on the assistance the US will provide.

Stage 2

- Over a period not exceeding six months, North Korea's declaration is verified, and the facilities frozen and placed under surveillance.

Stage 3

- North Korea receives formal multilateral security assurances;
- US obligations on assistance to North Korea, the lifting of sanctions, and removing North Korea from the list of state sponsors of terror are set out in an act of Congress;
- Dismantlement begins.

Stage 4

- The US and North Korea establish full diplomatic relations when dismantlement has been completed.

Conclusions

North Korea has been an angry dictatorship for as long as anyone can remember. Over the past 15 years or so, in total defiance of the forces of globalisation, it has also become perhaps the loneliest country on the planet. It now wants honourable admittance to the post-Cold War society of states and is using the threat to acquire nuclear weapons as its sole argument to secure the agreement of those that matter.

This is an unusual way of doing business and everyone's first instinct is to tell Pyongyang that it has everything back to front. What Pyongyang seeks is a privilege that comes with a host of responsibilities attached, responsibilities that for all practical purposes it has never met. North Korea, on the other hand, is an unusual place. It is a creature of the Cold War; that is, in substantial measure it is a creature created by the former Soviet Union, China and the United States. Moreover, this creature, a small but highly militarised fossil, was cut adrift when the Cold War ended. North Korea's political system is almost the antithesis of that likely to produce statesmanship and far-sighted reassessments of national goals and the means of achieving them. We should not be all that surprised that, faced with widespread expectations that it would simply go away, North Korea looked to its only comparative advantage – generating a military threat – to confound these expectations.

At the present time, the creativity and statesmanship needed to give North Korea an alternative future has to come from the outside. There are some good, hard reasons to look beyond what 'should' happen and consider what can be made to happen down the line. For one thing, we know from the Korean War that North Korea's armed forces and the peninsula's terrain make a military solution extremely unattractive. Modern technology will make a big difference and the outcome all but certain, but it is likely to be a very, very costly campaign. For another, for all the doubts about whether it has acquired a small nuclear arsenal, this is now a possibility that cannot be discounted. And it would be a brave strategist who argued that Pyongyang could reliably be prevented or deterred from using them.

It should also be borne in mind that the powers currently engaging North Korea all undermined the potential of the Agreed Framework to lead to the eventual dismantlement of its nuclear program by assuming the regime's imminent demise. Further, Pyongyang's contention that it faced a gathering threat of regime change by force cannot be entirely dismissed as paranoia or convenient fabrication.

Giving Pyongyang a face-saving exit may seem totally undeserved, but the alternatives are lousy. Fortunately, Pyongyang's options are no more attractive. Military aggression would be suicidal. The regime, in my view, is clearly profoundly ambivalent about the capacity of overt nuclear weapon status to give a more secure long term outlook. The country cannot become less modern or more stagnant, and even a totalitarian regime will be concerned that the people may find the hardships unendurable.

Looking at what is likely to happen in North Korea after a deal on nuclear weapons has a lot going for it. The effects of inspections and subsequent monitoring, the sustained delivery of development assistance, the re-training of the nuclear workforce, and of normal diplomatic and economic relations with the US, Japan and South Korea, are likely to be quite dramatic. That is an outcome worth aspiring to, even at the cost of awarding Pyongyang a status it has yet to deserve.

Revamping the current embryonic proposal to make more clear at the outset that Pyongyang will get the trappings of legitimacy and acceptance entails no compromise on the thorough and enduring dismantlement of its nuclear weapon capacities. It does involve making some difficult political concessions on the basis of a reasonable expectation that these concessions will be rewarded through developments that flow from the agreement but are not part of it.

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ANNEX 1

AGREED FRAMEWORK BETWEEN THE UNITED STATES OF AMERICA AND THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA

Geneva, October 21, 1994

Delegations of the governments of the United States of America (U.S.) and the Democratic People's Republic of Korea (DPRK) held talks in Geneva from September 23 to October 21, 1994, to negotiate an overall resolution of the nuclear issue on the Korean Peninsula.

Both sides reaffirmed the importance of attaining the objectives contained in the August 12, 1994 Agreed Statement between the U.S. and the DPRK and upholding the principles of the June 11, 1993 Joint Statement of the U.S. and the DPRK to achieve peace and security on a nuclear-free Korean peninsula. The U.S. and the DPRK decided to take the following actions for the resolution of the nuclear issue:

- I. Both sides will cooperate to replace the DPRK's graphite-moderated reactors and related facilities with light-water reactor (LWR) power plants.
 - 1) In accordance with the October 20, 1994 letter of assurance from the U.S. President, the U.S. will undertake to make arrangements for the provision to the DPRK of a LWR project with a total generating capacity of approximately 2,000 MW(e) by a target date of 2003.
 - The U.S. will organize under its leadership an international consortium to finance and supply the LWR project to be provided to the DPRK. The U.S., representing the international consortium, will serve as the principal point of contact with the DPRK for the LWR project.
 - The U.S., representing the consortium, will make best efforts to secure the conclusion of a supply contract with the DPRK within six months of the date of this Document for the provision of the LWR project. Contract talks will begin as soon as possible after the date of this Document.
 - As necessary, the U.S. and the DPRK will conclude a bilateral agreement for cooperation in the field of peaceful uses of nuclear energy.

2) In accordance with the October 20, 1994 letter of assurance from the U.S. President, the U.S., representing the consortium, will make arrangements to offset the energy foregone due to the freeze of the DPRK's graphite-moderated reactors and related facilities, pending completion of the first LWR unit.

- Alternative energy will be provided in the form of heavy oil for heating and electricity production.
- Deliveries of heavy oil will begin within three months of the date of this Document and will reach a rate of 500,000 tons annually, in accordance with an agreed schedule of deliveries.

3) Upon receipt of U.S. assurances for the provision of LWR's and for arrangements for interim energy alternatives, the DPRK will freeze its graphite-moderated reactors and related facilities and will eventually dismantle these reactors and related facilities.

- The freeze on the DPRK's graphite-moderated reactors and related facilities will be fully implemented within one month of the date of this Document. During this one-month period, and throughout the freeze, the International Atomic Energy Agency (IAEA) will be allowed to monitor this freeze, and the DPRK will provide full cooperation to the IAEA for this purpose.
- Dismantlement of the DPRK's graphite-moderated reactors and related facilities will be completed when the LWR project is completed.
- The U.S. and the DPRK will cooperate in finding a method to store safely the spent fuel from the 5 MW(e) experimental reactor during the construction of the LWR project, and to dispose of the fuel in a safe manner that does not involve reprocessing in the DPRK.

4) As soon as possible after the date of this document U.S. and DPRK experts will hold two sets of experts talks.

- At one set of talks, experts will discuss issues related to alternative energy and the replacement of the graphite-moderated reactor program with the LWR project.
- At the other set of talks, experts will discuss specific arrangements for spent fuel storage and ultimate disposition.

II. The two sides will move toward full normalization of political and economic relations.

1) Within three months of the date of this Document, both sides will reduce barriers to trade and investment, including restrictions on telecommunications services and financial transactions.

- 2) Each side will open a liaison office in the other's capital following resolution of consular and other technical issues through expert level discussions.
 - 3) As progress is made on issues of concern to each side, the U.S. and the DPRK will upgrade bilateral relations to the Ambassadorial level.
- III. Both sides will work together for peace and security on a nuclear-free Korean peninsula.
- 1) The U.S. will provide formal assurances to the DPRK, against the threat or use of nuclear weapons by the U.S.
 - 2) The DPRK will consistently take steps to implement the North-South Joint Declaration on the Denuclearization of the Korean Peninsula.
 - 3) The DPRK will engage in North-South dialogue, as this Agreed Framework will help create an atmosphere that promotes such dialogue.
- IV. Both sides will work together to strengthen the international nuclear non proliferation regime.
- 1) The DPRK will remain a party to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and will allow implementation of its safeguards agreement under the Treaty.
 - 2) Upon conclusion of the supply contract for the provision of the LWR project, ad hoc and routine inspections will resume under the DPRK's safeguards agreement with the IAEA with respect to the facilities not subject to the freeze. Pending conclusion of the supply contract, inspections required by the IAEA for the continuity of safeguards will continue at the facilities not subject to the freeze.
 - 3) When a significant portion of the LWR project is completed, but before delivery of key nuclear components, the DPRK will come into full compliance with its safeguards agreement with the IAEA (INFCIRC/403), including taking all steps that may be deemed necessary by the IAEA, following consultations with the Agency with regard to verifying the accuracy and completeness of the DPRK's initial report on all nuclear material in the DPRK.

Robert L. Gallucci
Head of Delegation of the
United States of America,
Ambassador at Large of the
United States of America

Kang Sok Ju
Head of the Delegation of the
Democratic People's Republic of Korea
First Vice-Minister of Foreign Affairs of the
Democratic People's Republic of Korea

Source: Department of State

[Arms Control Association website: <http://www.armscontrol.org/documents/af.asp?print>; accessed October 2004]

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