

Confronting the North Korean Threat: Reassessing Policy Options

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Executive Summary and Recommendations

- There is a rising danger of miscalculation on the Korean peninsula today. Kim Jong Un is emboldened by North Korea's nuclear and missile weapons development and believes that a new U.S. administration will acquiesce to the existence of a nuclear North Korea. The Trump administration must work urgently to define terms of engagement with North Korea and strengthen international coordination to reverse North Korea's nuclear weapons program.
- The window of opportunity to achieve North Korea's peaceful denuclearization may have closed. Because Kim Jong Un clings to the North Korean nuclear program both as an internal justification for his rule and as a deterrent against perceived external threats, he will not willingly give it up.
- At present, there is no viable intersection of interests between the United States and North Korea. North Korea has decided based on lessons from Iran, Iraq, and Libya that it must be too nuclear to fail, while the United States cannot accept the global security risks of allowing a totalitarian, nuclear North Korea to defy the NPT, proliferate, or pursue nuclear blackmail against its neighbors.
- The most realistic U.S. strategy for countering North Korea's exploitation of geostrategic divisions and halting its sprint toward nuclear development is to close the gaps with allies and neighbors of North Korea. Comprehensive, omni-dimensional U.S.-Republic of Korea (ROK) and U.S.-Japan alliance-based political and military coordination are critical to deterring North Korea and assuring allies, not least because a North Korean strategic goal is to break U.S. alliances.
- North Korea lives in the space created by Sino-U.S. geostrategic mistrust. The United States should work with China where possible, but cannot allow China to prevent the U.S. from taking necessary unilateral self-defensive measures to reverse North Korea's nuclear development. Despite a shared interest in denuclearization of the Korean peninsula, Washington and Beijing have differing interests and priorities regarding regional stability and the preferred end-state and orientation of a unified Korea that inhibit China's full cooperation to pressure North Korea.
- Appoint a senior envoy for North Korea who reports directly to the president as a way of signaling the urgency of the North Korea issue, mobilizing bureaucratic and political support to maintain steady focus and follow-through on a time-consuming and urgent issue, and separating the issue from the already overloaded agenda in Sino-U.S. relations.
- Promote internal debates among North Korean elites over the costs of North Korea's nuclear development as a way of bringing Kim Jong Un to realize that nuclear development puts his regime's survival at risk. The United States should support efforts to highlight to North Korean elites the costs of and alternatives to North Korea's nuclear development while providing incentives and pathways to encourage them to abandon Kim Jong Un's nuclear policy.
- Maintain diplomatic dialogue with North Korea in order to spell out clearly the parameters for managing the relationship, objectives of U.S. policy toward North Korea, and expectations for North Korean behavior while strengthening deterrence and applying international pressure to reverse North Korea's missile and nuclear weapons development.

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Mr. Chairman and members of the committee, I am honored to have the opportunity to appear before you to discuss challenges to U.S. national security by North Korea's missile and nuclear weapons development. I shared in advance with the Committee a recent Council on Foreign Relations-sponsored Independent Task Force report, titled "A Sharper Choice on North Korea: Engaging China for a Stable Northeast Asia," that addresses many of the issues you wish to explore in some detail, and I respectfully request that the report be submitted for the record.

A nuclear North Korea defies U.S. global security and nonproliferation interests. Its leader Kim Jong Un also continues to threaten nuclear strikes on the United States. Despite this, North Korea's nuclear and missile development remains unchecked. The United States must make it an urgent priority to prevent North Korea from making a strategic miscalculation based on its recent technical achievements.

North Korea has intensified its efforts during 2016 to improve its nuclear and missile capabilities. This reflects Kim Jong Un's commitment to a policy adopted in 2012 that simultaneously pursues nuclear and economic development. The significance of this policy is that it has made nuclear weapons acquisition a source of domestic legitimacy for the Kim Jong Un regime.

Exacerbating the situation is Kim Jong Un's belief, based on lessons from Iran, Iraq, and Libya, that his only sure means of survival is to be "too nuclear" to fail. Because Kim Jong Un has tied his legitimacy to the country's nuclear and economic development, I am pessimistic that external pressure alone can bring about North Korea's peaceful denuclearization and integration.

While the Obama administration asserted that North Korea faces a "strategic choice" and that it must return to the path of denuclearization, North Korea has sought to force a different strategic choice on the United States: America's acquiescence to North Korea as a nuclear state. And as the Kim Jong Un regime continued to test and advance its nuclear and missile capabilities, North Korea both argued and demonstrated that time is not on the side of the United States.

In so doing, North Korea is seeking to divide the United States and its allies. It is exploiting growing doubts in South Korea about the reliability of U.S. commitments to the defense of allies against a nuclear-capable North Korea, while taking advantage of China's prioritization of North Korea's stability and survival as an even higher national interest than North Korea's denuclearization.

The North Korean nuclear challenge is fundamentally a collective action problem. Although a nuclear North Korea defies the interests of its neighbors and the world, it exploits deeper sources of mistrust and geopolitical division through the threat of instability. Thus, for the United States to address this national security challenge, it must pursue a strategy that "minds the gaps" by relying on coordination with South Korean and Japanese allies, cooperation to the extent possible with China and Russia, and holistic implementation of diplomatic, informational, military, and economic tools. A persistent challenge for U.S. policymakers is how to apply the right mix in degree and character of these tools to not only deter North Korean aggression, but also to bring about North Korea's change in direction and support the full integration of North Korea into the international community.

The best U.S. option to counter North Korea's nuclear development will be to lead a comprehensive and coordinated strategy designed both to prevent North Korea's further nuclear development and to take measures designed to induce debate among North Korean elites that economic opportunities and long-term prospects for survival will be denied to North Korea as long as Kim Jong Un holds tight to North Korea's nuclear arsenal. At the same time, the United States must guard against the failure of these efforts to enhance political and security coordination with its allies to respond to a possible conflict or contingency involving North Korea.

Before the Obama administration took office in 2009, North Korea under an ailing Kim Jong Il took advantage of the U.S. presidential transition in an attempt to break out of Six Party denuclearization talks and to achieve recognition as a nuclear weapons state. On January 17, 2009, North Korea asserted that it would no longer pursue the Six Party "action for action" formula whereby North Korea would denuclearize in exchange for economic assistance, diplomatic normalization, and peace talks with the United States, instead insisting that the U.S. abandon its "hostile policy" and normalize relations with a nuclear North Korea as a prerequisite to arms control talks and possible mutual denuclearization. This breakout strategy included an April 2009 "satellite launch" and its second nuclear test. The bulk of the Obama administration's first term was devoted to efforts to use diplomatic persuasion to convince North Korea to return to the status quo ante that had existed under Six Party Talks, including the securing of a freeze on North Korean nuclear and missile tests and a commitment to return to denuclearization talks, but these efforts failed when the North Koreans abandoned the February 29, 2012 "Leap Day Agreement" with North Korea and pursued further satellite launches and nuclear tests.

During 2012 and 2013, as Kim Jong Un moved to consolidate his power, North Korea abandoned the pretense of ambiguity surrounding his nuclear program by declaring North Korea's nuclear development as a major accomplishment of his father and grandfather, adding North Korea's nuclear status to the constitution, threatening a nuclear strike on the United States, conducting an additional ballistic missile launch in December of 2012 and a third nuclear test in January of 2013, and adopting an overt policy of simultaneous nuclear and economic development in April 2013. The Obama administration responded by insisting in direct talks that North Korea make a "strategic choice" to return to denuclearization, but failed to mobilize the necessary economic or political pressure to convince Kim Jong Un that he indeed faced a strategic choice.

The December 2014 Sony hack catalyzed a strong executive order from President Obama, but the U.S. government was slow to designate North Korean entities as sanctions violators, in part out of deference to the need to win Chinese cooperation in sanctions implementation. Only following North Korea's fourth nuclear test in January of 2016 and the subsequent passage of the North Korea Sanctions and Policy Enhancement Act did the Obama administration pursue sanctions implementation as an urgent priority. But the Obama administration also continued to prioritize cooperation with China over unilateral sanctions, effectively allowing China to set the pace and scope of sanctions implementation.

The U.S.-ROK security alliance has been the primary and essential instrument for deterring North Korean provocations and keeping the peace for decades. Effective deterrence of North Korea requires continued readiness, enhanced capabilities, and close coordination between the U.S. Forces Korea (USFK) and South Korean counterparts against asymmetric North Korean threats including cyber, nuclear, and low-level conventional provocations. U.S.-ROK defense coordination has grown in recent years with the deepening and broadening of bilateral strategic and policy dialogues on issues such as cybersecurity and extended deterrence, the development of a joint counter-provocation plan, and continued development of military planning to deal with a wide range of Korean contingencies, including instability.

General Mattis' decision to visit South Korea and Japan as part of his first overseas visit as Defense Secretary in the Trump administration is a vital signal of the priority of U.S. coordination with South Korea and a symbol of reassurance that the United States will uphold its defense commitments in Asia. The deployment of the Terminal High Altitude Air Defense (THAAD) system in South Korea is also an important step to counter advances in North Korea's missile development. With regard to this matter, the United States and South Korea should pursue a clear stance and more solidarity in their commitment to the deployment of the system in response to Chinese pressure on South Korea to halt the deployment.

The United States and South Korea have expanded coordination over the past year to apply stronger diplomatic pressure on countries that cooperate financially and politically with North Korea. Both countries have expanded their respective unilateral sanctions designations against North Korean entities. South Korea has finally passed its own human rights law on the model of the U.S.-North Korea Human Rights Act in support of international efforts to hold North Korea accountable for human rights atrocities. The two governments have seen eye-to-eye on the importance of North Korea's denuclearization and the use of diplomatic pressure to achieve this objective. Even despite South Korea's current political vacuum, the Trump administration should maintain close cooperation with South Korean counterparts, and should prepare to work with a new South Korean government when it is elected to affirm cooperation and shared priorities between both governments. Most important will be the establishment of strong coordination mechanisms between the White House and the Blue House to manage and lead a joint political response to any possible North Korean contingencies.

Regardless of his political orientation, the next South Korean president may be interested in reopening dialogue channels with North Korea to explore prospects for enhanced inter-Korean cooperation. This desire is understandable, but it is important that the United States and South Korea be on the same page in advance of renewed South Korean diplomatic efforts to engage with the North. In addition, South Korea should adhere to the letter and spirit of UN sanctions resolutions that have circumscribed economic cooperation with North Korea until the country returns to the path of denuclearization. The United States and South Korea should work together in coordinated fashion to encourage China to pursue full enforcement of UN Security Council resolutions.

Finally, South Korea is an essential partner in strengthening information operations designed to provide alternative sources of information within North Korea. Over 30,000 North Korean refugees live in South

Korea and have the best understanding of thinking inside North Korea. More importantly, a growing stream of refugees from North Korean elite classes should be mobilized to work on plans for how to integrate a non-nuclear North Korea with the outside world.

Strengthening Trilateral U.S.-Japan-South Korea Coordination to Enhance Extended Deterrence

The United States, Japan, and South Korea established a senior consultation mechanism in 2016 to coordinate policy toward North Korea involving quarterly meetings at the vice-ministerial level in addition to regular meetings among senior envoys to discuss North Korea. In addition, both bilateral alliances have established specialized dialogues on extended deterrence that are focused on how the United States will meet its defense commitments in response to North Korea's growing nuclear capabilities.

North Korea and Sino-U.S. Relations

North Korea lives in the space created by Sino-U.S. strategic mistrust. The United States and China have a shared interest in a non-nuclear North Korea, but the two countries prioritize that interest differently. The United States prioritizes North Korea's denuclearization as its top priority, while China desires denuclearization, but not at risk of instability. Moreover, the two countries have differing preferred end-states for the Korean peninsula. The U.S.-ROK long-term objective is a unified democratic Korea that is a market economy and remains a U.S. ally, while China insists that a unified Korea be friendly to China and would like to see the end of the alliance. China looks at the Korean peninsula through a geopolitical lens that invariably factors in concern about a U.S. security presence located so close to China. That concern would likely be magnified if a unified Korea were to remain as a U.S. ally.

Given that China now represents most of North Korea's trade, including in food and fuel, China's cooperation is necessary for any sanctions effort to generate pressure on North Korea. However, the gap in Chinese and American strategic interests ensures that China will always try to calibrate its economic exchange with North Korea to assure stability within North Korea rather than to force Kim Jong Un to choose between survival and nuclear weapons. It is necessary for the United States to rely on cooperation with China to squeeze North Korea, but cooperation with China alone will never be sufficient to generate the level of pressure that would likely be needed to change Kim Jong Un's mind about his nuclear weapons—if such a change of mind is even possible.

Proponents of expanded Sino-U.S. cooperation are able to point to the fact that China has agreed to an ever-tighter set of UN Security Council resolutions following each of North Korea's five nuclear tests, but China's interest in maintaining stability in North Korea will always inhibit China from cooperating sufficiently to change Kim Jong Un's mind. Instead, there is now a clear cycle of response to North Korea's nuclear tests in which China agrees to "toughest ever sanctions," but then limits the scope of the final security council resolutions or dodges full implementation.

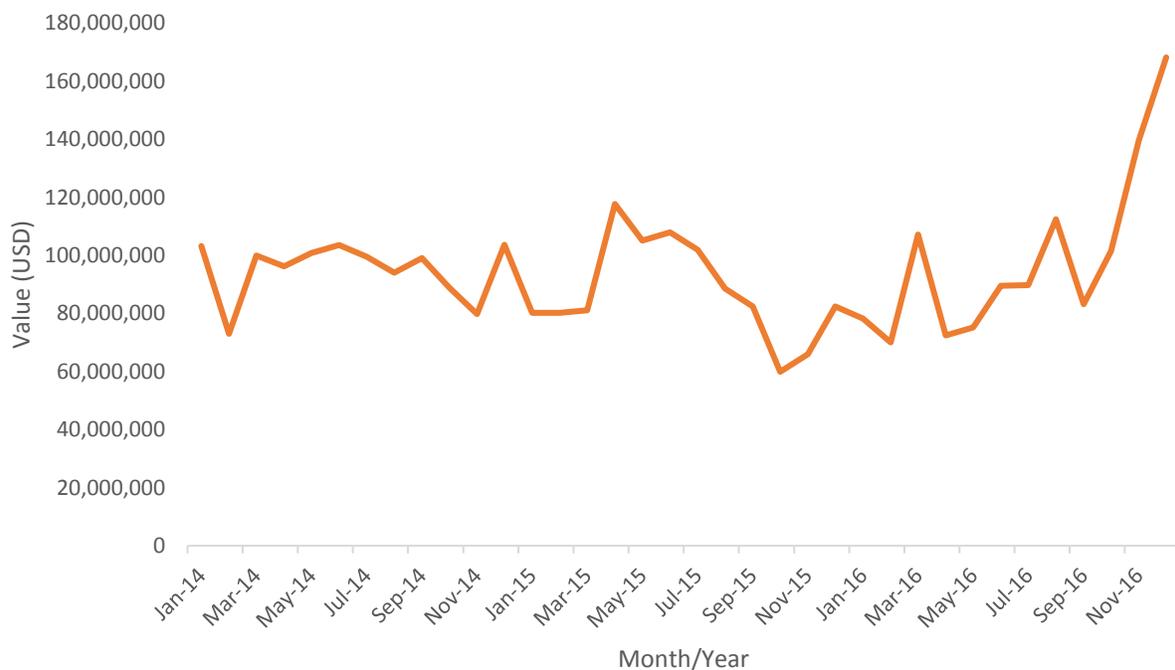
Taking the latest example, UN Security Council Resolution 2321 passed on November 30, 2016 for the first time set quantitative limits on China's import of coal for December of 2016 at 1 million tons or \$53 million, but Chinese customs data shows below that China far exceeded this ceiling, recording 2 million tons worth \$168 million. The importation of coal in excess of the quantitative limits presumably occurred before

China's commerce department announced a freeze on additional North Korean coal imports on December 11, suggesting that it was caused in part by anticipation of the restrictions contained in the UN Security Council resolution. Similarly, China's overall commodity imports from North Korea rose by 6 percent to \$2.6 billion in 2016 despite North Korea's two nuclear tests in January and September, suggesting that China is not applying adequate economic pressure on North Korea.



Source: Chinese Customs Data

North Korea's Exports of Coal to China 2014-2016 by Value



Source: Chinese Customs Data

Ultimately, the United States faces an increasingly urgent and imminent threat that is likely to require unilateral measures. To fill the gap resulting from China's continual support of North Korea, the United States should adopt secondary sanctions on Chinese entities that trade with North Korea. However, the challenge is how to pursue secondary sanctions against Chinese entities, to which China objects, while continuing to maintain necessary (but inadequate) Chinese cooperation in implementing existing sanctions resolutions.

U.S.-North Korea Relations

While there is currently little prospect for denuclearization negotiations with North Korea, there are outstanding issues that would benefit from the existence of direct diplomatic dialogue between officials from the two countries. Both sides need to understand clearly the conditions and prerequisites for broader negotiations and to convey the terms of interaction, even if there is no immediate prospect for a return to negotiations. For instance, a new administration could use such talks to signal directly how it would respond in the event of a North Korean ICBM launch toward U.S. territory or that a positive and necessary step forward if North Korea wants to start fresh with a new administration would be the release of two American citizens who have now been held in North Korea for over a year.

Another challenge for the United States is how to induce an internal debate among North Korean elites about the costs of a nuclear North Korea. Sanctions alone are likely to convince North Korean elites that

their only options are to unite in support of Kim Jong Un and his nuclear policy or to risk regime failure and international retribution-that is to “hang together or hang separately.” For this reason, it is all the more important for senior officials around Kim Jong Un to know that there is an alternative pathway that can safeguard their survival. Given the absence of overt internal dissent within North Korea today, this strategy may also fail. But media reports of accounts by Thae Yong-ho, a high-ranking North Korean official who recently defected, suggest that dissenting opinions and discontent do exist among high-level North Korean elites. The United States and its allies should seek to communicate a clear message and guarantee to those around Kim Jong-un that there is a viable alternative path forward for North Korea if it abandons nuclear weapons and conforms to international norms, including on human rights.

The creation of such a pathway would involve three prongs: a) governmental support for an authoritative study that envisions and projects benefits for the North Korean economy and its elites that would accrue in the event that North Korea denuclearizes, b) the establishment of a more clear pathway for elite defectors from North Korea who might prefer to come to Europe or the United States versus going to South Korea, c) the establishment of a pathway for North Korean high-level defectors designated by the U.S. Treasury under sanctions to receive a significant economic package if they defect while the Kim regime is still in power in Pyongyang.