



Commentary

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Watch List 2019, First Update

North Korea: Getting Back to the Table

A failed summit in Hanoi between the U.S. and North Korea has resulted in a diplomatic stalemate. In this excerpt from the first update of our Watch List 2019 for European policymakers, Crisis Group urges the EU to utilise its neutral position to re-energise the ailing peace process and adopt measures to ease the plight of North Koreans.

The tensions between Washington and Pyongyang that flared dangerously in 2017 have significantly abated, but for the moment so have hopes for a breakthrough that would end decades of conflict. North Korea and the U.S. pivoted from escalation to dialogue in 2018, resulting in the first leader-level summit between the two states and agreement on a broad set of shared principles. The summit might have paved the way for a diplomatic process to negotiate steps to denuclearise the North (Washington's ultimate goal) in return for phased sanctions relief and other steps toward ending North Korea's political and economic isolation (Pyongyang's chief aim). But no such process has yet emerged, and a failed second summit in Hanoi in February 2019 has left each side waiting for the other to make the next move. While tensions remain manageable, the diplomatic stalemate has costs and risks, and it will be important for the parties to find their way back to the table.

A return to escalation on the Korean peninsula would have global security implications, and the EU therefore has a stake in supporting the peace process, as well as a humanitarian interest in easing the plight of the North Korean people.

Recommendations for EU action include:

- Supporting the U.N. Security Council's goal of North Korean denuclearisation by implementing the sanctions regime it has created, while also underscoring to Washington that a maximalist approach to negotiations – in which the U.S. demands full denuclearisation prior to any sanctions relief – is doomed to fail.
- Voicing its support for China's and South Korea's preferred "measure-for-measure" approach to negotiations – in which concessions by one side are rewarded with concessions from the other.
- Making clear the willingness of the EU and member states to lend technical and financial support to implement any agreement that may be reached between the U.S. and North Korea.
- Expanding support for humanitarian and development projects in North Korea, where the sanctions regime permits.
- Ensuring that human rights concerns about the North Korean government's treatment of its people continue to be raised in international forums, recognising that neither Washington nor Seoul is likely to do so in their direct negotiations with Pyongyang.

High-level Diplomacy: Progress, Pitfalls and Possibilities

A period of dangerously high tensions between Washington and Pyongyang in 2017 gave way to welcome dialogue in 2018. The first important

advance centred on South Korea's successful hosting of the Winter Olympics in February. The U.S. and North Korea agreed informally to an "Olympic Truce", with each side freezing activities that the other found most provocative – missile and nuclear testing in the case of the North, and most joint U.S.-South Korean military exercises in the case of the U.S.

The mutual freeze remained in place after the Olympics were over, and the thaw in relations expanded. In June 2018, President Trump and Chairman Kim met at the first leader-level summit between the U.S. and North Korea. It produced no dramatic breakthrough, but generated a joint statement that set out the broad mutual goals of the two sides, and potentially opened the way for more diplomacy to further ease tensions. The year also saw three inter-Korean summits (in April, May, and September), and a series of modest confidence-building steps from North Korea, including the demolition of its only nuclear test site and returning the remains of 55 service personnel lost in the Korean War of 1950-53 to the U.S.

But efforts to move beyond the progress made in 2018 in the first quarter of 2019 were not a success. The collapse of the second U.S.-North Korea summit in Hanoi on 27-28 February this year without any outcome document or other sign of agreement highlighted the disconnect that still exists between Washington and Pyongyang. In spite of prior warnings that its terms would be unacceptable, North Korea proposed a deal that asked Washington to go well past its comfort zone on sanctions relief in return for measured steps on denuclearisation. For its part, the U.S. seemed to row back from the pragmatic stance signalled by the U.S. special representative for North Korea prior to the summit, pushing North Korea beyond plausible limits on denuclearisation in return for comprehensive sanctions relief only after denuclearisation is complete.

For the time being, the year-old mutual freeze that emerged in early 2018 appears to be keeping tensions at manageable levels. Trump and Kim also seem to have a degree of personal goodwill, and the heated rhetoric of 2017 has not returned. But the diplomatic impasse has costs and risks. The unwritten freeze-for-freeze is vulnerable to misinterpretation or being disregarded if either side decides it would serve its interests to ratchet up pressure on the other to make concessions; either could put the parties back into an escalatory cycle.

Meanwhile, the impressive progress in relations between North and South that had developed over the course of three inter-Korean summits in 2018 is starting to erode. North Korea has shown less willingness to participate in the process of retrieving remains from within the demilitarised zone, and recently withdrew – albeit only temporarily – from an inter-Korean liaison office at Kaesong. In addition, a weakening South Korean economy could diminish President Moon Jae-in's domestic political standing and ability to play the peacemaker between Pyongyang and Washington. Finally, the longer the impasse persists, the more the people of North Korea will suffer the effects of sanctions.

That said, both the U.S. and North Korea still have incentives to make progress in negotiations.

On the U.S. side, Trump has counted the stabilisation of the Korean crisis as a major foreign policy triumph. While he is hemmed in to some extent by hawkish advisors and a watchful Congress that is deeply sceptical of his ability to reach a deal that protects U.S. interests, he has made clear that he wants to avoid reverting to heightened tensions and likely still harbours grandiose ambitions of a full-fledged deal. Although he may become leazier about risking another Hanoi as 2020 elections draw near, for the present he is seemingly open to a third summit. At a minimum concrete steps that allow

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him to highlight his claim that he has defused the Korean situation could be attractive.

As for Kim, he is striving not to show it. Economic difficulties at home are growing, increasing the appeal of sanctions relief. A weak harvest in 2018 and the reported closure of several industrial enterprises in the first quarter of 2019 indicate that the country is chafing beneath sanctions put in place in 2016 and 2017 – essentially because China, North Korea’s biggest trading partner, continues in large part to implement them. In December, the UN sanctions regime imposes a deadline for all member states to expel North Korean migrant labourers who remain on their territory, which – if implemented by China and Russia (where the vast majority reside) – will dry up an important remaining source of foreign currency revenue for the North Korean economy. Like Trump, the Kim regime has stated a willingness to participate in a third summit, though Pyongyang also signalled that it could lose patience with efforts at dialogue if the U.S. makes further demands it considers unrealistic and talks show no progress by the end of 2019.

The Way Forward

While each side now appears to be eyeing the other and waiting for it to make the first move back toward the negotiating table, if and when they get there, it will be important to come with realistic goals. As Crisis Group has previously suggested, seeking a modest deal to build confidence and generate momentum would be a good next step.

The contours of such a deal might be as follows: North Korea could offer the fully verified closure of all or part of its Yongbyon nuclear facility – the only known facility in the country that produces plutonium, although not the only facility that produces fissile material. The U.S. could support sanctions relief sufficient to allow the reopening of the Kaesong Industrial Complex, a light manufacturing zone on the inter-Korean border, the resumption of inter-Korean tourism at North Korea’s Mt. Kumgang and in the city of Kaesong, as well as some South

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Korean investment in North Korean transport infrastructure. To sweeten the deal, the U.S. could agree to a declaration formally ending the Korean War, and the two sides could embark on discussions about opening diplomatic liaison offices in each other’s capitals.

The viability of such a deal rests on the proportionality of mutual concessions. While Yongbyon is an important facility, it does not represent the entirety of North Korea’s fissile material production, and is therefore not overwhelmingly valuable. Similarly, while restarting Kaesong would generate useful revenues for Pyongyang, and the limited rolling back of some UN sanctions would have some symbolic weight, it would not involve anywhere near the level of sanctions relief that Kim has been seeking.

The approach would also signal acceptance by Washington of an essential fact, which is that a measure-for-measure approach to negotiations with North Korea is the only way to diminish its nuclear capacity. Although eliminating all of North Korea’s weapons of mass destruction is a laudable long-term goal, and consistent with directives from the UN Security Council, it is hard to imagine Pyongyang acquiescing in the foreseeable future to complete renunciation of the nuclear program that it regards as the ultimate guarantor of the regime’s security against a range of existential threats.

A Role for the EU

Although the EU is less centre stage than the Six-Party Talks countries (South Korea, U.S., Japan, North Korea, China, and Russia), it can act pragmatically behind the scenes to generate momentum for U.S.-North Korea dialogue, and to offer support to the people of North Korea, who are whipsawed between international sanctions and the repressive policies of the Kim regime. Helpfully, Pyongyang regards the EU as

a relatively benign actor on the Korean peninsula and, although it did not respond positively to some recent actions taken by EU member states that it saw as meddling in Korean affairs (the UK decision to launch BBC World Service programming in Korean in 2017, for example), the perceived overall impact of the EU in peninsula politics remains positive.

First, the EU and member states could encourage the parties to re-engage in dialogue and to approach the process with realistic goals. While continuing to implement sanctions in accordance with the relevant UN Security Council resolutions, they can also make clear to the U.S. that maximalist approaches toward diplomacy with Pyongyang – in which the U.S. seeks to achieve full denuclearisation prior to any sanctions relief – cannot succeed. Consistent with this position, they can also voice support for a measure-for-measure approach to negotiations favoured by Seoul and Beijing, and argue to Washington that such an approach is the only way to gain near-term concessions on fissile material production and the corresponding proliferation risk – an issue of global concern, including to the EU.

Second, at a more practical level, the EU and member states could lend technical expertise and capacity, as well as financial assistance in support of whatever deal might emerge. The UK and France – which as nuclear weapons states have extensive technical capabilities – have already discussed the former possibility with Washington and Seoul, respectively.

Finally, the EU and its member states are well-positioned to keep the people of North Korea front and centre in their thinking about the ongoing situation on the North Korean peninsula. Where permitted under the sanctions

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regime (which includes a broad exemption for humanitarian assistance), they can help counter the growing trend toward food insecurity in the North through humanitarian aid. Another worthwhile investment – but one that in many cases would require a loosening in the sanctions regime – would be in projects that make North Korean communities more resilient to natural disasters and other unexpected shocks (some European projects of this nature closed down following the spike in missile and nuclear weapons testing by Pyongyang in 2017).

Given their traditional leadership in this area, the EU and member states could also work to keep international attention focused on human rights abuses in North Korea – detailed in a report mandated by the UN Human Rights Council in 2014 – which are not issues that Washington or Seoul are likely to raise as they focus on the core topics at stake in the peace process. This can mean working to advance discussion and, when appropriate, putting forward resolutions in UN bodies like the Human Rights Council that could help Kim understand that, ultimately, improving North Korea’s performance on human rights is the price of its full acceptance by European states and others.