

U.S.-Korea Relations:

Now You See 'Em, Now You Don't: Elusive Six-Party Talks

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Looking toward a second round of six-party talks in mid-December, the U.S., South Korea, and Japan sparred with North Korea this quarter over the content of an agreed joint statement for the negotiations. Despite President George Bush's willingness to provide written multilateral security assurances and other unspecified benefits to North Korea in exchange for "coordinated steps" toward nuclear *dismantlement*, Pyongyang stuck to its familiar approach. North Korea offered merely to *freeze* its nuclear program if the U.S. offered security assurances, an end to sanctions, energy assistance, and removal from the U.S. terrorist list at the outset. After President Bush rejected North Korea's effort to negotiate a new version of the 1994 Geneva Agreement, the possibility of a December round of the six-party talks evaporated.

At the end of the quarter, the U.S. announced it would send 60,000 metric tons of food aid to North Korea as a humanitarian gesture and looked forward to a new round of talks in early 2004. For its part, North Korea confirmed on Dec. 27 that it would participate in a second round at an early date in 2004 "to continue the process for a peaceful solution to the nuclear issue." It now falls to China to use its diplomatic leverage to broker a joint statement for the second round of talks that will bridge the difference between the joint U.S.-South Korean-Japanese position and the North Korean position.

In order to strengthen the U.S.-Korea alliance and obtain greater influence over U.S. policy on the North Korean nuclear issue, South Korea agreed this quarter to dispatch 3,000 troops to assist U.S.-led coalition forces in Iraq. Although the official purpose of the deployment is to aid in Iraqi reconstruction, 1,400 of the troops will consist of combat forces whose mission is to protect the other members of the South Korean contingent.

In the context of overall U.S. efforts to redeploy the bulk of U.S. troops south of Seoul, the U.S. and South Korea could not agree on a plan to leave a garrison of about 1,000 U.S. troops in Seoul to man the United Nations and Combined Forces Commands. On the trade front, South Korea welcomed President Bush's decision to lift steel tariffs even as it appealed to the World Trade Organization (WTO) a decision by the

U.S. International Trade Commission to impose punitive tariffs on Hynix Corporation's semiconductor chips.

U.S. Shrugs Off North Korea's Nuclear Threats

In the weeks leading up to the Asia-Pacific Economic Cooperation (APEC) summit meeting on Oct. 20, the diplomacy surrounding the six-party talks on the nuclear issue with North Korea appeared to unravel. Ratcheting up its threats, North Korea proclaimed that it had finished processing approximately 8,000 spent nuclear fuel rods, providing it with the plutonium it needed to build a number of nuclear bombs. Pyongyang soon went a step further by announcing it was ready to demonstrate its nuclear capability, presumably by performing the test of a nuclear bomb.

On Oct. 6, North Korea attempted to undermine the diplomatic basis for the six-party talks themselves by demanding that Japan be excluded from any future rounds. This demand appeared to be a calculated effort to disrupt trilateral diplomatic coordination among the U.S., South Korea, and Japan that has effectively asserted diplomatic pressure against Pyongyang for the last several years.

For its part, the Bush administration shrugged off the North Korean reprocessing claim, questioning its credibility and downplaying its significance. In so doing, Washington attempted to diminish, as much as possible, the diplomatic leverage that Pyongyang could derive from its threat. To further underline North Korea's weakness, the U.S. quickly rejected Pyongyang's demand to exclude Japan, a position that China soon endorsed, partly out of its own need to keep China-Japan relations on a stable track.

Leading up to the APEC summit meeting, the U.S. administration stuck to its own game plan for shaping U.S.-Korea relations in general and the six-party negotiations on security issues in particular. One high priority for Washington was gaining a positive decision from Seoul on dispatching South Korean troops to Iraq to assist coalition forces.

In diplomatic exchanges before the APEC summit, South Korea told the U.S. that sending troops would be more acceptable to domestic public opinion if it was coupled with strong U.S. support for a diplomatic solution to the nuclear issue with North Korea. The U.S. appeared to accept this implicit linkage, although it is not clear that the two governments negotiated any actual bargain.

Shift in U.S. Negotiating Approach

Immediately prior to the APEC summit, President Roh announced that South Korea would send troops to Iraq to support the U.S. administration. U.S. Ambassador to South Korea Thomas Hubbard expressed gratitude to Seoul for this decision about the same time as President Bush told Japanese Prime Minister Koizumi that the U.S. administration recognized the importance of finding "ways to address North Korea's security concerns" in the six-party talks.

At the APEC summit meeting, Bush underscored Washington's continuing support for finding a diplomatic solution to the North Korean nuclear issue through the six-party talks. In recommitting the U.S. to "peacefully resolving the issue with North Korea," he offered to join China, Russia, Japan, and South Korea in providing written multilateral security assurances to Pyongyang.

This formula was something other than the bilateral "nonaggression treaty" with the United States that North Korea had earlier sought, but it would have the same practical effect. For the U.S., it represented a concession to North Korea, but in a way that strengthened the overall multilateral approach to negotiations that has become a trademark of the Bush administration. Conversely, it conveyed Washington's disapproval for any bilateral security guarantees of the kind that the Clinton administration had offered to North Korea in the past.

Both South Korea and China expressed support for President Bush's new approach. For Seoul, it represented an unambiguous U.S. endorsement of President Roh's long-standing insistence on achieving a negotiated solution to the nuclear crisis. For China, it constituted strong U.S. support for the six-party diplomatic process on which China has staked a good deal of its international prestige. Bush's statements expressed the kind of negotiating flexibility from the United States that is necessary for Beijing to successfully broker a negotiated agreement in the current talks.

North Korea's Reaction

North Korea initially scorned the change in the Bush administration approach. After conducting short-range missile tests on the day President Bush met with President Roh at APEC and on the day after, Pyongyang rejected the U.S. offer as "laughable." It appeared that this knee-jerk response was a continuation of North Korea's policy of ratcheting up its threats against the U.S., South Korea, and Japan.

When the APEC summit ended, China's parliamentary leader Wu Bangguo traveled to Pyongyang to explain the significance of President Bush's summit statement and to urge North Korea to reconsider its response. After high-level talks, at which China presumably put pressure on North Korea's leadership, North Korea suddenly changed its position. North Korea said for the first time that it was willing to "consider" President Bush's offer of written multilateral security assurances if they were based on the "intention to coexist" and the U.S. offers "simultaneous actions."

The emphasis on U.S. "intention" in the North Korean statement harkened back to its long-time demand for a declaration of "no hostile intent" from the United States. North Korea previously called for such a declaration in the context of a nonaggression treaty, but now showed some flexibility on the form of assurance it was willing to accept. So long as the "written multilateral security assurances" constituted a binding international legal obligation, they appeared to be acceptable to Pyongyang.

The insistence on “simultaneous actions” in the North Korean statement was more vague and more problematic. It referred to the “sequencing” of steps that North Korea and other countries in the six-party talks, particularly the United States, would have to take in order to resolve the crisis.

Until the October APEC meeting, the U.S. held the hardline view that North Korea would have to dismantle its entire nuclear program *before* the Bush administration would agree to provide security guarantees or any other benefits to Pyongyang. Senior officials traveling with President Bush to the APEC meeting softened this position, however, saying the U.S. could begin satisfying North Korean security concerns, once Pyongyang took some “concrete actions” to dismantle its nuclear program “on the ground.”

By its response, North Korea signaled that it expected the assurances and benefits it received to occur at the same time as it *agreed* to dismantle its nuclear facilities. This position was at odds with even the U.S. administration’s modified view, as advanced at the summit by President Bush.

Shutting Down KEDO

It appeared from President Bush’s policy statements at APEC that the moderates in his administration had gained the upper hand in determining its approach to negotiations with Pyongyang. Since the outset of the Bush presidency, moderates favoring a diplomatic settlement have been locked in an internal debate with conservative hardliners seeking the collapse of North Korea’s regime – leading to frequent policy paralysis on the issue, in the opinion of many outside observers.

The assessment of the moderates’ ascendancy proved premature, however, in light of the administration’s successful effort to press the Korean Peninsula Energy Development Organization (KEDO) to suspend its construction project for two light-water nuclear reactors in North Korea during early November. For years, U.S. hardliners severely criticized the KEDO project that the Clinton administration offered to Pyongyang in exchange for freezing its nuclear program in the 1994 Geneva Agreement.

South Korea’s unification minister quickly tried to soften the impact of the suspension by asserting it would only last for a year. But Ambassador Hubbard confirmed in mid-November that the U.S. would not revive the KEDO project, even if North Korea dismantles its nuclear program.

Preparing for the Next Round of Six-Party Talks

The tension between Bush administration moderates and conservatives continued into December in debates over the proposed joint statement that the U.S. would present for the second round of six-party talks on the nuclear issue with North Korea. The U.S. hoped to meet in mid-December in Beijing and timed the process for developing its proposal with that date and venue in mind.

After initially rejecting a draft Chinese joint statement as too generous to North Korea, the U.S. administration proposed a series of “coordinated steps” that would provide North Korea with written multilateral security assurances as North Korea progressively meets its obligations to dismantle its nuclear facilities. Influenced by its conservative wing, the administration apparently resisted pressure from South Korea to include explicitly any of the other benefits that North Korea had requested, including economic aid and removal from the U.S. terrorist list.

Once South Korea and Japan approved the text of the joint statement, it was transmitted to China for delivery to North Korea. Pyongyang initially responded by criticizing the trilateral proposal and offering its own version of the joint statement. North Korea’s Foreign Ministry called the trilateral proposal “greatly disappointing” because its purpose was to “completely eliminate our nuclear deterrent force by giving just a piece of paper called ‘written security assurances’” which was “no more than a commitment.”

Instead, North Korea called for the U.S. and other countries to immediately provide security assurances, energy assistance, and removal from the terrorist list in exchange for a “freeze” of its nuclear program. In doing so, North Korea reverted to the same pattern of diplomacy it used to obtain the 1994 Geneva Agreement.

Meeting with Chinese Premier Wen Jiabao at the White House on Dec. 9, President Bush summarily rejected the North Korean counter-proposal, saying that, “the goal of the United States is not for a freeze of the nuclear program. The goal is to dismantle a nuclear weapons program in a verifiable and irreversible way.” A few days later, North Korea formally rejected the U.S., South Korean, and Japanese proposed joint statement.

At the U.S.-China talks, President Bush offered Chinese Premier Wen Jiabao a U.S. statement strongly criticizing Taiwan’s President Chen Shui-bian for Chen’s alleged willingness “to make decisions unilaterally to change the status quo, which we oppose.” In retrospect, perhaps one effect of this statement – and the ensuing improvement in U.S.-China security relations – will be to encourage China to assert pressure on North Korea to begin dismantling its nuclear facilities.

Whether China does in fact bring North Korea to the negotiating table with an offer that is acceptable to the U.S. and its allies remains to be seen. U.S. Deputy Secretary of State Richard Armitage said in late December that the U.S. hopes “for an early resumption of talks sometime in January.” He made this statement about the same time as the State Department announced the U.S. will send 60,000 metric tons of food aid to North Korea to help avert hunger and starvation, a decision presumably supported by administration moderates who want to send a positive signal to Pyongyang. For its part, North Korea confirmed to a visiting Chinese diplomat on Dec. 27 that it was willing, in principle to hold another round of six-party talks in early 2004.

South Korea's Decision to Dispatch Troops to Iraq

After months of internal deliberations, the South Korean government decided in mid-December to send approximately 3,000 troops to Iraq to support the U.S.-led coalition. Although President Roh gave his commitment on Oct. 20 to President Bush that South Korea would dispatch additional troops to Iraq (beyond the 400 medical and engineering troops already there), he left open the “size, type, and form of the troops as well as the timing of the dispatch.” In the intervening period, Roh and his National Security Council weighed the nature of the dispatch in light of both the U.S.-Korea alliance and domestic Korean public opinion, which was heavily opposed to sending troops.

The deployment announced in mid-December will give South Korean troops an independent command and responsibility for a defined geographic area in northern Iraq. The troops' specific goal will be to conduct reconstruction projects and provide training on security-related matters. Some 1,400 combat-ready members of South Korea's special forces or marines will guard a perimeter within which the other South Korean troops operate. Once approved by the National Assembly, the actual deployment is expected to occur in early April 2004.

By emphasizing that the mission of the combat troops is to guarantee the safety of the forces engaged in reconstruction, Seoul hopes to stave off anti-Korean sentiment and terrorist attacks from Iraqis. The Blue House also found this formula appealing because it is more politically acceptable to the South Korean public than any other.

Difficult Negotiations over Relocating U.S. Troops

At the 35th session of the Republic of Korea-United States Security Consultative Meeting (SCM) on Nov. 17, South Korean Defense Minister Cho Young-gil and U.S. Secretary of Defense Donald Rumsfeld officially endorsed the transfer of 10 military missions from U.S. to South Korean forces. These missions include countering North Korean artillery, laying minefields, conducting decontamination operations against chemical or biological attack, and deterring North Korean naval infiltration.

More broadly, the defense ministers discussed plans to re-align U.S. forces within South Korea by moving them away from the Demilitarized Zone (DMZ) and the Seoul area to more southern locations within South Korea. Both governments had hoped to announce at the SCM an agreement on the residual deployment of approximately 1,000 troops in Seoul to support the United Nations Command and the Combined Forces Command. But they could not reach agreement during the quarter on this sensitive issue.

The major point of dispute concerned the amount of land that would be allocated to the U.S. forces remaining in Seoul. The U.S. sought approximately 110 hectares of land, about 34 percent of the area it currently occupies at Yongsan army base in Seoul, while South Korea offered approximately 67 hectares. The U.S. rejected the South Korean offer as too small. Under pressure from political conservatives in the National Assembly, who want to keep a U.S. security presence in Seoul, Korea raised its offer to

approximately 80 hectares. But the U.S. Forces Command also found this amount insufficient. At the end of the quarter, it appeared that the dispute over the garrisoning of U.S. troops in Seoul would not be resolved until after the South Korean elections in April 2004.

South Korea Welcomes Bush Decision on Steel Tariffs

In early December, South Korea's Foreign Ministry welcomed President Bush's decision to lift the "safeguard" tariffs on imported steel that the U.S. imposed in the spring of 2002. As a result of the tariffs, South Korea's exports of 13 steel products to the United States dropped approximately 54 percent, from \$650 million in 2002 to \$300 million in 2002. These exports are expected to drop even further to the \$200 million level in 2003.

Ironically, South Korea's steel companies now generally consider the U.S. market less attractive than in the past due to high logistics costs. Instead, the South Korean steel companies are concentrating on meeting the needs of the flourishing China market. China is now South Korea's single largest steel export market, accounting for 38.6 percent of South Korea's total outbound steel shipments, an increase from 27.2 percent in 2001. By contrast, the U.S. market in 2003 only absorbed approximately 6.1 percent of South Korea's steel exports, down from 15.4 percent in 2001.

In light of the increased focus on sales to China, South Korean steel industry sources indicate that President Bush's decision to abandon safeguards will not significantly boost South Korea's steel exports to the United States. However the Foreign Ministry said it expects steel exports to the U.S. will gradually recover to their previous levels, beginning in 2004.

In reaction to the controversial July 2003 U.S. International Trade Commission ruling to impose tariff penalties on the exports of Hynix Corporation's semiconductor chips, the South Korean government appealed to the WTO in late November. The WTO is expected to form a dispute settlement panel in early January 2004. In the context of a six-month long WTO investigation, the U.S. and South Korea will attempt to reach a negotiated resolution of the issue.

Prospects

Unless China uses its diplomatic leverage with North Korea and the United States, it is not likely that the six-party talks will proceed smoothly in early 2004. The impasse in negotiations that arose during December was largely foreseeable. North Korea offered a new version of the 1994 Geneva Agreement – trading a freeze in its nuclear program for various material benefits – while the U.S. (with agreement from South Korea and Japan) insisted on initial dismantlement of North Korea's nuclear facilities in exchange for multilateral security assurances. Each side found the other's offer unacceptable.

At this point, there is considerable room for China's expert and experienced diplomats to develop a compromise. North Korea now appears more willing to accept the multilateral

security assurances that President Bush offered in lieu of a “nonaggression treaty” at the APEC summit and is willing to contemplate a “package” agreement with several stages. The U.S. is now ready to provide security assurances (in multilateral form) and other benefits Pyongyang seeks, once North Korea takes some concrete action toward dismantling its nuclear facilities.

If China provides assurances and benefits of its own to Pyongyang (accompanied by the threat of unpleasant consequences if North Korea does not comply), it could induce North Korea to agree to a sequencing of nuclear dismantlement that would be acceptable to the United States. Even if the result of this negotiation were less than optimal from the U.S. standpoint, the Chinese government would likely obtain U.S. acquiescence by showing that China had done its utmost under the current circumstances. Now that President Bush, in his meeting with Chinese Premier Wen Jiabao, has tilted decisively toward China on the Taiwan issue, China has good reason to pursue this course.

Chronology of U.S.-Korea Relations October-December 2003

Oct. 1, 2003: U.S. requests South Korean troops to replace 101st airborne division in Mosul area of Iraq.

Oct. 2, 2003: DPRK claims to have successfully finished the reprocessing of some 8,000 spent fuel rods, states “We (have) no intention of transferring any means of that nuclear deterrence to other countries.”

Oct. 7, 2003: North Korea demands that Japan be excluded from future rounds of six-party talks; U.S. rejects the North Korean demand.

Oct. 13, 2003: North Korea strongly criticizes U.S. for efforts to impose international sanctions and maritime monitoring of North Korean shipments; U.S., Japan, and South Korea meet to discuss future of KEDO project.

Oct. 16, 2003: North Korean announces it is ready to demonstrate its nuclear capability.

Oct. 18, 2003: Ambassador Hubbard expresses U.S. gratitude to South Korean government for decision to dispatch troops to Iraq.

Oct. 20, 2003: President Bush and President Roh meet at APEC summit. North Korea test fires a short-range missile.

Oct. 21, 2003: North Korea rejects U.S. offer of written multilateral security assurances, calling it “laughable”; North Korea test fires another short-range missile.

Oct. 25, 2003: North Korea says it is willing to accept President Bush's offer of security assurances if they are based on the "intention to coexist" and the U.S. offers "simultaneous actions."

Oct. 29, 2003: South Korean navy patrol boat fires shots at North Korean fishing boat that crossed Northern Limit Line (NLL).

Nov. 2, 2003: Ambassador Hubbard reaffirms that U.S. will give written multilateral security assurances to North Korea and may accept package deal regarding nuclear issue.

Nov. 4, 2003: KEDO decides to suspend light-water reactor project for one year.

Nov. 6, 2003: South Korea's Unification Minister Jeong says KEDO light-water reactor project will resume in a year, following suspension.

Nov. 8, 2003: State Department spokesman expresses confidence in early resumption of six-party talks with North Korea.

Nov. 13, 2003: Presidential Spokesman Yoon Tae-young says Korea will send no more than 3,000 troops to Iraq to assist the U.S.

Nov. 13, 2003: Ambassador Hubbard says U.S. will not revive KEDO project even if North Korea dismantles its nuclear program. President Roh says South Korean government "is in middle of decision-making process" on dispatching troops to Iraq and may send more than 5,000.

Nov. 15, 2003: North Korea says it is willing to give up "in practice" its nuclear program if the U.S. drops its "hostile policy."

Nov. 17, 2003: Defense Secretaries Rumsfeld and Cho complete 35th Annual U.S.-ROK Security Consultative Meeting in Seoul.

Nov. 19, 2003: Assistant Secretary James Kelly meets with South Korean officials to discuss six-party talks.

Nov. 21, 2003: KEDO's executive board officially declares one-year suspension of \$4.6 billion nuclear power plant project in DPRK beginning Dec. 1.

Nov. 23, 2003: North Korean patrol boat briefly crosses NLL.

Nov. 25, 2003: Ambassador Hubbard says U.S. will move its command and UN Forces Command out of Seoul, while denying any diversion of South Korea-based troops to Iraq.

Nov. 30, 2003: Two South Korean civilian contractors are killed in Iraq.

Dec. 4, 2003: U.S. lifts safeguard tariffs on South Korean and other steel imports.

Dec. 7, 2003: U.S., Japan, and South Korea reportedly reach agreement on joint statement for ending North Korean nuclear program.

Dec. 8, 2003: North Korea says it will freeze its nuclear program in exchange for removal from U.S. terrorism list, end of U.S. sanctions, and energy assistance.

Dec. 9, 2003: President Bush rejects North Korea's proposal.

Dec. 15, 2003: North Korea formally rejects U.S., Japanese, and South Korean proposal for ending its nuclear program.

Dec. 16, 2003: Foreign Minister Yoon says six-party talks are not likely in December.

Dec. 17, 2003: President Roh announces that the ROK will send 3,000 troops, including 1,400 combat soldiers, to assist coalition forces in Iraq.

Dec. 22, 2003: President Bush thanks President Roh for South Korea's decision to dispatch troops.

Dec. 23, 2003: The ROK Cabinet approves dispatch of 3,000 troops to the northern oil town of Kirkuk, Iraq as early as April.

Dec. 24, 2003: U.S. announces that it will send 60,000 metric tons of humanitarian food aid to North Korea.

Dec. 27, 2003: North Korea confirms to a Chinese diplomat that it was willing to enter into a second round of six-party talks early in 2004.