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**JOINT ADVANCED WARFIGHTING SCHOOL**



**U.S. – CHINA PARTNERSHIP – BUILDING REGIONAL SYNERGY FOR  
STABILITY AND SECURITY OF THE KOREAN PENINSULA**

**by**

**Eduardo C. San Nicolas, Jr.**

***Lieutenant Colonel, U.S. Army Reserve***



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A paper submitted to the Faculty of the Joint Advanced Warfighting School in partial satisfaction of the requirements of a Master of Science Degree in Joint Campaign Planning and Strategy. The contents of this paper reflect my own personal views and are not necessarily endorsed by the Joint Forces Staff College or the Department of Defense.

This paper is entirely my own work except as documented in footnotes.

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## **ABSTRACT**

For nearly 60 years since the signing of the 1953 Korean War Armistice, the Democratic People's Republic of Korea (DPRK) has shown extraordinary resiliency much to the surprise of regional experts. With the fall of the Soviet Union in 1991, DPRK saw its financial support and economic aid from a major ally dissolve, leaving its antiquated central economic planning system in a precarious state with an outdated infrastructure and almost nonexistent industrial base. The DPRK found itself in a desperate need for assistance in order to maintain the regime's control, stave off a potential economic collapse and feed the millions of famished North Korean People suffering from severe malnutrition. Today, North Korea remains the last vestige of the Cold War.

Between 1998 and 2013, North Korea detonated nuclear explosive devices, tested ballistic missiles and developed a uranium enrichment program enhancing the potential for nuclear weapons proliferation. Subsequent economic sanctions imposed by the United Nations Security Council have adversely impacted North Korea's economy and continued the suffering of its people. Despite exhaustive diplomatic efforts by the United States, South Korea and the other Six Party Talk members, North Korea has failed to change its ways to become a more responsible member of the international community.

The United States, as a global power, in concert with China, as an emerging regional power, possess great political and economic influence in the international community. China's continued integration in the free market and economic globalization has made it an important player not only in Northeast Asian Affairs, but also internationally. Coupled with the United States' "rebalancing" effort in the Asia-Pacific Region, both countries are at a critical crossroad in which the North Korean issue must finally be resolved. The United States and China must forge a unique "partnership of necessity" to restructure the Six Party Talk forum in order to effectively address North Korea's nuclear weapons and economic well-being. Only through a balanced, collaborative approach will an enduring stability and security of the Korean Peninsula and the Northeast Asia region be achieved.

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## DEDICATION



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## CHAPTER 1: INTRODUCTION

*We must recognize that every nation determines its policies in terms of its own interests.<sup>1</sup>*

– John F. Kennedy

### Historical Perspective

The Korean Peninsula, a sub-region of Northeast Asia, is no stranger to hardship and turmoil with its long and arduous history of human struggle and conquest by invaders, particularly in the modern era. Subsequent to its victory in the Russo-Japanese War, 1904-05, Japan annexed the Korean Peninsula. It remained a colony of the empire for 40 years until Japan's defeat in World War II. As a result, the Korean Peninsula was divided along the 38<sup>th</sup> Parallel between the Soviet Union-controlled area to the north and the United States-controlled area to the south. Although the initial plan was to reunite the Peninsula, no agreement was reached by either side between 1945 and 1948. "Frustrated by the lack of progress, Syngman Rhee, who later became South Korea's first president, established a new government, the Republic of Korea (ROK), on August 25, 1948. Leader Kim Il Sung soon followed with a new government in North Korea, the Democratic People's Republic of Korea (DPRK), on September 9, 1948."<sup>2</sup> It would not be long before a power struggle would ensue for control of the Peninsula.

On June 25, 1950, North Korea launched a surprise attack on South Korea in an attempt to unite the Peninsula by force. The United Nations responded to this act of aggression with forces, primarily provided by the United States. Although successful in

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<sup>1</sup> Charles W. Freeman, *The Diplomat's Dictionary*, (Washington, DC: National Defense University Press, 1994), 186.

<sup>2</sup> U.S. Department of State - Bureau of East Asian and Pacific Affairs, *Background Note: North Korea* 2012, 3 of 17.

pushing the invaders back into North Korea, China's decision to intervene caused the United Nation forces to withdraw south of the 38<sup>th</sup> Parallel extending the war two more years, leading to a stalemate and eventually an armistice agreement on July 27, 1953. The Demilitarized Zone (DMZ), separating the two Koreas, remains the most heavily-fortified border in the world. During the past 60 years, numerous skirmishes have occurred with the most recent on March 26, 2010 with the sinking of *the Cheonan*, Republic of Korea Navy Ship, killing 46 sailors, and on November 23, 2010 with the artillery bombardment of the Island of Yeonpyeong, killing and injuring 20 Soldiers and civilians. Today, with its ROK armed force counterparts, "28,500 U.S. troops are stationed in South Korea as deterrence against possible aggression from North Korea."<sup>3</sup>

### **Background**

Currently, North Korea possesses nuclear weapons and an economy on the verge of collapse which threatens the stability of Northeast Asia and security of U.S. interests in the region. United States diplomatic efforts and United Nations economic sanctions have failed to convince North Korea to give up its nuclear weapons stockpile and resolve the standoff on the Korean Peninsula. Consequently, U.S. efforts have only emboldened North Korea's determination, resulting in its withdrawal from the Nuclear Non-Proliferation Treaty (NPT) in 2003. Currently, North Korea is the only country to have withdrawn its NPT membership. In response, the Six Party Talks, consisting of China, Russia, Japan, North Korea, South Korea and the United States, was created and facilitated by China. Its purpose was to convince North Korea to abandon its nuclear weapons program and return to the NPT. However, despite five rounds of talks between

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<sup>3</sup> U.S. Department of Defense, "North Korea Says South, US are within its Missile Range," *Current News Early Bird*, <http://214.14.134.30/ebird2/ebfiles/e20121009.pdf> (accessed October 9, 2012), 15.

2003 and 2007, the Five Party member countries failed to convince North Korea to reverse its course in pursuit of nuclear weapons capability and in December 2008, the Six Party Talks stalled.

While North Korea and South Korea both share a common desire to reunify the Peninsula some day, both countries are diametrically opposed in their approach in achieving this desired end state. Unlike North Korea, its neighboring countries, specifically China, Russia, Japan and South Korea, have embraced economic globalization and prospered from commerce and trade with the international community. North Korea's unwillingness to make drastic, measured reform to improve its unsustainable economic system may result in its inevitable collapse despite China's support, with dire consequences to Northeast Asia. The Six Party Talks failed to resolve North Korea's nuclear weapons issue due to its narrow focus, lack of cooperation and competing national interests. Disagreement among the Six Party members allowed North Korea to continue its quest for further development of nuclear weapons capabilities, a ballistic missile program and more recently, the development of a uranium enrichment program, leading to further increase in its nuclear weapons stockpile.

### **Problem Statement**

Currently North Korea claims its acquisition of nuclear weapons is vital to ensuring the country's survival, deterring Western aggression, and guaranteeing international recognition. In 2006 and 2009, North Korea conducted underground testing of nuclear weapons, for which it received international criticism and United Nations Security Council economic sanctions. On February 12, 2013, North Korea tested its third underground nuclear device which was estimated to be more powerful than the previous

two yielding approximately 6 to 7 kilotons. In response, “United Nations Security Council unanimously passed [in March 2013] tougher sanctions imposing penalties on North Korean banking, travel and trade, reflecting the country’s increased international isolation.”<sup>4</sup> If current events remain unaltered, North Korea’s provocative nature and irresponsible behavior may inadvertently spark an arms race with South Korea and Japan or worse yet, an unintended major regional conflict, leading to instability in Northeast Asia and heighten security threats to U.S. Interests. As the United States shifts focus to Asia and the Pacific Rim as part of its “rebalancing” initiative, the standoff with North Korea will only intensify and test the Six Party members’ resolve, notably China, to work cooperatively towards a practical solution. North Korea’s decision to withdraw from the Non-Proliferation of Nuclear Weapons Treaty (NPT) in 2003 has raised concern and increased tension in the region. North Korea serves as the “epicenter” for an increasingly potential catastrophic event with global implications. The United States, as a global superpower, and China, as an emerging regional power, must set aside their differences and provide much needed international leadership to reinvigorate the “on again, off-again” Six Party Talks to improve the situation on the Korean Peninsula.

### **Thesis**

To ensure stability and security of the Korean Peninsula, the United States and China must establish a unique geostrategic partnership through bilateral diplomacy, security cooperation, transparency and commitment, to restructure the Six Party Talks, in order to improve the current situation, possibly leading to North Korea’s denuclearization and economic reform in the long-term.

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<sup>4</sup> Rick Gladstone and Choe Sang-Hun, “U.N. Approves China-Backed Sanctions on North Korea,” *The New York Times*, March 7, 2013, <http://www.nytimes.com/2013/03/08/world/asia/north-korea-warns-of-pre-emptive-nuclear-attack.html>.

## **Methodology**

This thesis will provide an overview of the current environment in order to establish a baseline of understanding and perspective. Next, it will describe the threat posed by North Korea's acquisition of nuclear weapons, its dismal economic outlook, its propensity for intensifying the threat in the region, and the potential outcomes of these threats. It will review the geopolitical dynamics and examine currently established United States and China Foreign Policies to find commonalities. The United States and China play a pivotal role in influencing North Korea through the Six Party Framework. However, the United States and China must set aside their self interests and overcome their distrust for one another. They must agree to work together in a "partnership of necessity" and in conjunction with the remaining Six Party members, if possible, to resolve this dilemma. This thesis will further examine the question whether the United States and China can overcome their fundamental differences and achieve a common objective for the good of both countries and the region. While there are certainly other contentious issues such as the territorial disputes in the East and South China Seas involving both countries, there is nothing of greater concern to China than the potential North Korean implosion and to the United States than the release of nuclear weapons against the U.S. Homeland or its allies.

Finally, this thesis will make recommendations on diplomatic and economic actions by the Six Party members to address North Korea's concern to improve its current situation and the long-term security and stability of the region. This thesis will review the challenges encountered during Germany's unification, specifically regarding population migration, economic impact and infrastructure costs intended to provide a



glimpse of what South Korea and the international community could face with potentially far greater implications.

### **Overview of Remaining Chapters**

Today more than ever, tensions and the geopolitical divide have grown exponentially as North Korea proceeds with its development of nuclear weapons capability, ballistic missile testing, and a uranium enrichment program. The United States, China, and the international community appear weak and unable to resolve the clear and present danger posed by North Korea. Despite their political and strategic differences, both the United States and China share growing threats to their security and economy at the hands of a rogue country. North Korea seems intent on furthering its national interest at the risk of destabilizing the Northeast Asia region. The following chapters will provide a “road map” for positive change to the current course of events leading to a more desirable outcome. The United States, China, and the other members of the Six Party Talks hold the power to influence the current direction of North Korea’s nuclear weapons and ballistic missile programs for the good of the region.

Chapter 1 will provide a historical perspective of the Korean Peninsula in the last century. It will define the problem statement, state the main focus of the thesis and describe the methodology. Chapter 2 will provide an overview of the current environment within North Korea and describe the deepening divide between North Korea and the United States and its allies, Japan and South Korea. It will discuss the numerous failed diplomatic efforts between North Korea and the United States, Six Party members and the inter-Korean relations. It will also explain North Korea’s nuclear weapons stockpile, ballistic missile program, and its decision to withdraw from the Nuclear Non-

Proliferation Treaty (NPT). Furthermore, this chapter will provide background on North Korea's economic condition and explain China's involvement in sustaining North Korea's antiquated economic model.

Chapter 3 will build upon the overview of the current environment and further describe the perceived threat that North Korea's nuclear weapons capability poses to the United States, its territories, allies and to the region. China and South Korea remain uneasy about a North Korea implosion from a collapse of its economic system, resulting in mass refugee migration and civil unrest directly impacting their security and stability. This chapter will briefly discuss the potential regional implications of both these scenarios occurring, using the East and West Germany unification during the 1990s as the backdrop for this comparison and the impact on Northeast Asia and U.S. interests.

Chapter 4 will explore the possibility of the United States and China developing a unique geostrategic partnership. Despite their many differences, the United States and China share an interest in the stability and security on the Korean Peninsula and Northeast Asia. This chapter will review both countries' foreign policies to determine what, if any, common strategic objectives exist between the two countries as well as their perspective on non-proliferation of nuclear weapons. It will discuss the purpose of this "partnership of necessity" and how might it influence the Six Party members and Kim Jung Un.

Chapter 5 will discuss the possibility of a new permanent organization such as an Association of Northeast Nations (ANEAN) as a counterpart to the Association of Southeast Asian Nations (ASEAN). It will also explore diplomatic and economic opportunities available to the United States, China and the remaining Six Party members

that can be implemented to improve the current situation on the Korean Peninsula, and perhaps leading to North Korea's denuclearization and economic reform in the long-term. It will suggest a possible "*Way Ahead*" in order to avert a potential regional conflict with global implications. Finally, Chapter 6 will draw upon the previous chapters to synthesize what has been learned from the current environment and the potential for a future threat. It will reinforce the position that through the combined efforts of the United States and China and in concert with the remaining Six Party members, they can make a difference to ensure security and stability on the Korean Peninsula and in Northeast Asia.

# ASIA



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## CHAPTER 2: OVERVIEW OF THE CURRENT ENVIRONMENT

*U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia, creating a mix of evolving challenges and opportunities. Accordingly, while the U.S. military will continue to contribute to security globally, we will of necessity rebalance toward the Asia-Pacific region.<sup>1</sup>*

- 2012 Defense Strategic Guidance

### Situation

The September 11, 2001 attacks by Al Qaeda Terrorists on the World Trade Center (WTC) in New York City and the Pentagon in Washington, D.C. overshadowed events on the Korean Peninsula as the United States found itself, unexpectedly, in a Global War on Terrorism (GWOT) during the first decade of the 21<sup>st</sup> Century. Currently, with the Iraq Campaign complete and the official transfer of security responsibility to Afghan National Army (ANA) Forces scheduled for December 2014, President Obama announced that the United States will refocus its attention to the Asia-Pacific Region. The United States' "rebalancing" effort is in response to perceived hegemonic tendencies by China with its increased military modernization effort and territorial disputes with its regional neighbors as well as North Korea's continued provocative rhetoric which threaten Northeast Asia. North Korea's threat to use nuclear weapons against the United States and its allies is unacceptable behavior and represents a "clear and present danger" with regional implications. "The Democratic People's Republic of Korea (DPRK) has emerged as the most potent source of instability in the region, with repercussions that

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<sup>1</sup> U.S. Department of Defense, "Sustaining U.S. Global Leadership: Priorities for 21<sup>st</sup> Century Defense," January 2012, [www.defense.gov/news/Defense\\_Strategic\\_Guidance.pdf](http://www.defense.gov/news/Defense_Strategic_Guidance.pdf), (accessed April 2012).

reach globally.”<sup>2</sup> This chapter will build upon Chapter 1 by providing background information and establishing a common framework on North Korea’s nuclearization, its troubled economy and the prolonged suffering of its people.

### **Nuclear North Korea and Diplomatic Efforts**

Adopted in April 1950 by the Truman administration, NSC-68 implemented the U.S. foreign policy of “containment” to address the potential spread of communism by the Soviet Union. Following the signing of the 1953 Korean War Armistice, the United States continued its containment policy to counter any further acts of aggression by North Korea and to assure South Korea of U.S. commitment to its security. Meanwhile, “Kim Il Sung began laying the foundation for nuclear technology development in the early 1950s.”<sup>3</sup> Relations between the Soviet Union and North Korea flourished between 1960s and 1980s with both economic support and sharing of technology, notably nuclear technology. “North Korean students and researchers received training in nuclear technology as part of the Soviet Union’s ‘Atoms for Peace’ Initiative at Soviet universities and research centers with the intent of providing nuclear technology to North Korea.”<sup>4</sup> “The Soviet Union also constructed a research reactor, IRT-2000, and associated nuclear facilities in Yongbyon in the 1960s to further facilitate training of North Korean nuclear specialists. By 1970s, North Korea was prepared to launch a nuclear program without further external assistance, fulfilling Kim Il Sung’s quest for nuclear weapons technology.”<sup>5</sup>

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<sup>2</sup> Patrick M. Cronin, Daniel M. Kliman, and Abraham M. Denmark, "Revitalizing the U.S.-Japan Alliance," *Center for a New American Security* (October 2010), 12.

<sup>3</sup> Siegfried S. Hecker, "Can North Korea Nuclear Crisis be Resolved?," *Center for International Security and Cooperation*, (March 21, 2012), 2.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

With its newly-acquired technological capabilities, North Korea constructed, at its nuclear facility in Yongbyon, “gas-cooled, graphite-moderated reactors which were a logical choice at the time for an indigenous North Korean energy program because gas-graphite reactors can operate with natural uranium fuel and, hence, do not require enrichment of uranium. Unfortunately, these reactors are capable of producing weapons-grade plutonium while generating electrical power and heat.”<sup>6</sup> Not willing to settle for the gas-graphite reactors, North Korea continued to improve upon this technology by the construction in 1986 of a 5-megawatt electric reactor under the pretext of improving the living condition for its people. It sought further advancement in this “technology from the Soviet Union for a light water reactor, conditional upon North Korea first joining the Nuclear Non-Proliferation Treaty (NPT) in which it did in 1985.”<sup>7</sup> North Korea’s true purpose for a light water reactor was to fulfill its need for additional capabilities to produce more weapons-grade plutonium.

The 1968 Nuclear Non-Proliferation Treaty served as an international agreement to prevent the spread of nuclear weapons and weapons technology and ensure the peaceful use of nuclear energy. The United States, Russia, the United Kingdom, France and China, five nuclear-weapon states and permanent members of the United Nations Security Council, remain current members of this treaty along with approximately 188 member states. To enforce the provisions of the NPT, the International Atomic Energy Agency (IAEA), established in 1957 under the United Nations, is charged with verifying the safe, secure and peaceful use of nuclear technology. The light water reactor requested by North Korea never materialized as the former Soviet Union collapsed in 1991.

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<sup>6</sup> Ibid.

<sup>7</sup> Ibid., 3.

In 1992, the IAEA began efforts to validate North Korea's nuclear program as a NPT member, in which it failed to comply. The United States, just a year earlier, began removing all tactical nuclear weapons from South Korea in effort to establish a nuclear weapons-free Peninsula only to discover that North Korea had the opposite intentions. The United States and South Korea found themselves on the verge of military confrontation with North Korea when diplomatic efforts began in earnest. To avoid a confrontation with the United States, North Korea signed a "legally binding agreement" with South Korea, known as the "1992 Joint Declaration of South and North on the Denuclearization of the Korean Peninsula." Under this agreement:

1. South and North Korea shall not test, manufacture, produce, receive, possess, store, deploy or use nuclear weapons.
2. South and North Korea shall use nuclear energy solely for peaceful purposes.
3. South and North Korea shall not possess nuclear reprocessing and uranium enrichment facilities.
4. In order to verify the denuclearization of the Korean Peninsula, South and North Korea shall conduct inspections of particular subjects chosen by the other side and agreed upon between the two sides, in accordance with the procedures and methods to be determined by the South-North Joint Nuclear Control Commission.
5. In order to implement this joint declaration, South and North Korea shall establish and operate a South-North Joint Nuclear Control Commission within one month of the entry into force of this joint declaration.
6. This joint declaration shall enter into force from the date the South and the North exchange the appropriate instruments following the completion of their respective procedures for bringing it into effect.<sup>8</sup>

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<sup>8</sup> Inventory of International Nonproliferation Organizations and Regimes, "Joint Declaration of South and North Korea on the Denuclearization of the Korean Peninsula," *Center for Nonproliferation Studies*, February 2009, <http://cns.miis.edu/inventory/pdfs/koreanuc.pdf>, (accessed March 10, 2013).



Unfortunately, this agreement would be the first of many broken promises by North Korea as its pursuit for a light water reactor to meet its so called nuclear energy power needs were not satisfied.

“North Korea brought attention to itself in 1993 when it threatened to withdraw from the Nuclear Non-Proliferation Treaty, which prompted U.S. diplomatic efforts once again, leading to the 1994 Agreed Framework”<sup>9</sup> brokered by former President Jimmy Carter. Under this framework:

1. North Korea agreed to freeze its existing nuclear program and allow monitoring by the IAEA.
2. Both sides agreed to cooperate to replace the DPRK’s graphite-moderated reactors with light water reactor (LWR) power plants, by a target date of 2003, to be financed and supplied by an international consortium (later identified as the Korean Peninsula Energy Development Organization or KEDO).
3. As an interim measure, the United States agreed to provide North Korea with 500,000 tons of heavy fuel oil annually until the first reactor was built.
4. The United States and DPRK agreed to work together to store safely the spent fuel from the five-megawatt reactor and dispose of it in a safe manner that did not involve reprocessing in the DPRK.
5. The two sides agreed to move toward full normalization of political and economic relations.
6. The two sides agreed to work together for peace and security on a nuclear-free Korean Peninsula.
7. The two sides agreed to work together to strengthen the international nuclear non-proliferation regime.<sup>10</sup>

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<sup>9</sup> "U.S. Policy Toward North Korea." *Background Notes On Countries Of The World: North Korea* (October 31, 2011). *Business Source Premier*, EBSCOhost, <http://web.ebscohost.com/ehost/detail?sid=21ca9048-3adb-4b4f-a130-7b21c995b0fb%40sessionmgr13&vid=5&hid=22&bdata=JnNpdGU9ZWWhvc3QtbGl2ZSZzY29wZT1zaXRl#db=buh&AN=83355378>, (accessed March 11, 2013), 2.

<sup>10</sup> Ibid., 1.

However, dissatisfied with the progress of delivery of the light water reactor, North Korea launched a new long-range ballistic missile in September 1998 which disintegrated over the Pacific Ocean. This test of a long-range ballistic missile capability would not be North Korea's last. This gross miscalculation by North Korea halted any further progress on the provisions of the 1994 Agreed Framework.

"In 1998, South Korean President Kim Dae-jung introduced his 'Sunshine Policy' intended to reach out to Kim Jung Il in order to cultivate better relations between the two Koreas. This policy offered humanitarian assistance and development of special economic zones such as the Kaesong Industrial Complex (KIC) in North Korea to improve the North's economic outlook."<sup>11</sup> "Upon his election in 2003, President Roh Moo-hyun would continue the same engagement policy as well as introduce his "Peace and Prosperity Policy" with North Korea during his administration. The "Peace and Prosperity Policy" was intended to assist North Korea to improve its economic condition to facilitate a smooth transition for reunification of the Peninsula in the future without overburdening the South Korean economy."<sup>12</sup> As a result, North and South Korea relations improved significantly.

This situation gradually changed with President George W. Bush's administration starting in 2001 when the U.S. policy towards North Korea shifted from "appeasement" to "conditional engagement." In 2008, Lee Myung-bak succeeded Roh Moo-hyun as the new South Korean President. President Lee took a more hard-line approach towards

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<sup>11</sup> Erik Beukel, "The Last Living Fossil of the Cold War: The Two Koreas, the Dragon and the Eagle: Towards a New Regional Security Complex in East Asia?," *Danish Institute for International Studies Report* (2012), [http://www.ciaonet.org/wps/diis/0025540/f\\_0025540\\_20890.pdf](http://www.ciaonet.org/wps/diis/0025540/f_0025540_20890.pdf), 16-18.

<sup>12</sup> Choong Nam Kim, "The Roh Moo Hyun Government's Policy toward North Korea," *International Journal of Korean Studies*, Vol. IX. No. 2 (Fall/Winter 2005), 12-15.

North Korea as well, adopting the “conditional engagement” approach, requiring denuclearization by North Korea in exchange for favorable economic assistance.

Despite North Korea progress in removing spent fuel rods and voluntary moratorium on testing of long-range missiles, “the United States accused North Korea of developing a uranium enrichment program in 2002, which North Korea denied. In response, North Korea reverted back to its past practices by expelling the IAEA inspectors, terminating the freeze on its existing plutonium-based nuclear facilities at Yongbyon and followed through on their threat to withdraw from the NPT in 2003.”<sup>13</sup> Today, North Korea is the only country to withdraw from the NPT.

With relations deteriorating, China attempted to hold a trilateral meeting in April 2003 with the United States and Pyongyang. However, the Bush administration insisted that other partners needed to be involved to resolve this regional issue. Therefore, on August 2003, the first multilateral meeting of regional partners or commonly known as the “Six Party Talks” (SPT) convened in Beijing and facilitated by China. The Six Party members included China, Russia, Japan, North Korea, South Korea and the United States, with its primary focus to resolve North Korea’s nuclear weapons issue. Between 2003 and 2004, the Six Party members met on three separate occasions, but little was accomplished, resulting in North Korea boycotting the fourth meeting of the SPT. Under pressure from China, North Korea returned to the SPT and agreed to the “2005 Joint Statement” declaring, once again, its abandonment of nuclear weapons and allowing IAEA inspections. This agreement like so many others would be short-lived as North Korea accused the United States of “hostile intent” and boycotted the fifth SPT meeting in November 2005.

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<sup>13</sup> "U.S. Policy Toward North Korea," *Background Notes On Countries Of The World: North Korea*, 3.

On July 5, 2006, North Korea launched seven ballistic missiles, much to the annoyance of China. In response, “the United Nations unanimously adopted United Nations Security Council Resolution (UNSCR) 1695 demanding that North Korea suspend all ballistic missile activities and return to its moratorium on missile launching.”<sup>14</sup> “This UNSCR also initiated economic sanctions against North Korea. In an act of defiance, North Korea conducted its first underground testing of a nuclear explosive device on October 6, 2006, resulting in UNSCR 1718 which condemned the act and imposed further economic sanctions.”<sup>15</sup> Despite actions to implement provisions of the 2005 Joint Statement, no agreement was reached with regards to verification of North Korea’s declaration and completion of the Second-Phase energy assistance and disabling actions. Official SPT actions stalled on December 2008 without any further progress.

On April 5, 2009, North Korea launched a *Taepodong-2* missile over the Sea of Japan, followed by a second underground test of a nuclear explosive device on May 25, 2009, in violation of UNSCR 1718. The United Nations again responded with the adoption of UNSCR 1874 on June 12, 2009. Under this resolution, UN-member states were encouraged to inspect vessels in their territorial waters if they were suspected of transporting banned cargo such as nuclear material and hardware, missile components or related items and deny North Korea any financial services as well as freezing of its assets. North Korea placed the United Nations on notice on July 2009 that it had experimented with high enriched uranium which has entered into the completion phase. This admission by North Korea confirmed the United States’ accusation of the existence of its program back in 2002. North Korea claimed that the uranium enrichment program would be used

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<sup>14</sup> Ibid., 5.

<sup>15</sup> Ibid.

for peaceful purposes with its development of its own light water reactor (LWR). North Korea's disclosure of its uranium enrichment program added to the frustration of the United States and the concern of the international community. For the United States and its allies, this news was a "game changer" as this meant that North Korea not only possessed nuclear weapons stockpile, but also the capability of producing more weapons grade nuclear explosive devices. For its continued deceptive-nature, North Korea was branded a "rogue" state actor.

During the past two decades, diplomatic efforts and dialogue by the United States, South Korea and Six Party members have proven to be a test in futility as North Korea was not persuaded to change its course. "Two common denominators that contributed to the failures in the policies of both the US Clinton and Bush administrations were a narrow focus on the nuclear issue and a tendency to either ignore or otherwise not meet North Korean interests."<sup>16</sup>

As Kim Jung Il's health became questionable beginning in 2008, President Obama's administration introduced a new policy of "strategic patience" towards North Korea. This policy was intended to wait out the current leader, Kim Jung Il, to allow the succession of the next leader, Kim Jung Un, to take place, and permit the economic sanctions of 2006 and 2009 on North Korea to take effect. With Kim Jung Il's death in December 2011, Kim Jung Un, his son, assumed responsibility as the new North Korean leader or as referred to by his people, "the Great Successor and the Great Leader." The United States hoped that the new regime would be more receptive to easing tension on the Peninsula, leading to a loosening of economic sanctions on North Korea. It was not

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<sup>16</sup> David A. Anderson and Robert F. Ogden II, "U.S. Foreign Policy Toward North Korea - A Way Ahead," *Strategic Studies Quarterly*. (Fall 2008), 74.

long before President Obama would receive his answer from the new North Korean Leader. On April 2012, North Korea launched its fourth ballistic missile under the guise of a satellite launch and in celebration of the 100<sup>th</sup> anniversary of Kim Il Sung birthday. While the missile launch, like previous others, ended in failure, it underscored North Korea's determination. Unfortunately for the United States and China, North Korea's persistence has paid off with a successful launch of its multi-stage *Unha-3* Rocket (based on *Taepodong-2* Technology) on December 12, 2012. Unsurprisingly, the United States, Japan and South Korea immediately condemned the rocket launch, while China expressed "regret" for North Korea's decision. Through extensive diplomatic negotiations between the United States and China regarding the specific language:

The United Nations Security Council unanimously adopted on Tuesday [January 22, 2013] a resolution condemning North Korea's recent rocket launch and expanding existing U.N. sanctions. Specifically, the resolution imposes sanctions on a handful of North Korean companies, a bank and its space agency.<sup>17</sup>

As in the past, North Korea dismissed U.N. Security Council actions as merely hostile actions against DPRK perpetuated by the west, namely the United States. In response to the U.N. resolution, North Korea detonated its third underground nuclear device on February 12, 2013 measuring 6 to 7 kilotons. With full-backing of the United States and more importantly, China, the United Nations Security Council responded on March 7, 2013 with much tougher economic sanctions which will further cripple an already weakened North Korean economy. With a major step forward with its ballistic missile program and its third nuclear test, international and regional concerns continue to escalate as the United States and its allies remain in the crosshair of North Korea's

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<sup>17</sup> Richard Roth, "U.N. Security Council slams North Korea, Expands Sanctions," *CNN*, January 24, 2013, [www.cnn.com/2013/01/22/world/asia/security-council-north-korea](http://www.cnn.com/2013/01/22/world/asia/security-council-north-korea), (accessed February 9, 2013).

nuclear weapons threat. Past and current U.S. foreign policies have proven ineffective in dealing with North Korea. Aside from its nuclear weapons and ballistic missile testing, its claim of highly enriched uranium processing is most disturbing as this provides North Korea with proliferation capability. Without IAEA inspectors on site, it is nearly impossible to confirm North Korea's progress and actual purpose of its uranium enrichment program and satellite photos are inconclusive.

### **Economic Condition and Forecast.**

Under Kim Il Sung's leadership, North Korea's economy prospered and outperformed South Korea as late as 1970 with Soviet Union and China's support, but "in the 1970s and 1980s the North Korean economy veered off toward stagnation while South Korea's soared – and since the Soviet collapse, the North Korean economy suffered a catastrophic slump from which it has yet to recover fully."<sup>18</sup> Without economic assistance and trade subsidies from the Soviet Union, North Korea's antiquated central economic planning system began a steady state of decline. "North Korea in the early to mid 1990s established Special Economic Zones (SEZs) in the northeast regions of Najin, Chongjin and Sonbong, but was unsuccessful due to outdated infrastructure, bureaucracy and uncertain investment securities."<sup>19</sup> Additionally, through cooperation between North and South Korea, the Kaesong Industrial Complex (KIC) located six miles north of the DMZ, opened in December 2004. Operated by South Korea, the KIC consisted of South Korean businesses that employ North Koreans, considered an

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<sup>18</sup> Nicholas Eberstadt, "Western Aid: The Missing Link for North Korea's Economic Revival?," *American Enterprise Institute for Public Policy Research*, Working Paper Series on Development Policy, No. 6 (April 2011), [http://www.ciaonet.org/wps/aei/0023095/f\\_0023095\\_18885.pdf](http://www.ciaonet.org/wps/aei/0023095/f_0023095_18885.pdf), (accessed July 2012), 4.

<sup>19</sup> U.S. Department of State - Bureau of East Asian and Pacific Affairs, *Background Note: North Korea*, 2012. 14.

inexpensive source of labor. North Korea's unwillingness to make economic reform in the age of globalization continues to contribute to its degenerative economy, despite efforts by the international community, especially China and South Korea, to provide assistance. According to Nicholas Eberstadt of the American Enterprise Institute in Washington D.C., "the quality of Pyongyang's economic policies and practices are distinctly more hostile to growth and development nowadays than they were 30 or even 40 years ago."<sup>20</sup>

North Korea's decision to launch ballistic missiles (in 1998, 2006, 2009 and 2012) has ensured its economic isolation from the international community with the exception of China and South Korea. These sanctions imposed by the United Nations Security Council under UNSCRs 1695, 1718 and 1874 have also taken their toll on the North Korean economy. In August 2012, Vice Chairman Jang Song-thaek, Kim Jung Un's uncle, visited China in an effort to boost economic cooperation between the two countries and gain a better understanding of China's economy. While it is difficult to obtain an accurate picture of North Korea's economy, "the Economist Intelligence Unit estimates that [North Korea's] GDP grew by 1.9% last year, up from 0.7% in 2010."<sup>21</sup> China is North Korea largest trading partner with 89-percent of all exports, and will be for the foreseeable future. China's infusion of investments will help to improve North Korea's economy, but it is uncertain whether economic growth can be sustained without major steps to reform its economic practices.

Educated abroad, Kim Jung Un's statements appeared to show signs of proclivity towards some level of economic and agricultural reforms. For example, North Korean

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<sup>20</sup> Eberstadt, "Western Aid: The Missing Link for North Korea's Economic Revival?,"<sup>10</sup>.

<sup>21</sup> Economist Intelligence Unit, *Country Report: North Korea* 2012, 11.



farmers are being encouraged to grow more crops for sale at the market place with farmers being able to keep up to 30% of the proceeds. The purpose of this initiative is to address the severe food shortages as well as spur the agricultural market. At this time, it is uncertain to what extent the Korean Workers' Party (KWP) elites will allow such change without compromising its control over its people. The transfer of power from Kim Jung Il to Kim Jung Un has been relatively smooth. However, it is speculated that Kim Jung Un will continue to solidify his power base by surrounding himself with loyalists as well as prove to the international community he is capable of leading before proposing any further economic reform initiatives.

### **Plight of the North Korean People**

Survival of the regime and the state relies heavily on DPRK leadership's ability to keep a tight control on its populace. For over sixty years, these controls have included extensive censorship of information in and out of the country. A propaganda campaign fueled by fears or threat of invasion by the West has also reinforced this measure of control. The misery of the North Korean people is a "man-made" disaster created by its own government, dating back to the late 1980s with the diminishing support of the former Soviet Union. "Frustrated by North Korean unwillingness to repay accumulated debts, the Soviets withdrew support, and according to US Central Intelligence Agency figures, the net flow of resources turned negative in 1987."<sup>22</sup> North Korean people have endured prolonged austere living conditions at the hands of both Korean Workers' Party (KWP) elites and its "Military First" policy implemented by Kim Jung Il. Sanctioned by the DPRK leadership, the "Military First" policy essentially granted the Korean People's

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<sup>22</sup> Marcus Noland, "Famine and Reform in North Korea," *Institute for International Economics* (July 2003), 4.

Army (KPA) the highest economic and resource-allocation priority; essentially, the military above all other concerns. At this time, there does not appear to be any change in policy by the current regime.

In the mid 1990's, the North Korean people suffered another setback with consecutive back to back mass flooding events, commonly referred to as the "arduous summer" which led to a major food crisis. It is estimated that between 600,000 and 1 million or up to 4.5% died from the severe famine out of a population of 22 million during this period. As recent as July 2012, "United Nation officials have said that two-thirds of the country's 24 million people suffer from chronic food insecurity. The root cause of North Korea's inability to feed itself range from a poor food-distribution system to shortages of fertilizer and excessive deforestation."<sup>23</sup> This excessive deforestation has only exacerbated the flooding from torrential rain, typically, experienced during the summer months. In July 2012, the state-run Korean Central News Agency (KCNA) reported that 5,000 houses and 5,000 ha (12,355 acres) of farmland were destroyed with another 12,000 homes and 26,000 ha (64,246 acres) inundated. The deplorable number of severely malnourished North Koreans and the immense destruction to property are indicative of both an antiquated economic system and failure of the North Korean government to care for its own people. Despite efforts of the World Food Program and other humanitarian organizations to provide needed assistance, there is little to no indication that North Korean government is interested in making needed changes for the good of its people.

Unfortunately, it is difficult to determine with a closed society such as North Korea whether international food assistance and aid is actually reaching the neediest of

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<sup>23</sup> Economist Intelligence Unit, *Country Report: North Korea*, 2012, 23.

North Koreans or if food supply is being diverted to the military and the regime elites. Furthermore, the North Korean government's decision to pursue nuclear weapons capability over economic reforms and at the expense of the majority of its populace is self-serving and unconscionable. For the North Korean people, it is a desperate situation which is only worsening by the day.



## KOREAN PENINSULA



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## CHAPTER 3: THREAT TO NORTHEAST ASIA AND U.S. INTERESTS

*North Korea is a regime arming with missiles and weapons of mass destruction, while starving its citizens...States like these and their terrorist allies constitute an 'axis of evil' arming to threaten the peace of the world.<sup>1</sup>*

- President George W. Bush,  
2002 State of the Union  
Address

### The Threat

During the past two decades, North Korea's aggressive actions ensured its isolation from the international community, increased economic stagnation due to United Nations sanctions, and sentenced its people to a life of deprivation. In a recent meeting with China in 2012, "DPRK officials stated that North Korea has no intentions of complying with the 2005 Joint Statement requiring it to abandon its nuclear weapons stockpile and ballistic missiles and allow IAEA inspection of its uranium enrichment program."<sup>2</sup> North Korea's sinking of the ROK Navy Ship, the Cheonan, on March 10, 2010 and the artillery bombardment of the ROK Island of Yeonpyeong on November 23, 2010 are constant reminders of the state of fear that the South Korean people must endure on a daily basis.

The condition of North Korea's economy is uncertain, as little is known of its state of affairs. A recent meeting in August 2012 between Vice Chairman Jang Sung-taek, Kim Jung Un's Uncle, and the Chinese Finance Minister, intended to boost

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<sup>1</sup> George W. Bush, Address Before a Joint Session of the Congress on the State of the Union, 107th Cong., 2d Sess., *Public Papers of the Presidents of the United States: George W. Bush, 2002*, 1 vol., Washington, DC: Government Printing Office, 2002, 1:131.

<sup>2</sup> Josh Rogin, "North Korea rebuffs U.S. at secret meeting in China," *Foreign Policy*, <http://www.foreignpolicy.com/archive/blogs/9/2012/10/15>, (accessed October 16, 2012), 4 of 6.

economic trade between the two countries may serve as an indicator that six years of economic sanctions are beginning to take its toll on North Korea's economy and its population. North Korea's nuclear threat, deteriorating economy, and potential for nuclear proliferation have set the conditions for greater instability and increased insecurity in the region. While some may claim that North Korea is an irrational state, experts contend that its actions are quite rational, as it reacts with calculated intent to further its strategic objectives with the threat of nuclear weapons.

This chapter will build upon Chapter 2 and discuss the potential threat that North Korea's nuclear weapons present to the U.S. Mainland, its territories, and allies. It will discuss IAEA concerns with North Korea's uranium enrichment program, what impacts this situation may have to the region, and the potential recourse of other countries, in particular Japan and South Korea. To appreciate the threat posed by North Korea, one must first understand its national priorities. "North Korea's security interests are regime survival (protecting the regime from external forces), security of the state (protecting the political ideology of the state against internal forces), and reunification."<sup>3</sup> North Korea's unwillingness to comply with bilateral and multilateral agreements is both disconcerting, but consistent with its strategy to gain the upper hand in all negotiations. The United States and China must make a concerted effort to counter North Korea's divisive tactics in order to shape a shared desired end state.

If North Korea's behavior remains unaltered, Northeast Asian countries and the international community will not be insulated from the negative impacts of an armed conflict or economic collapse, which will assuredly disrupt both regional and global

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<sup>3</sup> Anderson and Ogden II, "U.S. Foreign Policy Toward North Korea - A Way Ahead," 90.



markets. Unlike Germany's unification experience, South Korea's economy may face a more catastrophic fate, if North Korea refuses to cooperate.

### **Nuclear North Korea and Regional Implications**

The United States, Japan and South Korea remain deeply concerned with the secrecy and progress of North Korea's nuclear weapons and ballistic missile programs and the potential threat to the U.S. Homeland, its territories and allies. With detonation of nuclear explosive devices in 2006, 2009, and now 2013, there is no question that North Korea possesses nuclear weapons capabilities. Its ability to deliver and reproduce nuclear warheads raises significant security concerns for the West and the stability of Northeast Asia. If North Korea is successful in miniaturizing its nuclear warheads, it is estimated that the *Unha-3* rocket may be capable of reaching as far as Alaska and the Hawaiian Islands or possibly, the U.S. Mainland.

Several months earlier, North Korea's erratic behavior was on display during a provocative speech presented at the annual meeting of the United Nations General Assembly on October 1, 2012. "North Korean Vice Foreign Minister Pak Kil-yon stated that U.S. policy toward North Korea has made the Korean Peninsula the most dangerous place on the planet because a 'spark' there could ignite a nuclear war."<sup>4</sup> Inflammatory rhetoric by North Korea has made diplomatic efforts very difficult and has only served to perpetuate tensions in the region. In response, South Korea requested that the United States approve more advanced weapons with greater capabilities to counter North

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<sup>4</sup> U.S. Department of Defense, "Korea Peninsula could Face 'Thermonuclear War', North Tells U.N.," *Current News Early Bird*, <http://214.14.134.30/ebird2/ebfiles/e20121002.pdf> (accessed October 7, 2012), 21.

Korea's growing nuclear weapons. As reported by the Department of Defense Early Bird, October 9, 2012 edition,

The United States has agreed to allow South Korea the ability to possess ballistic missiles with a range of up to 800 kilometers (500 miles). South Korea will continue to limit the payload to 500 kilograms for ballistic missiles with an 800 kilometer range, but it will be able to use heavier payloads for missiles with shorter ranges.<sup>5</sup>

Upon receiving news of this deal agreement, "North Korea stated it possessed missiles capable of striking the United States and its allies."<sup>6</sup> While unable to confirm its allegation, North Korea's threat strikes at the very heart of U.S. concerns and represents a clear indication of the escalating tension between the West and the potential for a conventional or worse yet, nuclear weapons arms race in the region. While the United States continues to reassure Japan and South Korea of its commitment to their security, it is little comfort to know they are in close proximity to countries such as China, Russia and now, North Korea, who possess nuclear weapons and ballistic missile capabilities.

Japan and South Korea are currently members and signatories to the Nuclear Non-Proliferation Treaty. If North Korea is permitted to maintain its own nuclear weapons stockpile, it is difficult to predict what future actions Japan and South Korea may take. Japan's 2010 Defense White Paper uses strong language such as "totally unacceptable," "significant threat to Japan's security" and "seriously undermine the peace and security of Northeast Asia and the international community" to express its deep concern for North Korea's nuclear weapons program. With the maritime threat by China, and now the risk by North Korea's nuclear weapons and ballistic missiles, "Japanese public sentiment has increasingly grown in favor of remilitarization at the risk of alienating

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<sup>5</sup> U.S. Department of Defense, "North Korea Says South, US are within its Missile Range," *Current News Early Bird*, <http://24.14.134.30/ebird2/ebfiles/e20121009.pdf>, (accessed October 9, 2012), 15.

<sup>6</sup> Ibid.



some of its neighbors, such as South Korea.”<sup>7</sup> This general sentiment was validated when on December 16, 2012, the Japanese public overwhelmingly elected Mr. Shinzo Abe of the conservative Liberal Democratic Party as its Prime Minister for the next four years. According to Mr. Martin Fackler of the New York Times, January 8, 2013 edition, Prime Minister Abe ordered a review of defense guidelines adopted in 2010 that called for reductions in defense spending and the size of Japan’s military. This order may signal a change in course towards a more militarized Japanese Armed Forces for more than just ground defensive purposes.

Furthermore, existing security treaty agreements may inadvertently draw the United States into a regional conflict due to North Korea’s continued reckless behavior launching ballistic missiles in the vicinity of Japan and South Korea, coupled more recently with its detonation of a third nuclear device. North Korea’s deceptive tactics have proven once again, that it cannot be trusted to comply with any of its obligations. With its so-called uranium enrichment program, North Korea may have the capability to develop more nuclear weapons, increasing the imbalance in the region, and extending nuclear proliferation to other rogue countries such as Iran, raising global concerns, most notably with the International Atomic Energy Agency (IAEA). As Robert Cooper, the author of *The Breaking of Nations*, has aptly stated, “the more countries acquire nuclear weapons the more other countries will want them too.”<sup>8</sup>

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<sup>7</sup> "The Driving Forces Behind Japan's Remilitarization," *Stratfor Globalization Intelligence* (December 17, 2012), 1 of 4.

<sup>8</sup> Robert Cooper, *The Breaking of Nations: Order and Chaos in the Twenty-First Century* (London: Atlantic Books, 2003), 63.

## **Economic Implosion and Regional Implications**

**Centrally Planned Economy.** North Korea adopted the same economic model or centrally planned economy as the former Soviet Union. It remains one of the very few countries that still subscribes to this economic model. Under a centrally-planned economy, the government controls all aspects of the planning, direction, and execution of activities in the market place. While this economic model was not the sole reason for the Soviet Union's demise, it proved to be both unsustainable and unfavorable to growth and prosperity in the end.

"The North Korean economic planning system remains opaque to outsiders, but there are indications that the process has become increasingly compartmentalized, irregular, and ad hoc since the 1970s, and that it may have ceased to function in a systematic, long-range manner."<sup>9</sup> Furthermore, North Korea's economy is not only antiquated, but also considered "exceptionally inhospitable and destructive in nature."<sup>10</sup> North Korea's economy currently displays evidence of a disparity between low revenue and high expenditure rate.

Since the 1970s, "North Korea has committed enormous resources to its militarization or hyper-militarization program."<sup>11</sup> North Korea has shown little interest to improve its economic outlook by taking much needed steps to reform to revise its fiscal policies; open international trade outside of China; establish financial institutions such as banking and credit card systems; pay its international debts to prevent defaulting; and implement monetary policies to goods and services transaction. Some experts have

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<sup>9</sup> Eberstadt, "Western Aid: The Missing Link for North Korea's Economic Revival?," 10.

<sup>10</sup> Ibid., 12.

<sup>11</sup> Ibid., 11.

described the “current North Korean approach as ‘planning without plans.’”<sup>12</sup> North Korea cannot sustain a Cold War mentality as the world’s economy becomes more interconnected by globalization and economic interdependence. North Korea runs the risk of being left behind because of its refusal to accept economic reforms. This is a lesson Russia knows all too well with the collapse of the Soviet Union in 1991. China and South Korea share the same concern that an economic implosion by North Korea will create mass refugee migration and potential civil unrest.

China and South Korea each share a border with North Korea, approximately 879 and 160 miles long, respectively. In an effort to discourage unauthorized entry at its border crossings, China has made every effort to return fleeing North Koreans, even though the consequences may be steep with penalties of imprisonment or worse. China and South Korea understand the desperate conditions in North Korea. China and South Korea’s support to North Korea is considered vital to their national interests as an uncontrolled mass refugee migration will, undoubtedly, have immediate and adverse impacts on their respective economies and security posture. Furthermore, a regime or economic collapse will only lead to civil unrest and potentially compromise the security of North Korea’s nuclear weapons stockpile by increasing the risk of these weapons of mass destruction (WMD) falling under the control of violent extremist organizations (VEOs). Some experts have speculated that if China determines that its national interest is threatened by a regime or economic collapse, it may seek to occupy North Korea to stabilize the country. This situation would, most certainly, introduce a new calculus into the international affairs equation.

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<sup>12</sup> Ibid., 10.

**Implications of Korean Reunification.** For nearly sixty years, regional experts have predicted the manner in which the Peninsula will be reunified and offered several possible scenarios. “The three broad scenario categories are: unification through the North Korean system’s evolution, adaptation, and gradual integration with the South; unification through system collapse and absorption by the South, and unification through and following conflict.”<sup>13</sup> While the “evolution, adaptation and gradual integration with the South” is the preferred scenario by South Korea, it is unlikely given North Korea’s number one priority, “to ensure the survival of the regime.” While “unification through and following conflict” is possible, it is highly unlikely that China will allow such an event to occur that would compromise its security and threaten its economic prosperity. Therefore, if the status quo remains unchanged, the second scenario discussed above may be the likely scenario, albeit less than ideal for both countries. It is the scenario that China and South Korea have attempted to avoid by active engagement through food aid and economic support due to the immediate security and economic implications of a total collapse of North Korea on their respective countries.

In order to glean some insights to the potential magnitude and costs of an unplanned Korean reunification, Germany’s reunification experience serves as the closest example for a focused understanding as it represents the only reunification in the 20<sup>th</sup> Century by two sovereign nations directly resulting from a “system collapse and absorption.” While there are contrasts between Germany and Korea reunifications, such as cultural differences and psychological impacts from decades of propaganda and centralized control, it serves as the best illustration. This discussion will highlight some

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<sup>13</sup> Charles Wolf Jr., "Korean Reunification: How it might come about and at what cost?," *Defence and Peace Economics* 17, no. 6 (December 2006), <http://search.proquest.com/docview/218963088?accountid=12686>, 683.

of the immediate and direct impacts encountered during Germany's unification and draw some comparisons and contrasts while identifying lesson learned that are likely to occur with an unplanned North Korea and South Korea reunification. It will discuss the potential for population migration, adverse economic impact and exorbitant infrastructure costs. While the collapse of the Berlin Wall in 1989 ushered in a new spirit of optimism and a renewed sense of German unity, this celebration was quickly overshadowed by the harsh reality faced by the West German government and the enormous social-economic challenge. It was, unquestionably, an overwhelming undertaking that would take Germany well over twenty years to overcome, eventually placing it on the path to economic prosperity in the 21<sup>st</sup> Century.

In terms of population, East Germany and North Korea share a similar characteristic in that they had a disproportionately lower population than their respective affluent counterparts, West Germany and South Korea. East Germany had a population of 17 million to West Germany's 64 million people (pre-unification). Currently, North Korea's population is estimated at approximately 24 million to South Korea's 48 million people. However, reunification of the Korean Peninsula may present its own set of unique social-economic challenges due to ideological differences, cultural intolerances, years of social isolation and extreme austerity perpetrated by DPRK on its people. The immediate concern for South Korea and China after a regime or economic collapse is the sudden, mass migration of North Koreans. Based on West Germany's experience, "there was an influx of 600,000 East Germans to the West six months after the opening of the wall."<sup>14</sup> "One estimate was that in 1991 the entire population of eastern Germany

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<sup>14</sup> Bernhard Seliger, "German Unification After 20 Years: Achievements and Challenges," *SERI Quarterly*, (January 2011), 31.

amounted to less than 8 percent of that of western Germany.”<sup>15</sup> If regional experts’ dire predictions are correct, the exodus of East Germans may pale in comparison to the projected mass migration of North Korean refugees due to extreme food shortages, social unrest and prolonged austerity. It is very likely that a flood of refugees to South Korea may be even greater as China and Russia would, more than likely, seal their adjoining borders with North Korea almost immediately, leaving no other choice for North Korean refugees, but to flee south. This sudden population shift will adversely impact and overwhelm the South Korean social-economic system as well as potentially compromise its internal security. While the potential is high for this occurrence to impact South Korea, its impact will be felt well beyond the Peninsula, both regionally and globally.

While Germany’s unification was unexpected, it was, for the most part, fairly controlled as a result of mutual cooperation between the leaders of East and West Germany. While the international community can provide humanitarian assistance and disaster relief, it is incumbent upon the Six Party members to engage proactively to shape and prevent such a future occurrence based on fundamental economic reform and social changes by North Korea. Foreign policies based solely on “hope and patience” and not on the cooperative efforts by regional partners will only lead to assured turmoil and chaos. The success of Germany’s unification required the complete transfer of institutional responsibility to the West German government and from this mutual, cooperative effort grew trust during a period of instability and uncertainty. Given DPRK’s decades of ideological influence, firm control, and limited exposure by its

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<sup>15</sup> Tatyana Gordeeva, "The Reunification of Germany and its Aftermath," *German Culture* (2012, 1998), 2 of 4.

people to the outside world, this situation may be difficult and may take much longer unlike East Germany.

Economically, East Germany and North Korea shared a common past with each following the same antiquated Soviet Union “central economic planning” model, contributing to their weak economic state and outdated industrial, transportation and utility infrastructure. East Germany and North Korea relied heavily on the Soviet Union for economic support prior to its collapse in 1991.

The economy of eastern Germany went into a deep and precipitous slump immediately after unification. Within a year after unification, the number of unemployed rose above 3 million. Industrial production in eastern Germany fell to less than half the previous rate and the total regional product fell precipitously through 1991.<sup>16</sup>

Issues with privatization of the North Korean economy, property ownership, the high production costs and inadequate and outdated infrastructure are sure to be similar issues faced by South Korea. Large investments of funds will be needed to improve the North’s industrial and transportation infrastructure if it is to be fully integrated with South Korea’s economy in the long term. Soon after unification, the West German government incurred new state debt to fund “regular transfers from the state like social insurance and pensions, special aid for improving infrastructure, and aid for enterprises in East Germany.”<sup>17</sup> Although unpopular, the West German government instituted a number of taxes such as the so-called “solidarity surcharge” in order to defray some of the additional costs incurred as a result of unification. To expedite the unification effort, Germany converted all Ostmark (i.e. East German) currency into Deutschmark (i.e. West German) currency. As a result, this conversion gave rise to rapid spending by former East

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<sup>16</sup> Gordeeva, "The Reunification of Germany and its Aftermath," 2 of 4.

<sup>17</sup> Seliger, “German Unification After 20 Years: Achievements and Challenges,” 35.

Germans, increasing demand for limited consumer products, which eventually led to inflation. Based on this experience, South Korea will need to prepare for periods of economic instability in the early stages of unification.

Similar to West Germany, assimilation efforts by South Korea will be a very costly endeavor and may take decades to complete the transition, depending on DPRK willingness to cooperate and more importantly, the terms and conditions of reunification. The quality of life and employment opportunities in North Korea will need to be addressed immediately in order to stabilize the flow of migrants to the South. South Korean business owners must be willing to locate their companies and factories to the North beyond existing special economic zones where a large, disciplined labor force already exists. However, the pace of investments by businesses will depend on how quickly vital infrastructure can be built. In addition, South Korean government must be prepared to accept responsibility for implementing and integrating its monetary and fiscal policies to reinvigorate the North's economy. This process will be slow and require substantial financial assistance from the international community if the Korean Peninsula stands any chance of being as successful as Germany.

Although the Rand Study estimated in 2006 "the cost of Korean reunification as somewhere between \$50 billion and \$700 billion,"<sup>18</sup> Germany's total cost for reunification was estimated between \$1.7 trillion to \$2.1 trillion during the past twenty years. In 2012 and beyond, the costs for Korean reunification will, most certainly, be into the trillions of dollars, once there is full accounting of total expenditure. North Korea's neglect of its economy ensures that it will be a costly endeavor not only for South Korea, but also for the international community. Currently, South Korea's

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<sup>18</sup> Wolf, "Korean Reunification: How it might come about and at what cost," 681.



economy is ranked 15<sup>th</sup> in the world with a Gross Domestic Product (GDP) estimated to be \$1.12 trillion. Based on the Rand Study, the estimated costs of a Korean reunification may be economically catastrophic ranging between 4% and 60% of South Korea's Gross Domestic Product (GDP) or even more. Therefore, the costs of reunification must be distributed across multiple years, if not decades, to prevent destabilizing South Korea's economy as well as the global financial market.

Despite decades of economic and fiscal turbulence, Germany's investment in its future has now started to payoff. The economic and infrastructure aspects of reunification are easily overcome given sufficient time, monetary commitment and a balanced fiscal policy approach. The success of social assimilation of the two cultures, however, will continue to be a challenge, but can be achieved given additional time. The cultural and social aspects may prove to be a greater challenge for the two Koreas. "After twenty years of unification, Germany is a stable and economically successful state that is confident enough to manage the remaining challenges of unification."<sup>19</sup> A successful reunification of the Peninsula will require unwavering commitment and cooperation between North and South Korea as well as immediate humanitarian assistance and economic support from the international community or else the prospect of a unified Korea will be short-lived.

**Disruption to regional markets.** With the economic slowdown in the United States and Europe, the Asian-Pacific Region is fast becoming an emerging economic market. Disruption of the flow of trade and commerce activities will have both regional and global implications. The Asian-Pacific Region, including Northeast Asia, is an interconnected, vital part of the international market. The United States has strong

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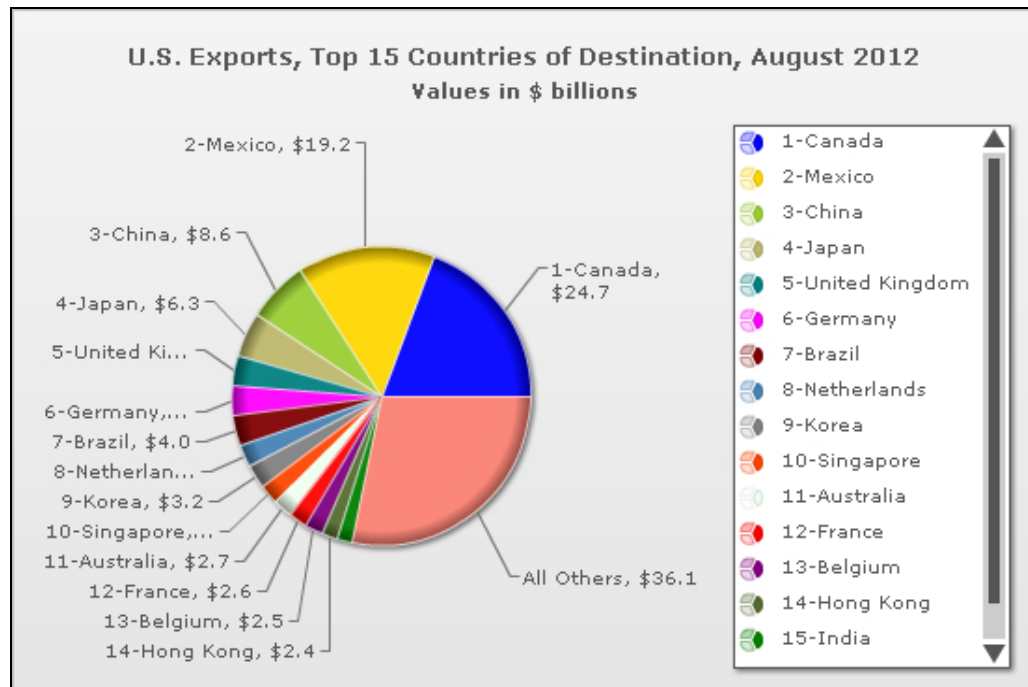
<sup>19</sup> Seliger, "German Unification After 20 Years: Achievements and Challenges," 37.

economic ties in the Far East and is particularly interested in the stability and security of the region. According to an August 2012 U.S. Department of Commerce Report, the United States exported approximately \$18.1 billion and imported approximately \$54.1 billion worth of goods and services from China, Japan and South Korea. (See Figures 1 and 2.) The regional instability and insecurity will have immeasurable impact on the United States economy and the economies of China, Japan and South Korea as well as many others in the region.

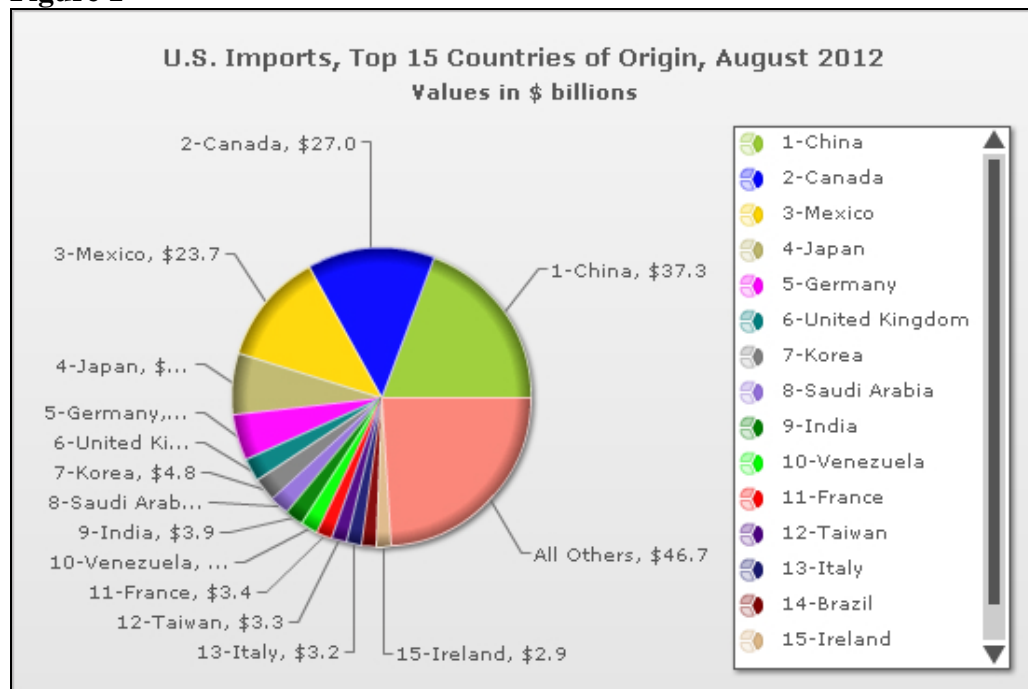
Another reason for the United States' interest in the Northeast Asia region is the recently approved Korea and U.S. Free Trade Agreement (KUSFTA) by the U.S. Congress on October 12, 2011 and Korea's National Assembly on November 22, 2011 and already implemented on March 15, 2012. The KUSFTA "means countless new opportunities for U.S. exporters to sell more Made-in-America goods, services, and agricultural products to Korea customers."<sup>20</sup>

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<sup>20</sup> Office of the United States Trade Representative, "U.S - Korea Free Trade Agreement New Opportunities for U.S. Exporters Under the U.S. - Korea Trade Agreement," (2012), 1 of 2.



**Figure 1<sup>21</sup>**



**Figure 2<sup>22</sup>**

<sup>21</sup> U.S. Census Bureau, “Top Trading Partners - Value in Billions Interactive Graph – Exports.” 2012, (accessed September 21, 2012), <http://www.census.gov/foreigntrade/statistics/graphs/TopPartners.html#exports>.

<sup>22</sup> U.S. Census Bureau, “Top Trading Partners - Value in Billions Interactive Graph – Imports.” 2012, (accessed September 21, 2012), <http://www.census.gov/foreigntrade/statistics/graphs/TopPartners.html#imports>.

## CHAPTER 4: U.S. AND CHINA PARTNERSHIP

*When written in Chinese, the word “crisis” is composed of two characters. One represents danger and the other represents opportunity.<sup>1</sup>*

- John F. Kennedy

### Bilateral Strategic Objectives

The United States and China share a vested interest in the future of the Korean Peninsula as it directly impacts conditions in Northeast Asia. The desired outcomes that bind both countries are a denuclearized and an economically-reformed North Korea. The United States and China wield considerable influence within the international community and potentially possess the means to bring about positive change in North Korea's actions to improve the stability and security of the Peninsula and the region.

Two decades after the Cold War, the strategic environment is once again in the midst of a power shift or transformation from a world dominated by one state (i.e. uni-polar) in this case the United States to multiple nation-states (i.e. multi-polar) such as state and non-state actors. Easier access to information, technology and the globalization of the world economy is “transforming the current international system into a global multi-polar one where the gaps in national power between developed and developing countries continue to narrow.”<sup>2</sup> While the United States is currently the preeminent power, latent state and non-state actors have emerged in the 21<sup>st</sup> Century, making the strategic environment more complex, uncertain and full of risk. Currently, North Korea

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<sup>1</sup> Fred R. Shapiro, *The Yale Book of Quotations* (New Haven: Yale University Press, 2006), 420.

<sup>2</sup> U.S. National Intelligence Council, “Tomorrow's Security Challenges: The Defense Implications of Emerging Global Trends,” *Strategic Insights*, Vol. 10, Special Edition. (October 1, 2011), <http://hdl.handle.net/10945/11492>, 2.

continues to place Northeast Asia in a precarious situation with the potential for increasing instability, uncertainty, and high risk.

While little can be done to reverse the effects of polarity on the international landscape, the United States, as a global power, and China, as an emerging regional power, may be compelled to combine their efforts to reshape the current condition, particularly, if there is perceived risk to their national interests. The United States and China find themselves in a precarious situation with North Korea's erratic behavior and open defiance of United Nation mandates regarding its nuclear weapons stockpile, ballistic missiles tests and its uranium enrichment program. North Korea has also shown little interest in making necessary economic policy reforms to avoid a potential economic implosion and regime collapse. Collectively, the United States and China must demonstrate international leadership and mutual cooperation before escalating tensions or deteriorating conditions in North Korea result in an armed conflict or an economic collapse.

Chapter 4 will identify opportunities for the United States, China, and the other Six Party members to influence North Korea to change course and become a responsible member of the international community. To achieve this objective, the United States and China must agree to establish a unique geostrategic partnership, if their security and economic interests are to be met and Northeast Asia is to be spared from conflict and turmoil. While a fragile peace has held for nearly sixty years, the calculus has changed with North Korea's introduction of nuclear weapons on the Peninsula and the successful launch of its *Unha-3* rocket using *Taepodong-2* missile technology. The United States must change its current policy of "strategic patience" and China must look beyond its

“risk-averse” tendencies. A bilateral diplomatic effort by both countries is needed to avoid the immediate threat by North Korea of a potential nuclear confrontation or economic implosion. They must also focus on an enduring, comprehensive approach to provide for stability and security on the Peninsula.

Re-elected to another four-year term on November 6, 2012, President Obama will need to refocus diplomatic efforts and re-evaluate the current policy of “strategic patience” as time may be running out to resolve the North Korea security threat, peacefully. On November 15, 2012, China’s 18<sup>th</sup> National Party Congress elected Xi Jinping, the current Chinese Vice President, as the next Party Secretary General of the Chinese Communist Party (CCP). Xi Jinping, shortly thereafter, accepted the Chairmanship of the Central Military Commission (CMC) relinquished by Hu Jintao. On March 14, 2013, China’s 12<sup>th</sup> National People’s Congress elected, overwhelming, Xi Jinping as the next People’s Republic of China (PRC) President replacing President Hu Jintao. “Xi Jinping’s election to PRC President gives him the last of three titles held by his predecessor, Hu Jintao.”<sup>3</sup> This election completes the transfer of power to Xi Jinping. Xi Jinping and the other six-member Politburo Committee, China’s elite Board of Directors, possess the power and responsibility for carrying out the business of the Party, Military and the State. Unlike the four-year term for President of the United States, China’s Party Secretary General, CMC Chairman and PRC President Positions are ten-year terms with a 70 year age cap limit. Xi Jinping is currently 59 years old and is expected to serve his full 10-year term. As member of a new generation of CCP leaders, Xi Jinping may be more receptive to working with the United States, if he and the other

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<sup>3</sup> Associated Press, “China Xi Jinping caps rise with presidency to face slowing growth, more demanding public, *The Washington Post*, March 14, 2013, 1.

six-member of the Politburo Standing Committee can be convinced that cooperation and partnership with the United States benefits China, politically as well as economically.

On December 19, 2012, Park Geun-hye representing the Saenuri, “the New Frontier” Party was elected South Korea’s next President bringing to a close President Lee Myung-bak Administration’s five year, hard-line engagement policy towards North Korea. Early indications are that President Park Geun-hye’s Administration may take a more conciliatory approach towards North Korea. Park Geun-hye promised more meaningful engagement and humanitarian aid to North Korea and expressed a desire to reopen peaceful dialogue with Kim Jung Un. North Korea’s successful launch of its multi-stage rocket and third nuclear detonation will test the new South Korean President’s resolve for peace efforts. South Korea’s peaceful efforts in the past were poorly received by North Korea, supporting the premise that a multi-lateral approach such as the Six Party Talks backed heavily by the United States and China may lead to more effective results.

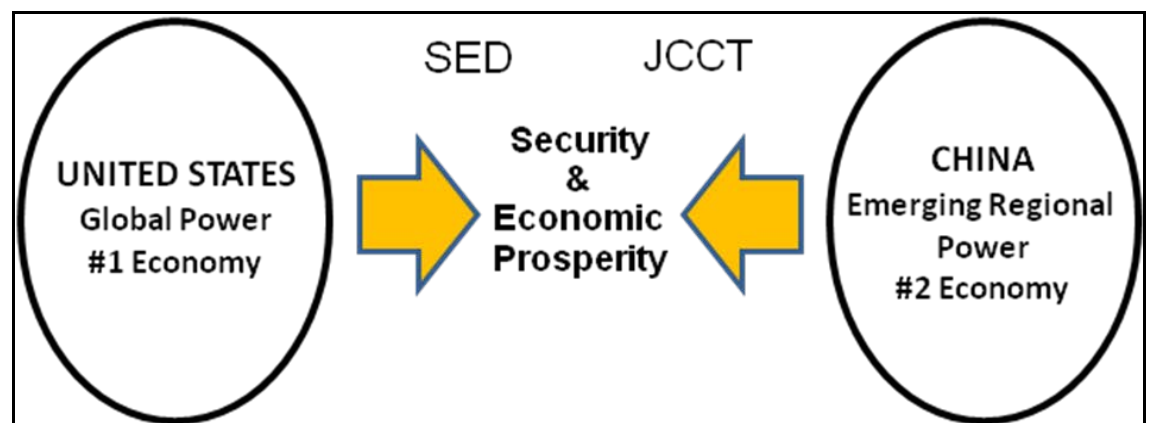
Therefore, the United States and China must take measured steps to safeguard their shared strategic interests by looking beyond their differences and forging a partnership to shape the actions of North Korea in their favor. The United States and China must seek better ways to influence North Korea actions or run the risk of reacting to crisis situations as has happened too often in the past instead of being in a position to control the outcome.

### **Partnership of Necessity**

An assessment of the strategic environment, past diplomatic efforts by the United States and China, and a review of national policies and interests reveal that both countries

share a similar desire for an improved security environment and economic stability through peaceful means documented in the *2010 U.S. National Security Strategy (NSS)* and *2010 China's National Defense White Paper*. The 2010 NSS recognizes “the very fluid nature of the international system that breeds new challenges must be approached as an opportunity to forge new international cooperation.”<sup>4</sup>

Similarly, China's 2010 National Defense White Paper articulates its “unswerving pursuit of independent foreign policy of peace and promotes friendly cooperation with all countries on the basis of the Five Principles of Peaceful Coexistence.”<sup>5</sup> The key to this unique partnership will depend on each country's willingness to back up its words with meaningful deeds. In the spirit of cooperation, the United States and China established the Strategic and Economic Dialogue (SED) and Joint Commission on Commerce and Trade (JCCT) Forums intended to discuss security and economic-related issues impacting both countries to improve relations and reduce distrust. These forums serve as the venue for the United States and China to discuss cooperative security arrangement to secure the interests of both countries as illustrated in Figure 3.



**Figure 3 – Partnership of Necessity**

<sup>4</sup> U.S. President, *National Security Strategy May 2010*, (Washington DC: Government Printing Office, May 2010), 9.

<sup>5</sup> Information Office of the State Council of the People's Republic of China, *China's National Defense in 2010*, 6.



Currently, the foundation of this relationship is being tested by deliberate North Korea actions, endangering the security and economic interests of the United States and China. With the increasing threat of a nuclear attack and patience quickly waning, the United States and North Korea are on the precipice of an armed confrontation, which may lead to preemptive actions by the West. If North Korea's actions are not altered soon, the United States and China's "window of opportunity" for bilateral-multilateral diplomacy will be lost. This common geostrategic objective shared by the United States and China is the basis for this partnership which should take precedence all other issues.

The United States and China must agree out of necessity to develop a strategy through a unity of effort in dealing with North Korea. As stated by Harry A. Yarger: "Strategy provides direction for the persuasive or coercive use of the instruments of national power to achieve specified objectives to create strategic effects leading to the desired end state."<sup>6</sup> While strategy, in this context, is describing what a sovereign state must do to advance its national objectives, the geostrategic efforts by the United States and China are equally applicable. This display of partnership is critical for reassuring other countries of its commitment to regional security, while at the same time, convincing North Korea of their steadfast determination and the seriousness of its indiscretion. This partnership must, however, be tempered to prevent it from being construed by North Korea as a "hostile intent or action" and jeopardizing the concerted efforts of both countries. Neither China nor the United States seeks a conflict with North Korea, as the results may be devastating to the region. This strategy of cooperation is consistent with

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<sup>6</sup> Harry R. Yarger, *Strategic Theory for the 21st Century: The Little Book on Big Strategy*. Carlisle, PA: Strategic Studies Institute, U.S. Army War College, 2006, <http://search.proquest.com/docview/58760080?accountid=12686>, 9.

China's current position on the approach with North Korea as it continues to push for dialogue and consultation. "China opposes any behavior that could lead to tensions and firmly opposes any armed conflict on the Peninsula."<sup>7</sup> Historically, China has been less than cooperative with United Nations efforts to impose economic sanctions against North Korea that may lead to its economic collapse. However, as discussed in Chapter 2, China's support of the latest rounds of UNSCR resolutions and punitive economic sanctions against North Korea demonstrates its growing intolerance and frustration with Kim Jung Un's erratic behavior. China must continue to assert its economic leverage over North Korea to influence the desired outcome sought by both countries. Simultaneously, the United States and China must also reinvigorate the Six Party Talks to open peaceful dialogue and address regional concerns. A bilateral partnership between the United States and China combined with the multilateral effort of the Six Party members represent the collective whole attempting to "rebalance the [strategic] environment at the margins and states apply the nuances of diplomacy and force in a peaceful world very carefully."<sup>8</sup> For the international community, the success of this endeavor is paramount as any nuclear and economic crises will not be confined to the region.

### **U.S. and China Influence**

Six Party Talks Reformation. Following North Korea's withdrawal from the NPT in 2003, China facilitated efforts between the United States and North Korea in an attempt to resolve the nuclear weapons issue. This meeting was later expanded at the urging of the United States to include Russia, South Korea and Japan, which later became

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<sup>7</sup> "China-Inter-Korean Tension," *Yonhap News*, October 21, 2012, 1 of 3.

<sup>8</sup> Yarger, *Strategic Theory for the 21st Century: The Little Book on Big Strategy*, 38.

known as the Six Party Talks Forum. Its primary focus was to address North Korea's nuclear weapons program, escalating tensions in the region and the perceived threat to the United States, Japan and South Korea. Despite a five-year effort by the Six Party members to resolve the dilemma on the Korean Peninsula, formal discussions stalled in December 2008 as a commitment and permanent agreement with North Korea to abandon its nuclear weapons program could not be reached. North Korea's deceptive nature and lack of transparency contributed greatly to this failure, but so did the failure of the United States and China to provide collective leadership in order to unify the other Six Party members. Additionally, China and South Korea's continued aid to North Korea did little to incentivize North Korea to make needed changes to its economic system. Without this collective leadership and common objective by the United States and China, the Six Party Talk Forum's ability to convince North Korea to abandon its nuclear weapons program and implement economic reform stood little chance of success. Past diplomatic efforts led by the West only served to reinforce North Korea's perception of hostile aggressive acts perpetrated by the United States against the Kim Regime and the DPRK in the form United Nations-sponsored economic sanctions.

In retrospect, a comprehensive, balanced approach may have been more appropriate in addressing North Korea's underlying concern such as security and economic rather than a narrow focus on denuclearization. A concerted effort on the part of the United States, China and the other Six Party members may be successful in convincing Kim Jung Un to take necessary steps towards abandoning its nuclear weapons program and implementing economic reform. Unlike Kim Jung Il, his father, Kim Jung Un did not have the luxury of being better prepared to take the primary leadership role of

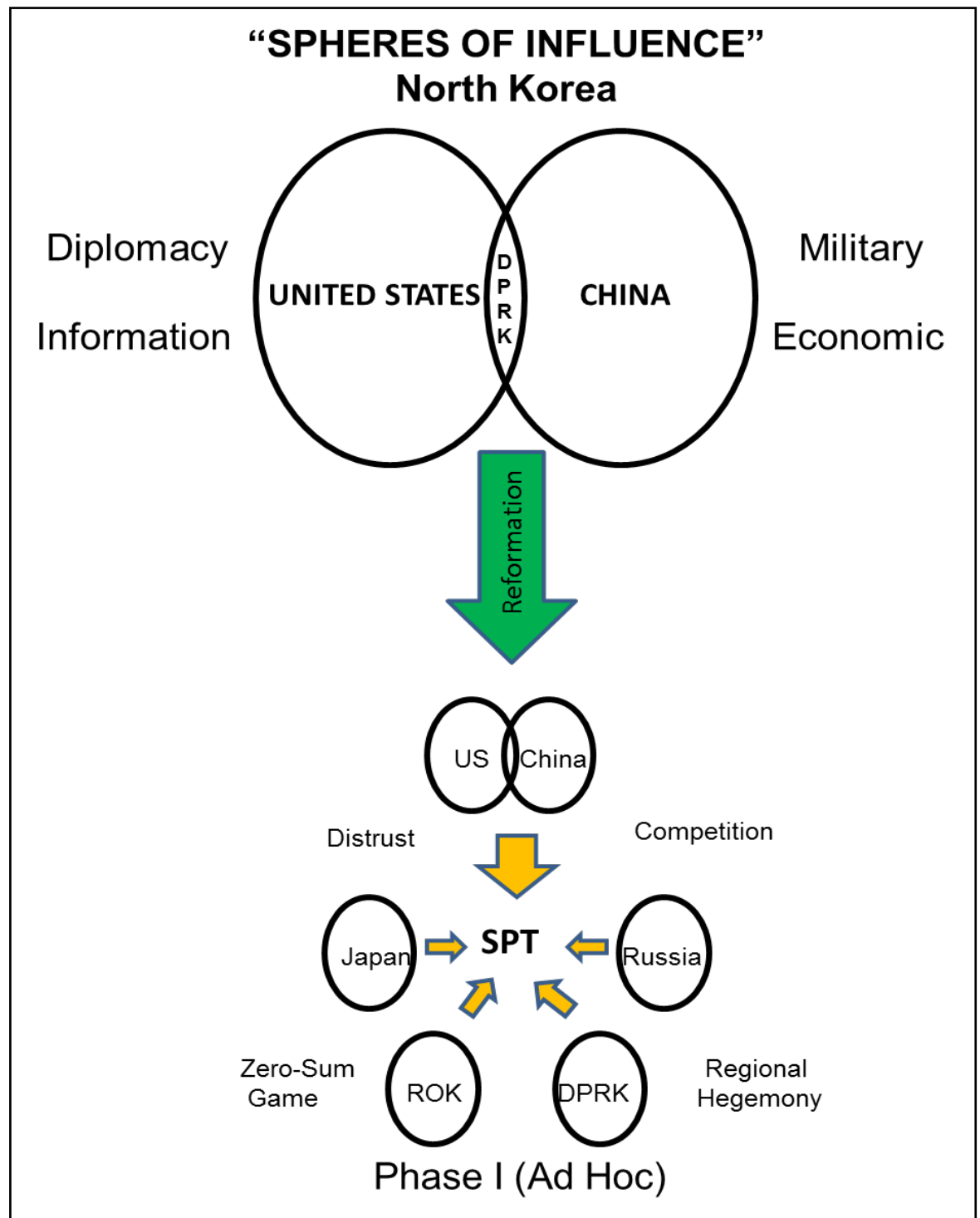
his country. Kim Jung Un's inexperience in foreign affairs may present a limited "window of opportunity" for the United States and China to exploit. However, they must agree to act decisively to convince this young, impressionable leader that provocative rhetoric and hostile threats are unacceptable international behavior before he is completely influenced by self-serving KWP elites and KPA leadership. Kim Jung Un must be receptive to open, productive dialogue with the West and economic reforms to improve his country's vitality as the impacts of North Korea demise will not be confined to its borders and will have far-reaching implications.

According to Ogden and Anderson in their article in *Strategic Studies Quarterly*, "a [comprehensive] analysis must include identifying and acknowledging the legitimate interests of North Korea, comparing them to US security interests, and defining the challenges and incorporating opportunities the United States has in working with regional parties in addressing US interest."<sup>9</sup> The United States and China must align their geostrategic objectives and agree on a unified approach to the North Korean dilemma with support of Russia, Japan and South Korea. As previously stated, a multilateral approach or the Six Party Talks Forum is ideal as it may help to minimize the perception of Western influence. The United States and China must set the condition and create much needed synergy with the other Six Party members to move forward with a common interest and shared strategic objective. With this renewed cooperative effort by the Six Party members, the friction points or barriers which have historically plagued relations among Northeast Asian partners such as distrust, competition, regional hegemony and other non-unifying factors may finally be reduced or eliminated in the long-term. This

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<sup>9</sup> Anderson and Ogden II, "U.S. Foreign Policy Toward North Korea - A Way Ahead," 76.

process of reformation of the SPT is illustrated as the “Spheres of Influence” represented by the United States and China. (See Figure 4.)



**Figure 4 – Spheres of Influence: U.S.-China common interest leads to common approach to Six Party Talks (SPT)**

The success of this approach is predicated on Six Party Talks member's ability to move from a "*Fragmented International System*, an environment in which the diversity of key global actors leads to a disjointed, ineffectual approach, to a *Concert of Powers* scenario, where the leading states cooperatively tackle transnational security challenges."<sup>10</sup> Regional organizations such as Association of Southeast Asian Nations (ASEAN), European Union (EU), League of Arab States, and Organization of American States (OAS) are just some established organizations created to address security, economic and other similar issues impacting their particular region. This situation may lead to a more permanent organization much like the Association of Southeast Asian Nations (ASEAN), except recognized as the Association of Northeast Asian Nations (ANEAN). Similar to ASEAN, this organization would specifically address Northeast Asia issues and require commitment by regional partners. This concept will be discussed further in the next chapter. A description of the above discussion is illustrated in Figure 5.

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<sup>10</sup> U.S. National Intelligence Council, "Tomorrow's Security Challenges: The Defense Implications of Emerging Global Trends," 3.

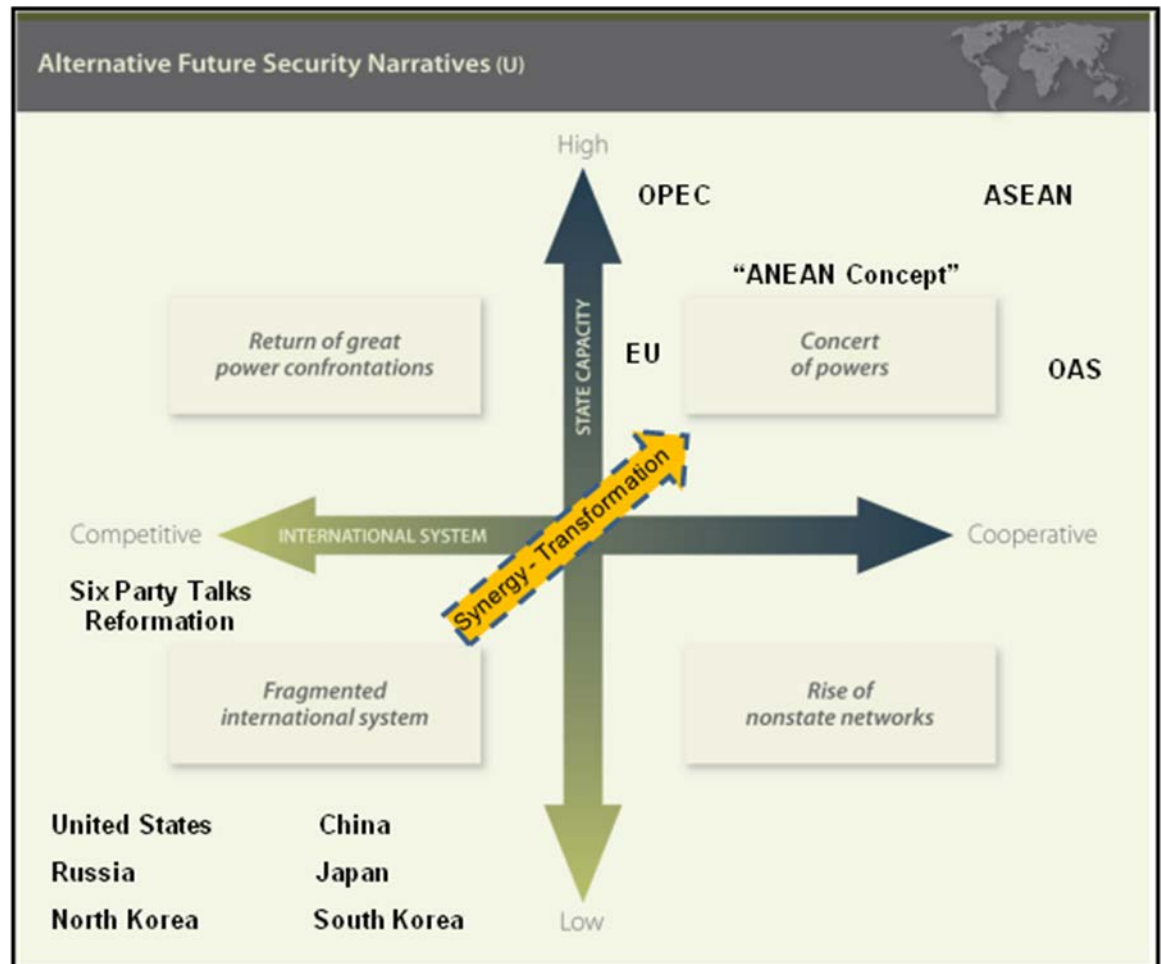


Figure 5<sup>11</sup> - ALTERNATIVE FUTURE SECURITY NARRATIVES

### Strategic Core Interests

Despite the efforts by the Six Party members to develop a solution set to address North Korea nuclear weapons issue, “there are other core constituent issues on which the six countries rarely share a consensus view.”<sup>12</sup> Since the last meeting of the Six Party members in 2008, impromptu bilateral meetings have occurred between the United States and North Korea which have neither produced meaningful progress nor any major breakthroughs in the standoff. While each Six Party member desires better security and stability on the Korean Peninsula and the Northeast Asia region, the issues impeding

<sup>11</sup> Ibid., 141.

<sup>12</sup> John S. Park, "Inside Multilateralism: The Six-Party Talks," *The Washington Quarterly*, (Autumn 2005), 77.

progress and separating each country have been “divergent domestic priorities, national interests, and historical analogies.”<sup>13</sup> To better understand the differing national interests and the disjointed efforts, each of the SPT member’s major interests is highlighted below.

**United States.** The Bush administration played a major role in influencing the direction of Six Party Talks between 2003 and 2008. After North Korea’s failed missile launch and test of a nuclear explosive device in 2006, the United States demanded that it dismantle its nuclear weapons program, subject to verification by IAEA inspectors before any discussions of favorable actions could be initiated including integration into the international system. Although at times warranted, the United States’ antagonistic approach escalated tensions with North Korea and placed it in direct conflict with China’s diplomatic approach based on peaceful dialogue. While the Bush administration’s policy (i.e. “all or nothing”) approach towards North Korea represents one extreme, the Obama administration’s policy of “strategic patience” relied on optimism that the new North Korean leader, Kim Jung Un, would lead his country on a better path of recovery and a more conciliatory approach towards the West. Unfortunately, this would not be the case evident by the launch of the *Unha-3* rocket in December 2012, followed by the underground nuclear weapons test in February 2013. Therefore, a collective engagement policy using a bilateral (U.S.-China) - multilateral approach (other Six Party members) is still considered the ideal methodology likely to succeed.

**China.** Although it expressed uneasiness regarding North Korea’s proclivity for nuclear weapons and technology, China’s primary concern was the potential for an economic and regime collapse leading to mass refugee migration and civil unrest on its

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<sup>13</sup> Ibid., 75.



border. From its perspective, these events were unacceptable and may adversely impact China's security and economic prosperity objectives. Hence, Beijing's past approach to resolving the North Korea dilemma took on a more conciliatory, "risk-averse" approach through peaceful negotiations, much to the Bush administration's frustration.

Recent actions by North Korea and China's growing impatience with Kim Jung Un have fostered better diplomatic cooperation between United States and China as evident by the unanimous vote on the United Nations Security Council resolutions condemning North Korea and imposing tougher sanctions. However, the effectiveness of these punitive measures will depend on China's commitment to adhere to these stiff economic sanctions against North Korea.

**Japan.** With the exception of South Korea, Japan remains one of the United States' strongest ally in the region. While Japan remains concerned with North Korea's nuclear weapons and ballistic missile threat, North Korea's abduction of Japanese citizens has also dominated the consciousness of the Japanese people, contributing to the diplomatic stalemate.

In the past, the DPRK has been involved in the abduction of foreign citizens. In 2002, Kim Jong Il acknowledged to Japanese Prime Minister Koizumi the involvement of DPRK "special institutions" in the kidnapping of Japanese citizens between 1977 and 1983 and said that those responsible had been punished. While five surviving victims and their families were allowed to leave DPRK and resettle in Japan in October 2002, 12 other cases remain unresolved and continue to be a major issue in Japan-DPRK relations.<sup>14</sup>

The Japanese public elevated the importance of the abduction issue and considered it a very serious offense, which threatens its sovereignty. In addition to the nuclear weapons

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<sup>14</sup> US Bilateral Relations Fact Sheets: North Korea (*Lanham, United States, Lanham: Federal Information & News Dispatch, Inc.*, (2012), <http://search.proquest.com/docview/1033191031?accountid=12686>, 8 of 16.

threat, the Japanese public must be satisfied with a full accounting of all abductees, before diplomatic normalization with North Korea can be achieved. Japan must understand that diplomacy is a process approach that sometimes requires gradual concessions by each interested party, or else negotiations become mired resulting in an impasse as the Six Party Talks did in 2008.

**Russia.** In contrast to its former position as a global power, Russia was relegated to a supporting role in the Six Party Talks. Russia also favored a more conciliatory approach as it seeks to improve its international position by capitalizing on economic opportunities. Hence, “under the leadership of President Vladimir Putin, Russia is eager to resolve the nuclear weapons dilemma on the Korean Peninsula. The Far East Region plays a prominent role in its effort to rebuild its economy and restore the country’s status and prominence as a great power on the international stage.”<sup>15</sup> Russia also understands that its success in an interconnected international environment also depends on regional stability and uninterrupted land and maritime trade routes for continued flow of its oil and natural gas resources to regional and global customers.

**South Korea.** South Korea agreed with China on a more conciliatory approach. It continues to face the persistent threat posed by North Korea’s conventional forces, nuclear weapons capability and the potential of an economic collapse negatively impacting the security, and stability of its economy from mass migration of North Koreans. For this reason, South Korea continues to hope for a peaceful reunification of the Peninsula, but not one that places its country at risk. It supports economic reform and prosperity in the North to set the condition for a favorable reunification in the future.

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<sup>15</sup> Jean-Marie Holtzinger, “The Russo-Chinese Strategic Partnership: Oil and Gas Dimensions,” *Connections: The Quarterly Journal*, Vol. IX, Number 4, Fall 2010, 74.

While President Lee Myung-bak took tougher stance with North Korea, the future of Inter-Korean relations remains to be seen with South Korea President, Park Guen-hye.

**North Korea.** For it to abandon its nuclear weapons program, “North Korea insists on large-scale economic development assistance, diplomatic normalization and a security guarantee.”<sup>16</sup> Superficially, these demands may not appear unreasonable. However, North Korea’s inability to comply with agreements has left serious doubts in the international community, especially the United States and its allies. North Korea, in the spirit of cooperation, must be more transparent regarding its nuclear weapons program and the disposition of Japanese abductees to bring proper closure to this issue. If it desires to be treated as a responsible sovereign country and respected by the international community, North Korea must start by honoring all its previous agreements and comply with UNSCR mandates.

Consequently, the differences in approaches and priorities have polarized the regional partners, resulting in the Six Party Talks being stalled since 2008. “The greatest challenge that faced the Bush administration in dealing with North Korea was its lack of strong policy coordination with China in jointly leading the multilateral diplomatic effort.”<sup>17</sup> The United States and China must employ their instruments of national powers (*diplomacy, informational, military and economic* (DIME)) inherent in each sovereign state in order to affect needed favorable change. With better understanding and cooperation, the Six Party members may be able to establish a set of goals that simultaneously address the perceived threat of aggression by the West and economic sanctions endured by the North Koreans for the past six years. This restructuring of the

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<sup>16</sup> Park, “Inside Multilateralism: The Six-Party Talks,” 80.

<sup>17</sup> Ibid., 79.

goals of the Six Party Talks, cultivated synergy, and a renewed commitment to positive relations with North Korea may lay the foundation for a better future. However, North Korea must also be receptive to change including economic reform and transparency with their nuclear weapons and uranium enrichment program.

### **Zero-Sum Game**

Unlike any other region in the world, the countries of the Far East, especially in the Northeast Asia region have been shrouded in distrust and suspicion of one another. To understand the reason for this distrust and suspicion, one has only to look to Northeast Asia's turbulent past for the answer. Historically plagued by strife, revolution, conquest, invasion, and colonization, this region has been predisposed to competing self-interests, distrust, and dominance by other countries. Regional partners are driven by a "Classical Realism" theory whereby there is a constant struggle for power and security, leading to the attitude that in order to win, someone else must lose, a "zero-sum game." This mentality has stifled progress with the Six Party Talks. North Korea continues to believe that Six Party actions are influenced by the United States and its allies to dictate its policy and interest. A comprehensive, balanced approach in which everyone benefits to some degree should be an objective and not a lofty goal. To bridge this geopolitical divide, the United States and China must be willing to use their diplomatic capital in order to effect change in North Korea and the other Six Party members by restarting the Six Party Talks founded on a bold vision, broader goals and objectives. This vision, these goals and objectives should not only address the nuclear weapons and related issues, but also the needs of North Korea such as assured security and economic growth while building an atmosphere of cooperation and mutual trust for all regional partners. Given the history of

Northeast Asia, efforts to develop cooperation and mutual trust among the regional partners must be cultivated over time through positive actions and better conflict resolution efforts. Otherwise, the potential for a regional arms race involving Japan and South Korea may emerge to counter North Korea's nuclear weapons capability particularly, if there is any doubt of the United States' ability or will to guarantee their protection. This balance of power approach is supported by the notion that a state must maintain "equilibrium or adjustment of power (as between potentially opposing sovereign states) such that no one state is willing or able to upset the equilibrium by waging war or interfering with the independence of other states."<sup>18</sup>

### **Bold Vision and Broader Focus**

To develop an effective foreign policy, one must understand the strategic environment, but more importantly, identify the national interests of other countries. "International relation is a complex environment of cause and effect relationships and made up of complex systems of system in constant competition."<sup>19</sup> A better understanding of the various systems in play may lend itself to identifying a solution set and solving the problem rather than just addressing the symptoms.

Finally, the role of the Six Party Talk Forum must be underpinned by achievable goals and objectives accepted and agreed upon by regional partners. Unlike the 1992 Joint Declaration and the 1994 Agreed Framework, the Six Party Talks did not sufficiently layout its goals, objectives, desired outcomes and how North Korea could benefit from renouncing its nuclear weapons program. Instead of a single-track approach, a comprehensive method that addresses more than denuclearization may bear

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<sup>18</sup> Noah Webster, Webster's Third New International Dictionary of the English Language Unabridged ...Merriam, 1961, 165.

<sup>19</sup> Yarger, *Strategic Theory for the 21st Century: The Little Book on Big Strategy*, 26.

positive results leading to significant breakthroughs in diplomatic discussions with DPRK Leadership, namely Kim Jung Un. Similar to China's bold step more than 30 years ago to transform its economic policies towards a more free-market model, North Korea may very well require the same evolutionary approach. The success of North Korea's economic transformation and the sustainability of a liberalized market environment will require the total commitment by the Six Party members, especially the unified effort of the United States and China. The combination of diplomatic and economic solution by the Six Party members may bring about a breakthrough in negotiations.

### **Economic Globalization and Social Implications**

Major diplomatic gains leading to small, but, meaningful, economic reforms by North Korea will ensure the United States and China continue their steady state of economic growth. Between 2008 and 2009, the United States' economy suffered from a global recession from which it is still recovering, albeit, rather slowly. The current U.S. economic growth trend measured by Gross Domestic Product (GDP) continues averaging approximately 2.3% attributed to the high unemployment rate and concern for the huge U.S. Debt at approximately \$16.5 trillion and rising. "China is the United States' second largest trading partner and largest supplier of imports, as well as being the largest foreign holder of U.S. debt."<sup>20</sup> China currently holds approximately \$1.2 trillion of U.S. Debt Securities and receives approximately \$30 billion in debt interest payments. "Economically, the United States and China are heavily interdependent."<sup>21</sup> It is estimated that U.S. Firms account for \$250 billion of China's market. This domestic

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<sup>20</sup> Susan V. Lawrence, "A Guide to China's Upcoming Leadership Transitions," *Congressional Research Service*, 2012, 1.

<sup>21</sup> Ibid.

economic problem is made worse by a current U.S. Budget deficit of approximately \$1.1 trillion.

During the past three decades, China underwent significant growth as a result of economic reform efforts and a greater acceptance of a free market approach. Similar to China, North Korea also stands to gain from significant economic growth should it decide to implement reform measures and open its country to trade and the free market. Under Deng Xiaoping, “China’s market reform process began in the late 1970s and became the catalyst for the most rapid development of a sizeable emerging-market economy in history.”<sup>22</sup> While China’s manufacturing sector has dominated the economic market, its service industry suffered from the lack of domestic consumption and slowdown in exports to the United States as well as countries in the European Union due to economic globalization. To a large degree, China is a victim of its own success.

According to the 2008 National Defense Strategy,

Globalization and growing economic interdependence, while creating new levels of wealth and opportunity, also create a web of interrelated vulnerabilities and spread risks even further, increasing sensitivity to crises and shocks around the global and generating more uncertainty regarding their speed and effect.<sup>23</sup>

Globalization has had a similar impact on both the United States and China.

Currently, the United States is the world’s largest economy with a GDP of about \$15 trillion with China, second, with a GDP of about \$7.3 trillion by some accounts, succeeding Japan now third in the world with a GDP of \$5.8 trillion. Because of the strong economic relations between the United States and China, the Cold War policy of containment is not only impractical, but also self-defeating for both countries. Therefore,

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<sup>22</sup> Jane’s IHS, “China: Economy.” Jane’s Security Sentinel Assessment, (August 24, 2012), <https://janes.ihs.com>, 1 of 6.

<sup>23</sup> U.S. Secretary of Defense, *National Defense Strategy June 2008*, 4-5.

a direct conflict between the United States and China is unlikely. Some may argue that economic interdependence could incentivize the United States and China to work together to achieve mutually-supporting objectives. With respect to North Korea and the United States, economic trade between the two countries may mitigate tensions, make cooperation easier with a common interest and improve diplomatic relations, resulting in a peace accord officially ending the Korean War.

Given internal domestic issues in its rural and western provinces, China can ill afford for any disruption in their economic growth and prosperity, resulting from an armed conflict or economic turmoil in the region created by a miscalculation by North Korea. As demands for improvements to quality of life and the conversion to a free market economy increase, competition for scarce resources and commodities will become strategically important to China in order to sustain some level of positive economic growth. While China focuses on its economic growth, it continues to struggle with local, internal civil and social unrests.

Political tensions will continue to be generated by social problems including high graduate unemployment, poor working conditions, environment pollution, late payment of wages and benefits, illegal eviction from homes and land, official corruption, cost-of-living issues and abuse of power by state officials.<sup>24</sup>

The disparity between urban and rural Chinese has created a division between the “haves and have not’s.” The CCP is particularly concern with the growing economic inequality among the vast majority of the Chinese population. Therefore, it must continue to improve its economic condition to reduce the inequality gap which is dependent upon a sustained economic growth uninterrupted by any potential conflict on the Korean Peninsula.

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<sup>24</sup> Economist Intelligence Unit, *Country Report: China* 2012, 4.



Further complicating China's potential economic growth is its "one child policy" implemented in the late 1970's. This policy decision contributed greatly to a "decline in its birth rate, well below the minimum of 2.1 to sustain a stable working-age population. Unless this trend is offset by immigration, China's working age-population will begin to decline as early as 2015 say some experts."<sup>25</sup> Given its stance on North Koreans crossing its border and internal ethnic issues, the CCP's willingness to permit others to migrate into China is unlikely. A declining population coupled with an increase in its aging population translates to less productivity and in turn, an economy which may be prone to contraction. "Richard Jackson and Neil Howe, population experts, stated that a demographic cloud hangs over China. China may be the first country to grow old before it grows rich."<sup>26</sup> China's future success rests on its ability to sustain its trend for economic prosperity in order to avoid increasing civil and social unrest and nationalistic tendencies. The flow of imports and exports must remain uninterrupted to ensure the economic survival of both the United States and China's economies. Therefore, the United States and China must develop a geostrategic partnership to counter the adverse impact that North Korea's provocative rhetoric and erratic behavior may have on their vital national interests.

#### **Acceptance of International Atomic Energy Agency (IAEA) Authority**

Of the Six Party members, the United States, China, Russia, Japan and South Korea are signatories to the Nuclear Non-Proliferation Treaty and as such, accepted IAEA's responsibility and authority. To bridge the gap of distrust, China plays an instrumental role in convincing North Korea to take positive measures to resolving the

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<sup>25</sup> Greg Ip, *The Little Book of Economics: How the Economy Works in the Real World* (Hoboken, N.J.: John Wiley & Sons, 2010), 7.

<sup>26</sup> Ibid.

nuclear weapons issue by rejoining the NPT and allowing IAEA inspectors validate and verify the status of its nuclear weapons arsenal and its uranium enrichment program.

Furthermore, North Korea must comply with the 1992 Joint Declaration and the 2005 Joint Statement. The United States, in turn, must begin to address North Korea's concern or its perception of a threat to DPRK regime survival, normalizing diplomatic relations and assisting in economic development. These issues will be discussed further in the next chapter.

## CHAPTER 5: THE WAY AHEAD

*You don't promote the cause of peace by talking only to people with whom you agree.<sup>1</sup>*

- Dwight D. Eisenhower

As described in Chapter 4, the 21<sup>st</sup> Century strategic environment is in the midst of transition from a unipolar to a multipolar world. Democratization of countries, emerging technology, easier access to information and expanding economic globalization have created an international landscape fraught with “volatility, uncertainty, complexity and ambiguity (VUCA).”<sup>2</sup> If the first decade of the 21<sup>st</sup> Century is an accurate indicator for the future of international relations, the establishment of regional organizations through alliances and partnerships will become increasingly important, if security and stability are to be achieved.

Unlike the Cold War Era, the economies of the United States and China have become interdependent and face not only external threats to their nations' vitality, but also growing domestic challenges. The Obama administration and the U.S. Congress are mired in a contentious political debate on how best to balance the federal budget and reduce the national debt. While it is unclear how the stalemate will be resolved, it is fairly certain the Defense Budget will be impacted with potentially hundreds of billions of dollars in funding cuts starting in 2013 and into the foreseeable future. Unlike the past decade, the current and future Defense Budgets are expected to be much leaner, posing unique challenges for the United States to sustain its global role while mitigating risk for

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<sup>1</sup> Dwight David Eisenhower, *Public Papers of the Presidents of the United States: Dwight D. Eisenhower: Containing the Public Messages, Speeches, and Statements of the President, January 1 to December 31, 1957* ([S.l.]: (U.S. Govt. Print. Off, 1958), 98.

<sup>2</sup> Yarger, *Strategic Theory for the 21st Century: The Little Book on Big Strategy*, 17-18.

U.S. Joint Forces in the 21<sup>st</sup> Century. China's new leadership is also confronted with immense internal struggles of its own with government corruption and rising social unrest from the growing income disparity between the urban middle-class and the rural lower-class, increasing the need to sustain its economic growth and prosperity. The United States and China must use their geopolitical influence in cooperation with Six Party members to eliminate the growing threat by North Korea to create a better security environment for Northeast Asia.

Unless confronted by the combined efforts of the United States and China, North Korea will almost certainly continue, unabated, in development of its nuclear weapons, ballistic missile arsenal and enrichment uranium programs. The 2006 and 2009 economic sanctions imposed by the United Nations Security Council will continue to impact North Korea's already anemic economy and increase the suffering of its people. North Korea's recent meetings with Russia and China are possibly good indicators that sanctions may be severely impacting its economy. However, it is difficult to determine to what extent due to its close and secretive nature. The "window of opportunity" for a bilateral-multilateral diplomacy is rapidly closing, demonstrated by North Korea's successful multi-staged rocket launch on December 12, 2012. The United States and China must develop a geostrategic partnership and resist North Korea's divisive tactics, if they are going to successfully shape the future of the Korean Peninsula and the region. To develop an effective strategy for this particular security threat, Six Party members, spearheaded by the United States and China, must understand the strategic environment and recognize the underlying factors from all perspectives through meaningful dialogue, continued active engagement and enduring commitment. This effort will require looking

beyond their immediate national objectives to minimize the “volatility, uncertainty, complexity and ambiguous nature of the region in order to break the cycle of distrust and suspicion.”<sup>3</sup>

Chapter 5 will exam the instruments of national power, specifically *diplomacy* and *economics* to determine if more effective application of these elements will yield more favorable results and accelerate North Korea’s reform. This chapter will build upon the previous chapters and provide recommendations for a possible solution to the North Korean security threat. It will identify opportunities for North Korea to consider while balancing the needs of the remaining Six Party members. Finally, it will also offer a possible “*Way Ahead*” to cultivate and foster a climate of cooperation and trust possibly leading to an improved stability and security environment in the long-term. The success of this approach is predicated on the willingness and enduring commitment of the Six Party members and in particular, North Korea’s openness to change for the betterment of its future and the region.

### **Diplomacy**

As the strategic environment becomes more complex and the diversity of power becomes more pervasive, multilateral diplomatic efforts will become a vital component for establishing and sustaining stability and security in the region. Disjointed diplomatic efforts on the part of the United States, South Korea and Six Party Talks during the past two decades have failed to achieve the desired outcome, a nuclear-free Korean Peninsula. While organized with good intentions, “the Six-Party Talk Forum hindered progress on other issues by continuing to focus mainly on the nuclear nonproliferation in lieu of a

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<sup>3</sup> Ibid.

more comprehensive solution to issues surrounding North Korea.”<sup>4</sup> The strategic environment is “a web of multilayered systems of internal and external components in constant competition, resulting in complexity and nonlinearity.”<sup>5</sup> Consequently, the strategic environment is made even more complicated when the multilayered systems of the United States and China along with the internal and external factors of the remaining Six Party members are overlaid. To influence the strategic environment, one must not only understand the underlying key strategic factors, but also those strategic international players, in this case China and the Six Party members, prior to undertaking in diplomatic efforts. As Yarger aptly states, “In this environment, some things are known (predictable), some are probable, some are plausible, some are possible, and some remain simply unknown. It is a dynamic environment that reacts to input, but not necessarily in a direct cause-and-effect manner.”<sup>6</sup> In other words, international solutions are not necessarily “black and white,” but a shade of gray, requiring a more deliberate approach to gain a comprehensive, thorough understanding of the strategic environment. The art of international diplomacy is the willingness of each party involved to negotiate and compromise to achieve a reasonable and acceptable outcome, fostering a mutually-beneficial relationship. Mutual understanding, open communication and active engagements are necessary for successful diplomacy. Diplomacy, much like strategy, is an art which is “inherently rooted in human enterprise and interaction with competing interests”<sup>7</sup> and as such, one must either compromise or risk becoming irrelevant to the process. To resolve this security threat, the United States and China along with the

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<sup>4</sup> Anderson and Ogden II, “U.S. Foreign Policy Toward North Korea A Way Ahead,” 75.

<sup>5</sup> Yarger, *Strategic Theory for the 21st Century: The Little Book on Big Strategy*, 33.

<sup>6</sup> Ibid., 17.

<sup>7</sup> Ibid., 67.

remaining Six Party members must be willing to change as well. U.S. Secretary of State Hillary Clinton stated succinctly in the Department's *First Quadrennial Diplomacy and Development Review (QDDR) 2010*, that

Solving foreign policy problems today requires us to think regionally and globally, to see the intersections and connections linking nations and regions and interests, and to bring countries and peoples together as only America can.<sup>8</sup>

North Korea's priorities or interests remain "regime survival (protecting the regime from external forces), security of the state (protecting the political ideology of the state against internal forces), and reunification."<sup>9</sup> While the strategy to which North Korea has sought to ensure its existence is contentious, the self-preservation of its government and sovereignty are rationally sound.

### **Normalize U.S. – DPRK Diplomatic Relations**

North Korea insists that the United States harbors "hostile intent" through its arms sale to South Korea and its support of economic sanctions. Ironically, despite its animosity towards the West, North Korea continues to seek recognition by the United States leading to either a non-aggression agreement (i.e. peace treaty) or recognition as a "nuclear power" state. The latter condition is currently deemed unacceptable to the United States and its regional allies.

During the past two decades, the United States and South Korea offered to normalize diplomatic relations with North Korea with agreements such as the 1992 Joint Declaration on Denuclearization of the Korean Peninsula, 1994 Agreed Framework and the 2005 Joint Statement. North Korea rejected each effort with provocative, non-conciliatory actions choosing instead to continue its pursuit of nuclear weapons

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<sup>8</sup> U.S. Department of State, *The First Quadrennial Diplomacy and Development Review 2010*, vi.

<sup>9</sup> Anderson and Ogden II, "U.S. Foreign Policy Toward North Korea A Way Ahead," 90.

capability, ballistic missile technology, and a uranium enrichment program through persistent noncompliance and deceptive actions. China, in conjunction with the United States, must apply diplomatic and economic pressures to bring North Korea to the negotiation table. China cannot afford a regional conflict between the United States and North Korea that adversely impacts its security and more importantly, its economic prosperity. Therefore, normalized diplomatic relations between North Korea and the West must be established before any discussion of security guarantee, in the form of a non-aggression agreement or peace treaty, and economic assistance can be implemented. By opening diplomatic relations and complying with its past agreements, North Korea will demonstrate a good faith effort and positive steps towards opportunities for improving its economic outlook. The United States can facilitate support efforts through international financial assistance, direct foreign investments and access to the global markets. North Korea and regional partners stand to benefit from its economic development and growth. Should it decide to abandon its proclivity for nuclear weapons, return to the NPT and liberalize its economy, North Korea's action will preserve the regime and legitimize its sovereignty as a nation-state. Economic reform measures will narrow the disparity gap between the two Koreas and bring them one step closer to a reunified Peninsula.

### **Six Party Talks Transformation**

In August 2003, the Six Party members convened to address the immediate dilemma posed by North Korea's pursuit of nuclear weapons, ballistic missile testing and development of highly enriched uranium. While Six Party members had good intentions, a vision, common goals and objectives and comprehensive approach based on the



collaborative efforts of the United States and China were deficient. The original SPT Forum was an “ad hoc” organization expeditiously assembled to address North Korea’s nuclear weapons crisis, while also plagued by its separate national interests of its members.

As technology, information, and economic globalization become more pervasive in the 21<sup>st</sup> Century, many developing countries may flex their national power and influence, particularly if their national interests are not being met or worse, overlooked. As stated earlier, the strategic environment is in constant flux due to competing national self-interests and complex interactions. Regional organizations will become increasingly important in addressing unique challenges and growing security concerns, in an effort to deescalate tensions with better participation by regional countries and perhaps, with greater success. Based on geographic, historic, socio-economic and cultural affinity, regional organizations, in some cases, may serve as a better forum to promote open dialogue to settle disputes and disagreements. China in close partnership with the United States must champion efforts to improve the security of the Peninsula and the stability of the region, requiring that the defunct Six Party Talk forum be restructured.

The United States and China understand the importance of a forum to address security and economic concerns, specific to the Asian-Pacific Region, as both countries participate in meetings of either the Association of Southeast Asian Nations (ASEAN) plus three, ASEAN Regional Forum (ARF) or the East Asia Summit. Established in 1967, ASEAN is an organization which has a difficult past, but has endured to become a legitimate forum acknowledged by the United States, China and the international community. In the past 45 years, ASEAN has “contributed to regional peace and

stability, and promoted economic cooperation towards regional economic integration.”<sup>10</sup>

ASEAN was established by its original five members to establish a sense of regional community through mutual cooperation to promote welfare and peace, which later extended to economic development. Incorporated in the Treaty of Amity and Cooperation in Southeast Asia (TAC) of 1976, ASEAN members are guided by six fundamental principles :

1. Mutual respect for the independence, sovereignty, equality, territorial integrity and national identity of all nations;
2. The right of every State to lead its national existence free from external interference, subversion or coercion;
3. Non-interference in the internal affairs of one another;
4. Settlement of differences or disputes by peaceful manner;
5. Renunciation of the threat or use of force; and
6. Effective cooperation among themselves.<sup>11</sup>

At its 40<sup>th</sup> Anniversary Summit in 2007, the 10 full ASEAN Members (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) voted to strengthen the organization through the adoption of its Charter and expanded upon its original fundamental principles from six to fourteen. Its success has been recognized by other developed countries outside of the 10 members of ASEAN. Through the years, ASEAN’s role has expanded to include: the ASEAN plus three (China, Japan and South Korea), East Asia Summit (ASEAN plus three, Australia, India, New Zealand, Russia and the United States) and ASEAN Regional Forum (ARF) (ASEAN

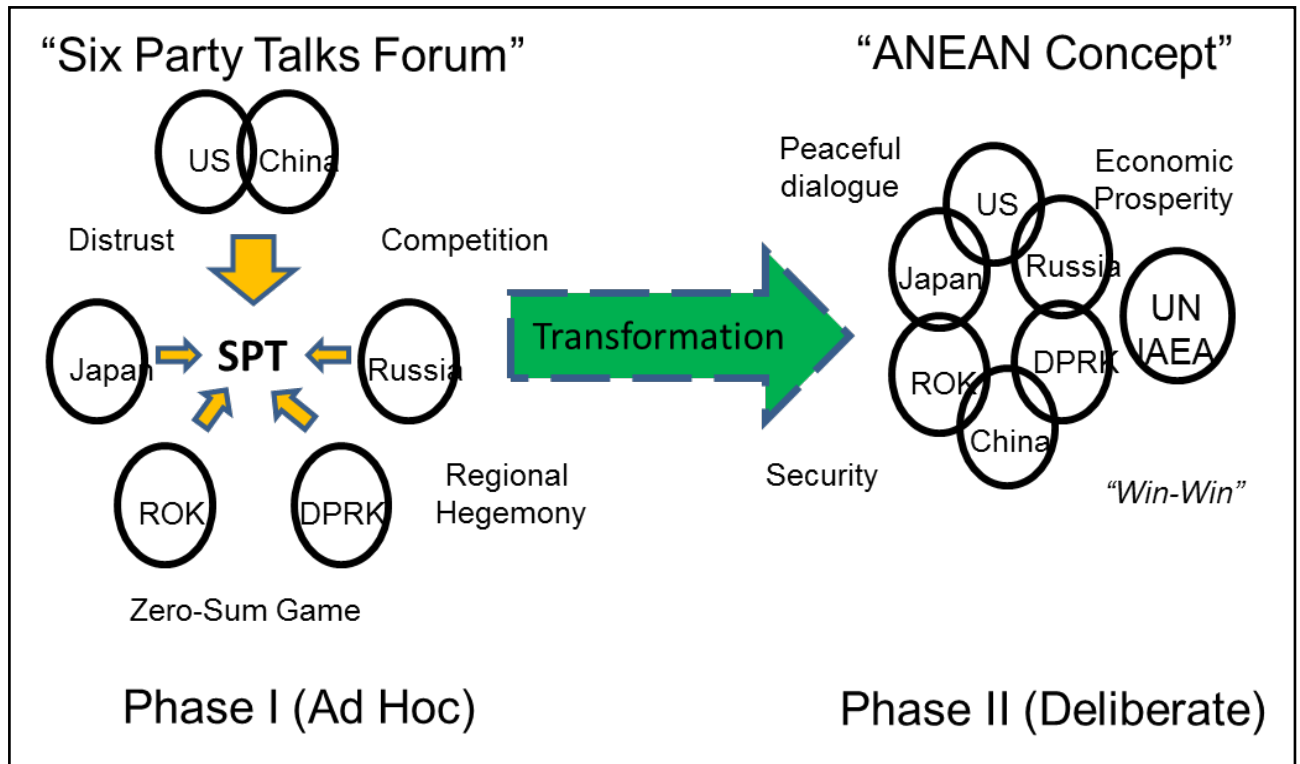
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<sup>10</sup> Hadi Soesastro, "ASEAN and the Future of East Asia," *International Issues & Slovak Foreign Policy Affairs*, Vol. XVI, no. 3 (2007), 45.

<sup>11</sup> The Association of Southeast Asian Nations, "The ASEAN Charter," (2011), *Public Affairs Office, Indonesia*, <https://www.asean.org/asean/about-asean/overview>, (accessed November 18, 2012).

plus three, East Asia Summit, Bangladesh, Canada, Mongolia, North Korea, Pakistan and European Union).

Consideration should be given to the establishment of a similar organization to address specific needs and concerns of Northeast Asia. Despite being located in the Far East Region, Northeast Asian partners share similar culture, common history and unique challenges not necessarily experienced in Southeast Asian countries. Nevertheless, a more permanent forum or organization is needed to address the particular NEA security and economic concerns, which is more deliberate and proactive in its approach. The Six Party members must develop a set of baseline goals and principles to guide their efforts. Similar to ASEAN, the Six Party members may be better served if a separate and permanent organization were established to address unique challenges facing Northeast Asian partners, perhaps as a counterpart to ASEAN such as an Association of Northeast Asian Nations (ANEAN). (See Figure 7.) As its own regional organization, ANEAN, comprised of Six Party members, may be able to address pressing security and economic issues by building trust and resiliency in the region, while avoiding the past practices of “crisis action” diplomacy. An ANEAN Concept may also exercise greater influence in the international community and other non-government organizations in the future.



**Figure 7 – “New ANEAN Concept”**

### **Regional Economic Opportunities**

While the United States and countries of the European Union continue to recover from the 2008-2009 global recession, Northeast Asian countries were impacted to a lesser degree, leading the global recovery as the “economic engine for the world.” North Korea stands to benefit economically should it decide to implement economic reform measures and expand its trading partners to include in the international market.

**Russia.** Although its military influence has diminished with the fall of the Soviet Union, Russia is poised to make a remarkable economic comeback due to large oil and natural gas reserves. “Russia has more proven natural gas reserves than any other country, it is among the top fifteen in proven oil reserves; it is the world’s largest reserve

of natural gas, the second largest oil reserves; it is the third-largest energy consumer.”<sup>12</sup> While it is generally landlocked with limited use of its ports, “Russia does view itself as a ‘natural bridge’ between Asia and Europe,”<sup>13</sup> which affords it exposure to both international economic markets. Realizing this, it has “spent more than US\$20bn on showcasing Vladivostok [in eastern Russia], located approximately 427 miles northeast of North Korea and near the Sea of Japan, as a regional hub for Russia’s expanding ties with the east.”<sup>14</sup> “Russia is expected to complete its East Siberia-Pacific Ocean oil pipeline to its Far Eastern port of Kozmino this year [2012].”<sup>15</sup> With Russia as a major producer of oil and China, a major consumer, this situation provides incentives for infrastructure and industrial development in the region. Furthermore, “Russia’s state-controlled gas monopoly, Gazprom, just signed an agreement with Japan to develop a liquefied natural gas plant on its Pacific Coast.”<sup>16</sup> Russia’s Trans-Siberian Railway extends from Vladivostok, Russia near the North Korean border across to Minsk, Belarus and opens Eurasia commercial trade opportunities.

**China.** Not to be outdone by Russia, China also realizes the importance of a rail link connecting it to Central Asia and ultimately, European markets. It has been negotiating with Kazakhstan and Uzbekistan for rail routes that would connect Lianyungang in Jiangsu Province in eastern China to Xinjiang Province in western China via Lanzhou, referred to as the “Second Eurasia Land Bridge” or “the New Silk Road.” However, progress has been slow due to significant costs and rail gauge issues between

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<sup>12</sup> Jean-Marie Holtzinger, “The Russo-Chinese Strategic Partnership: Oil and Gas Dimensions,” *Connections: The Quarterly Journal*, Vol. IX, Number 4 (Fall 2010), 72.

<sup>13</sup> Economist Intelligence Unit, *Country Report: Russia* 2012, 26.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

China and Uzbekistan. In addition, China's significant investments in infrastructure such as 30-year lease of seaports are clear evidence of the economic value of North Korea. In an effort to boost North Korea's economy, China has agreed to move forward with two special economic zones at Hwanggumphyong and Wihwado along the Yalu River in North Korea and Rason Economic Trade Zone in northeastern region of North Korea. The Rason complex will concentrate on logistics and manufacturing while Hwanggumphyong and Wihwado complexes will focus on tourism, finance and technology.

**North Korea.** North Korea's geographic location is potentially very advantageous as it is in close proximity to China, Japan and South Korea, the second, third and fifteenth largest world economies, respectively. Combined with Russian oil and natural gas reserves to the north of its border, North Korea stands to gain economically, providing it is willing to make significant changes in its economic policies. China and Russia currently view North Korea as an untapped resource with seaports with easier access to Japan and critical land mass for a possible natural gas pipeline to South Korea. "Most recently, in June 2012 Russia agreed to write off 90% of North Korea's Soviet-era debt, totalling US\$11 billion....Russia is keen to pipe gas from Siberia to South Korea via the North, but North Korea has yet to endorse this proposal publicly."<sup>17</sup> For seven years, the commercial endeavor of the Kaesong Industrial Complex (KIC) located in North Korea demonstrated that the two Koreas can coexist, despite the sinking of the Cheonan, a ROK Navy Ship, and the bombardment of the ROK Yeonpyeong Island in November 2010.

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<sup>17</sup> Economist Intelligence Unit, *Country Report: North Korea* 2012, 11.

The Six Party members guided by the combined efforts of the United States and China must articulate the economic advantages to Kim Jung Un. With the economic sanctions adversely impacting North Korea's ability to provide for its people, Kim Jung Un may be convinced to continue participation in the Six Party discussions and honor previously established agreements, if assured of non-aggression by the West through either a non-aggression agreement or peace treaty.

### **Economic Reform Prognostication**

Recently, Kim Jung Un was quoted by DPRK government officials as stating that his people should no longer have "to tighten its belt." Kim Jung Un may be considering agricultural reforms allowing farmers to retain 30-40% of their crops to sale to market in an attempt to boost marketing efforts. While this statement may provide insights to Kim Jung Un's economic reform tendencies, his actions will be the proof. Closer monitoring of North Korea's continued contact with China and Russia may provide insight to their future direction. North Korea's willingness to make drastic and needed reform measures will go along way to realizing economic recovery.

Economic development would enhance regime survival by expanding the legitimate business practices and contributions of North Korea in the global community. Adding to this, economic development would reduce poverty and the subsequent disaffection of the public. The unique challenge for the North would be in maintaining its ideological control over the population (keep out "corrupt" Western values) while promoting greater international involvement in its economy. Finally, economic development would contribute to closing the economic gap between the North and South, a necessary precursor to smooth reunification.<sup>18</sup>

With its own economic needs and domestic social unrest, China may be willing to convince Kim Jung Un to reconsider liberalizing his country's economic policies to incorporate a "free market-style" economic model by simply adopting China's version of

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<sup>18</sup> Anderson and Ogden II, "U.S. Foreign Policy Toward North Korea - A Way Ahead," 107.

a free market economy, known as “state capitalism, a system of capitalism in which capital is largely controlled or owned by the state.”<sup>19</sup> DPRK must address its food shortage issue and institute major economic reforms if it wants to compete in the international market and achieve its national objectives. Ultimately, the international community can assist, but North Korea must take the first step in solving its own domestic issues.

Trade can be a powerful tool of integration. It gives states a stake in avoiding conflict because instability interrupts beneficial commercial arrangements that provide greater wealth and strengthen the foundations of domestic political order. Trade also facilitates development, thereby decreasing the chance of state failure and alienation among citizens.<sup>20</sup>

Improved economic vitality combined with a denuclearized Peninsula is in effect the overall objective for the United States and China while dispelling any notion of a conspiracy to topple the regime.

### **International Assistance and Direct Foreign Investments**

A range of international organization may well be able to assist SPT/ANEAN in improving North Korea’s condition, for example the Group of Twenty (G20) organization established in 1999 representing 19 economically developed countries, plus the European Union. “The G20 organization comprises of almost: 90% of global Gross Domestic Product (GDP), 80% of international global trade, and two-thirds of the world’s population.”<sup>21</sup> China, Russia, Japan, South Korea and the United States are current G20 members and may be able to garner financial and economic support for North Korea. Because of economic globalization and interconnected international system, the G20 can

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<sup>19</sup> Noah Webster, Webster's Third New International Dictionary of the English Language Unabridged ...Merriam, 1961, 2228.

<sup>20</sup> Richard Haass, "The Age of Nonpolarity," *Foreign Affairs* (April 16, 2008), 7.

<sup>21</sup> “What is the G20?,” G20, [www.g20.org/docs/about/about/G20.html](http://www.g20.org/docs/about/about/G20.html), (accessed January 26, 2013).



ill-afford to have North Korea's potential economic collapse to impact its regional neighbors as this will have cascading global effects. Therefore, the G20 may be a willing participant in improving North Korea's economic future provided that DPRK is willing to accept international assistance.

With its potential vast pool of inexpensive, disciplined labor, other foreign companies outside of China and South Korea, may be incentivized to relocate or invest in North Korea under the right conditions. Efforts to bring foreign companies and investment opportunities must start with some reform measures by North Korea. To mitigate the risk to foreign companies, the Multilateral Investment Guarantee Agency (MIGA) is an organization of the World Bank Group that provides political risk insurance to foreign companies, who may otherwise invest in a more stable economic environment. The International Bank for Reconstruction and Development (IBRD) is another organization under the World Bank Group that provides financing to developing countries to fund critical transportation, infrastructure and other capital improvement projects. The World Trade Organization (WTO) and Asian Pacific Economic Cooperation (APEC) promote the trade and economic development and growth in the Asian-Pacific Region and may serve as other sources of support for North Korea.

These financially and economically-based international organizations are merely some institutions that may be able to assist North Korea's economic future. "The United States wields significant influence in these organizations to include forming policies and targeting countries for assistance."<sup>22</sup> As an emerging regional economic power, China can also assist in providing counsel to Kim Jung Un to make the needed steps to

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<sup>22</sup> Leonard J. DeFrancisci, "Employing the Economic Instrument of National Power in Unstable Areas," *Small Wars Journal* (October 5, 2011), 3.

economic recovery which it has undergone during the past three decades with extraordinary results.

Normalizing diplomatic relations with the international community, in particular the developed countries, may prove to be advantageous for North Korea as it determines its future. These economic-based, inter-governmental organizations may provide financial and investment opportunities for North Korea to restore its decrepit and outdated industrial, transportation (i.e. railways, roadways and seaports) and electrical infrastructure (i.e. nuclear power), as well as opening trade opportunities with the rest of the international community. Multilateral efforts by the Six Party members leveraged by the United States and China will be crucial for providing alternatives for Kim Jung Un. In the end, these efforts may help not only to build trust while promoting security and stability of the region, but also increase the likelihood of a “soft landing” for North Korea.

### **International Atomic Energy Agency (IAEA) Oversight**

Because proliferation of weapons of mass destruction (WMD) is a concern for global as well as regional stability and security, IAEA inspectors play a vital role in assessing, validating and verifying North Korea’s nuclear capabilities and claims of compliance. Confirmation can come about through routine inspections and monitoring of North Korea’s nuclear program to ensure compliance with NPT. North Korea must seek reentry as an active NPT member and demonstrate its commitment to the international community as a responsible, sovereign nation. Its willingness to cooperate and comply will garner both geopolitical and economic support from the international community. Only through Kim Jung Un’s willingness to cooperate with the international community

and allow transparency with the return of IAEA inspectors will North Korea's vitality be assured while convincing other nations to help with its basic and essential needs.

### **Future Implications**

In light of recent news of North Korea's successful multi-stage rocket launch and third nuclear weapons underground test, the United States and China are at a major "crossroad" in bilateral-multilateral diplomacy. North Korea must be made to realize its proclivity for nuclear weapons, ballistic missile technology and its enriched uranium program will only increase its isolation and may further support the U.S. position for additional sanctions. North Korea's non-compliance with international law and order only hampers much needed economic reform and runs contrary to its three national priorities: Ensure the survival of regime (first and foremost); Ensure the survival of the State, and Reunify the Peninsula. "If North Korea really wants reunification, it has to end its isolation by adapting to the world economic system through international cooperation, as reunification would most likely take place only when North Korea achieves a certain economic stability and parity with South Korea."<sup>23</sup>

Opportunities are available through international and regional non-governmental organizations to assist North Korea on the path to economic recovery. North Korea's leadership must decide its own destiny or continue to remain reliant on others such as China and South Korea further eroding its so-called "sovereignty" and claims of "self-reliance." While China continues to support North Korea economically, there are limits to its generosity, especially as it addresses internal civil and social unrest and economic growth challenges of its own. North Korea's continued detonation of nuclear weapons

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<sup>23</sup> Hamid-ur-Rehman, "The Korean Peninsula: Peaceful Engagement for Humanitarian Concerns," *Center for Non-Traditional Security Studies*, (October 2010), 7.

devices and launch of ballistic missiles in defiance of UNSCR mandates further erodes an already strained relations with China. While North Korea may enjoy its current alliance with China, today's international alliances and partners are not necessarily around tomorrow, as evident by its past relationship with the former Soviet Union. "The strategic and operational environments are filled with uncertainty and risk with each nation competing to advance its own national interests."<sup>24</sup> Alliances and partnerships are a matter of convenience to each of the participants and only serve as a means to a desired end.

China's support of North Korea may only increase its dependency and not prevent an eventual economic collapse in the end. The KWP elites and KPA remain the benefactors of China's assistance, while the vast majority of North Koreans continue to suffer, supporting the premises that its economic and social models are unsustainable in the long term. North Korean leaderships continued neglect of millions of starving and malnourished North Koreans may have already impacted his country's demographic future, leading to an unintended consequence and its inability to achieve and sustain its national interests. While the United States prefers alliances and partnerships to deter armed conflict, it may act, unilaterally, if there is credible, imminent threat to the U.S. Mainland and its allies or in accordance with pre-existing bilateral security agreements with other nations.

### **Recommendations**

This chapter discussed an alternate future for North Korea that does not necessarily end in its demise. Kim Jung Un must be made to understand that continued

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<sup>24</sup> Yarger, *Strategic Theory for the 21st Century: The Little Book on Big Strategy*, 17-18.

provocative rhetoric and irresponsible behavior with nuclear weapons and neglect of his country's economic system can only lead to an unfavorable outcome. Through a geostrategic-based partnering, the United States and China can promote a synergistic coalition with Six Party members and facilitate a non-antagonistic approach in shaping North Korea's future while securing a more stable Peninsula and Northeast Asia. This partnership approach was emphasized during a recent visit between Secretary Clinton and Chinese Foreign Minister Yang Jiechi in September 5, 2012, when she remarked:

We [the United States] see this moment as a historic opportunity for our two countries, and indeed, for others as well. To make the most of it, the United States and China must strive to achieve practical outcomes that benefit each of us as well as the broader region and world.<sup>25</sup>

U.S. Policymakers and regional experts have struggled for decades to solve this complicated security threat posed by North Korea and made more complex with its acquisition of nuclear weapons capability and successful launch of its multi-stage rocket. This thesis does not claim to be a panacea for the North Korean issue. However, it does offer a perspective given the strategic environment and current U.S. Policy as there are many external factors in play not the least of which is the critical partnership between the United States and China. In the 21<sup>st</sup> Century, the success of any nation to influence global events will rely extensively on its ability to leverage international partnerships and alliances.

Within this context, the following recommendations are provided in an attempt to set the conditions for long-term security and stability of the Korean Peninsula and Northeast Asia:

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<sup>25</sup> DipNote Bloggers, "Travel Diary: Secretary Clinton in China," September 5, 2012, [http://blogs.state.gov/index.php/site/entry/travel\\_diary\\_clinton\\_in\\_china](http://blogs.state.gov/index.php/site/entry/travel_diary_clinton_in_china) (accessed December 3, 2012), 2 of 4.

1. 1. Establish a bilateral, geostrategic and mutually-beneficial partnership between the United States and China: The current U.S. Policy of “Strategic Patience” towards North Korea should be revised to reflect more of an “active engagement” with North Korea, in close partnership and collaboration with China. Official U.S. documents such as the *2010 National Security Strategy (NSS)*, *2010 Quadrennial Defense Review (QDR)*, *2011 National Military Strategy (NMS)* and *2012 Defense Strategic Guidance (DSG)* recognize China’s rising importance in the international community and the need for the United States to build a cooperative relationship and a bilateral “partnership of necessity.” The United States and China have established the Strategic and Economic Dialogue (SED) Forum to address global and economic issues potentially impacting both countries. China must commit to looking beyond its risk averse tendencies and confront the danger posed by North Korea’s nuclear weapons threat, deteriorating economic condition and inhumane suffering by North Koreans. While they differ in their approaches to dealing with North Korea, the United States and China share the same fundamental objectives: an improved security environment and sustained economic growth and prosperity, for the Korean Peninsula and Northeast Asia. To realize this potential future, the United States and China must agree to establish a geostrategic partnership to avoid armed conflict or economic turmoil on the Peninsula and in the region while there is still the opportunity.

2. Promote Regional Cooperation and International Order: The United States and China must advocate for resumption of the Six Party Talks, establish a vision, goals and objectives and purpose, obtain common buy-ins by regional partners or stakeholders and set an agreed upon geostrategic direction. The original six principles of ASEAN can

serve as an example or a starting point for greater understanding, meaningful dialogue and active engagement. Each regional partner must understand the implications to their national interests should North Korea become a “failed state.” To that end, Six Party members should consider the formation of a permanent organization such as ANEAN to address security issues, economic disputes and perhaps, implement other regionally-related initiatives.

With regards to International Order, the United States and China should consider development of a gradual, collaborative approach with North Korea, whereby positive steps are rewarded with some measure of diplomatic or economic incentives. This bilateral approach may help to build trust between the United States and North Korea, while strengthening the United States and China’s partnership and commitment. Through the presence of strong solidarity between the United States and China on this issue, North Korea may be convinced that its provocative rhetoric and irresponsible behavior are unacceptable by international standards and can no longer be tolerated. As a result, North Korea may be willing take measured steps to comply with UNSCR mandates, its 1992 agreement on Joint Declaration of denuclearization of the Korean Peninsula, seek reentry into the NPT; allow the return of IAEA inspectors and convert its existing nuclear capability to peaceful power generation purposes. These efforts on the part of North Korea will reduce tension in the region and avoid a potential arms race with South Korea and Japan. In concert with these actions, normalizing diplomatic relations with the United States and Japan may also bring closure to the abduction issue.

3. Implement Economic Reform, Growth and Humanitarian Assistance: As its closest ally in the region, China plays a pivotal role in convincing North Korea to accept

a more liberal, free market-style economy similar to China's "state capitalism" model. While not a true free market economy, it does represent a major step towards economic recovery and growth which may allow, ultimately, for democratic values and principles to gain a foothold. The United States, China, Russia, Japan and South Korea must commit to facilitating efforts for financial assistance, economic aid and direct foreign investments to North Korea from international and inter-governmental institutions. This assistance will help support its recapitalization efforts of its industrial, transportation and utility infrastructure. Similar to China's economic transformation during more than 30 years in the making North Korea will require the same evolutionary approach and commitment by regional partners and the international community as a whole.

To allay China and South Korea's concern of mass migration, the international community through the United Nations must be prepared to render humanitarian assistance and disaster relief to the region. The International Red Cross and other non-governmental organizations should be allowed entry to the country to assist with the immense human suffering and to monitor the distribution of food aid to the millions of starving and malnourished North Koreans. Finally, through the efforts of the U.S. Agency for International Development (USAID), scientists, academia scholars and agricultural experts may be able to assist the North Korean government to implement best management practices to reclaim the use of agricultural land devastated by perennial flooding and exacerbated by over-deforestation. Only through North Korea's cooperation will the potential long-term effect of its present day neglect result in its sovereignty as a nation, greater self-reliance and possible reunification of the Peninsula.



## CHAPTER 6: CONCLUSION

*To fight and conquer in all your battles is not supreme excellence; supreme excellence consists in breaking the enemy's resistance without fighting.<sup>1</sup>*

- Sun Tzu, the Art of War

For nearly sixty years, the Demilitarized Zone (DMZ) separating the two Koreas has served both as a symbol and a constant reminder of the tension and fragile peace that exist between the two countries. While North Korea represents the last vestige of the Cold War Era, South Korea, the 15<sup>th</sup> largest economy in the world, has become a shining example of growth and prosperity. Although the “guns of war” are relatively silent as a result of the 1953 Korean Armistice, the two Koreas remain technically at war, underscored by aggressive acts by the North such as the sinking of *the Cheonan* ROK Navy Ship and the artillery bombardment of the ROK Island of Yeonpyeong in 2010. Regional experts have offered predictions on North Korea’s demise either from an armed conflict or economic collapse. North Korea’s resiliency, over the years, has come at an economic cost and a political embarrassment to China, which seeks to maintain the status quo, despite North Korea’s irresponsible behavior and open defiance of the United Nations.

Despite limited economic growth in the 1960s and the early 1970s, North Korea’s economy rapidly declined through wanton neglect and refusal to implement economic reform measures. North Korea’s economy has been described by economists as “extremely hostile to growth and development”<sup>2</sup> resulting in a heavy reliance on the

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<sup>1</sup> James Clavell, *Sun Tzu The Art of War*. (New York: Delacorte Press., 1983), 15.

<sup>2</sup> Eberstadt, “Western Aid: The Missing Link for North Korea’s Economic Revival?,” 10.

former Soviet Union in the past and China today. It is difficult to determine the extent of economic sanctions on North Korea's economy due to its closed, secretive nature.

During the past thirty years, China, Japan and South Korea have emerged as economic powerhouses in the region. North Korea stands to benefit with its abundance of disciplined labor force and its geographic proximity to these countries, provided that it is receptive to economic reform, commerce and international trade. Coupled with its economic decline, North Korea experienced consecutive flooding catastrophes in the mid-1990s referred to as the "arduous summers." With its shortage of fertilizer and excessive deforestation, perennial flooding has only exacerbated the problem creating significant food shortages and famine resulting in the deaths of hundreds of thousands of North Koreans. Currently, there are indications that food shortages are at critical levels with conditions worsening for the vast majority of North Koreans.

Despite exhaustive unilateral-bilateral diplomatic efforts by the United States and South Korea, North Korea showed little to no interest in cooperating fully with the West and its allies, unless it stands to gain from its participation or pressured by China. North Korea's strategy continues to be laden with broken promises in order to gain the upper hand in all negotiations propagating regional distrust and suspicion. In its act of defiance, North Korea conducted its first long-range ballistic missile test in 1998 effectively halting the implementation of the 1994 Agreed Framework. In 2003, North Korea withdrew from the Nuclear Non-Proliferation Treaty following the United States' accusation in 2002 of the development of an enriched uranium program in which North Korea vehemently denied. North Korea is currently the only country to withdraw from the Nuclear Non-Proliferation Treaty and may not be the last as other countries may seek

nuclear weapons as well as increase defense spending to counter a perceived national security threat.

With the collapse of the Soviet Union, North Korea turned to China for economic support. Despite some strain in the relationship, China continues to be North Korea's largest trading partner and closest regional ally. With escalating tensions between the United States and North Korea, China facilitated an "ad hoc" meeting starting in 2003 of key regional partners including: Russia, Japan, North Korea, South Korea and the United States, known as the "Six Party Talks" (SPT). Despite numerous Six Party Talk meetings, there was little accomplished until eventually discussions stalled in December 2008. Suspicion, distrust and self-interest have dominated the psyche of regional partners resulting in its inability to move forward with a common vision, goals and objectives to establish a holistic, mutually beneficial approach to this regional problem. North Korea further complicated diplomatic efforts with its launch of seven ballistic missiles in July 2006 and detonation of an underground nuclear explosive device in October of that same year creating a significant power imbalance in the region. These actions prompted the Security Council to enact United Nations Security Council Resolutions (UNSCRs) 1695 and 1718 banning any further missile launches and imposing economic sanctions against North Korea. Complicating diplomatic efforts even further, North Korea in an act of defiance, again, launched a *Taepodong-2* missile and detonated an underground nuclear explosive device in commemoration of Kim Il Sung's Birthday in April 2009 prompting the adoption of UNSCR 1874 further tightening already stiff economic sanctions. In July 2009, North Korea notified the United Nation that its clandestine uranium enrichment

program had entered into its completion phase, increasing regional tensions and the possibility of nuclear weapons proliferation.

With the death of his father, Kim Jung Il, in December 2011, Kim Jung Un, in his late-20s and educated abroad, assumed his new role as the “Great Successor” and leader of North Korea. The United States had hoped with the transfer of power to Kim Jung Un that he would be more receptive to change and economic reform. In one of his first act as the new leader of North Korea, Kim Jung Un authorized the launch of a multi-stage rocket in April 2012 which failed soon after lift-off. Under pressure to solidify his power base and to coincide with the one-year anniversary of his father’s death, Kim Jung Un approved the launch of yet another multi-stage rocket, *the Unha-3*, on December 12, 2012, which successfully employed its payload in earth’s orbit. This event was followed by a third nuclear weapons test in February 2013. These latest violations of existing UNSCR mandates resulted in overwhelming international condemnation and a broadening of economic sanctions against North Korea. North Korea continues to refine its nuclear weapons program and appears to have overcome technical flaws in its ballistic missile technology as evident by its latest successful rocket launch. This latest action and continued inflammatory rhetoric by North Korea may be indications that the diplomatic “window of opportunity” may have come and gone. The United States and China are at a major “crossroad” and must decide whether the advantages of geostrategic partnership to safeguard their vital interests outweigh their suspicion and distrust for one another.

While it is difficult to determine with absolute certainty where the next threat will emerge, the strategic environment in the 21<sup>st</sup> Century will, most certainly, change as globalization becomes even more pervasive giving rise to more dormant state and non-

state actors. These actors may become embolden by its increased capability obtained by easy access to information and acquisition of emerging technology giving rise to greater challenges to the United States and its allies. As the uni-polar world gives way to a multi-polar international landscape, China, which plays a pivotal role with North Korea, may soon realize the value of partnering with the United States as its rise in power will soon be challenged by others. Regional organizations such as ASEAN, EU, OAS and OPEC will become even more critical to ensuring regional security and stability. The success of any international relations effort in the foreseeable future will be measured by a nation's ability to effectively shape the strategic environment and its capacity to develop strong alliances and partnerships. The goal and objective are to address disputes and settle disagreements through peaceful dialogue without the need to escalate tensions or resort to armed conflict. Therefore, it maybe time now that Northeast Asian countries contemplate the establishment of a new regional organizations such as ANEAN.

This thesis attempted to demonstrate that the United States and China hold the key to reining in North Korea and shaping not only the future of the Peninsula, but also ensuring the stability and security of the region. The United States and China must look beyond their distrust and suspicion towards one another to establish much needed international leadership to counter North Korea's nuclear threat or become victims to the consequences of their inaction. China's rise in the 21<sup>st</sup> Century as a global leader comes with international responsibility, much like the United States experienced following World War II. If China aspires to peaceful coexistence as stated by its government literature, it must also look beyond its border and commit fully to becoming an active participant for peace and international order. Only through the cooperative efforts of the

United States, China and the other Six Party members, will North Korea be persuaded to become a responsible member of the international community.

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## **VITA**

LTC Eduardo C. San Nicolas served, most recently, as the Chief Engineer for the U.S. Army Civil Affairs and Psychological Operations Command – Airborne (USACAPOC – A). He is an army reserve officer and a member of the Active Guard Reserve (AGR) Program since 1996.

LTC San Nicolas was commissioned in 1987 as an engineer officer through the Reserve Officer Training Corps (ROTC) Program. He served in leadership and staff positions from platoon leader to battalion commander. He commanded the 315<sup>th</sup> Engineer Battalion located at Camp Pendleton, California and served with the 411<sup>th</sup> Engineer Battalion (Combat Heavy) in Oahu, Hawaii. He served as the regional engineer and senior plans officer for the 63d Regional Support Command (RSC) responsible for all military construction and facility base operations support (BASOPS) for all army reserve centers in California, Arizona and Nevada.

LTC San Nicolas earned a Bachelor's Degree in Urban Affairs and Planning from the Virginia Polytechnic Institute and State University (Virginia Tech). He also holds a certified Zoning Administrator for the Commonwealth of Virginia.