

Continuity or Retrogression? Dynamic Relations among the U.S. and the Two Koreas

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INTRODUCTION

Inter-Korean relations are not simply a concern for the two Koreas, but for the international community as well. Among those nations whose interests are intertwined with the Korean peninsula, the United States is by far the most remarkable, since its Korea policy has greatly affected the Korean peninsula's political climate. Especially since the 1990s, the interactions of the three major actors have shaped international relations in Northeast Asia. That is, continuity and vicissitude, and cooperation and contention that has developed between the three bilateral relations, South-North, South-U.S., and U.S.-North, have characterized the current history of inter-Korean relations.

After the inauguration of the Kim Dae-jung government, the engagement policy toward North Korea received support from the Clinton administration. The Clinton administration signed the Geneva Agreed Framework with North Korea to deal with the North's nuclear program, and tried to resolve North Korea's missile issues in a peaceful way, holding talks with Pyongyang in various

areas. The engagement policy initiated by President Kim Dae-jung matched the Clinton administration's North Korea policy and contributed to the successful hosting of the historic inter-Korean summit talks. With the holding of the Pyongyang summit, inter-Korean relations seemed to obtain some measure of independent control and direction.

Yet, the launch of the Bush administration led to some adjustments in U.S.- North Korea policy, creating a chasm in inter-Korean relations and between North Korea and the United States. Moreover, the September 11 terrorist attack is impacting not only the international order, but also the situation in the Northeast Asian region, relations between the three major actors.

The purpose of this paper is to examine the possible reaction of North Korea to the Bush administration's North Korea policy and the future direction of their relationship, as well as for inter-Korean relations. First of all, it will examine the developments in ties between Pyongyang and Washington since the inauguration of the Bush administration and will forecast North Korea-U.S. relations in the years to come. Secondly, mindful of the possible future course for relations between the North Korea and the United States, possible developments in inter-Korean relations will be predicted. Thirdly, this paper will propose a basic direction for the alliance between Seoul and Washington for the sake of coordinating future relations between the North Korea and the United States, and between North and South Korea.

PYONGYANG-WASHINGTON RELATIONS BEFORE THE TERROR ATTACK

The New U.S. Policy Towards North Korea

With respect to U.S. Foreign policy in the 21st century, there is a huge gap between the Bush administration and the Clinton

administration in terms of objectives, basic direction, and the respective concepts of security, diplomatic mechanisms and priorities. Indications of these differences, which emerged during the run-up to the U.S. presidential election, are as follows:

First, the Bush administration has adopted a fairly realistic approach. While the Clinton administration took a liberal policy line that stressed multi-lateralism and cooperation, the Bush administration is pursuing a realistic approach based upon power and economic benefits.¹⁾ By doing so, the President appears to be trying to maintain U.S. hegemony.

Second, the Bush administration is stressing the importance of bilateral relationships and cooperative ties with allied countries, rather than multi-lateralism. Whereas the Clinton administration valued the role of multilateral organizations such as the United Nations and NATO to secure support for resolving international disputes, the Bush administration is trying to manage the international order and to resolve global disputes on the basis of alliances, such as the U.S.-Japan alliance and the Korea-U.S. alliance. Robert B. Zoellic, the U.S. Trade Representative, and Defense Secretary Donald Rumsfeld have also stressed their importance. In this sense, the trilateral alliance between South Korea, the U.S. and Japan is also vitally significant.²⁾

Third, the Bush administration has focused on military security in its traditional sense. The Clinton administration, on the other hand, stressed the all-encompassing aspects of security, including the environment, human rights and terrorism. Meanwhile, the Bush administration's opposition to the Kyoto Protocol on global warming indicates a certain lack of commitment to comprehensive security.

1) Condoleezza Rice, "Promoting the National Interest," *Foreign Affairs*, Vol. 70, No. 1 (January and February, 2000).

2) Robert B. Zoellick, "A Republican Foreign Policy," *Foreign Affairs*, Vol. 70, No. 1 (January and February, 2000); Donald Rumsfeld, "Strategic Imperatives in East Asia," The Fourth Annual B.C. Lee Lecture, Heritage Foundation, March 3, 1998.

Fourth, the Bush administration prefers to apply pressure using its planned missile defense system and military capabilities, rather than to work through diplomatic negotiations. On the other hand, the Clinton administration agreed to the Geneva Agreed Framework with North Korea in 1994 to block Pyongyang from developing nuclear weapons, and it also concluded the missile moratorium in 1999 that discouraged Pyongyang from launching missiles.

President Bush has declared that the missile defense system is required to counter the new security threat in the post-Cold War era. He further asserts that the Anti-Ballistic Missile (ABM) Treaty agreed to with the former Soviet Union in 1972 should be abandoned, and that efforts should be made to reduce nuclear weapons.³⁾

Fifth, the Bush administration has designated North Korea, Iraq, and Iran as “countries aiming to threaten the peace of the world,” and is trying to use military means to maintain the uni-polar system in the world.

And finally, the Bush administration has expressed its position that the U.S. defense policy sets Asia as its strategic axis and would re-deploy military forces there in preparation for a future war. Undersecretary of State Richard Armitage revealed the new strategic principles during his visit to Seoul on May 10, 2001: Transfer of the central axis of U.S. defense policy to Asia; reduced dependence on front-deployed forces, including overseas bases; strengthened rapid deployment forces; competitiveness of information systems; increasingly mobile and streamlined forces due to advancement of technology and science.⁴⁾

The Bush administration formulated its policy toward North Korea based on the comprehensive U.S. foreign policy mentioned above. President Bush announced the framework of the policy toward North Korea on June 6, 2001, saying that he hoped to resume

3) “Remarks by the President to Student and Faculty at the National Defense University,” Office of the Press Secretary, The White House, May 1, 2001.

4) *Chosun Ilbo*, May 11, 2001.

talks with North Korea to discuss the further implementation of the Agreed Framework, the resolution of Pyongyang's missile development and exports, the reduction of threats posed by North Korea's conventional weapons. He promised to deal with these matters comprehensively in order to establish peace on the Korean peninsula, improve Pyongyang-Washington relations, and stabilize the Korean peninsula. In addition, he revealed his intention to assist North Korea by lifting sanctions and improving official relations if they responded positively to U.S. overtures.⁵⁾

The Bush administration's policy toward North Korea has the following characteristics in terms of its perception of Pyongyang, negotiating principles, the implementation of agreed results, and the South Korea's engagement policy toward the North.

To begin with, the Bush administration has made a negative assessment of the current status of North Korea and prospects for change in the isolated country. In contrast, the Perry Report, drawn up during the Clinton administration, accepted North Korea "as it is" based on the judgment that it would be difficult to expect any change or system transformation in the country.⁶⁾ In particular, President Bush is personally skeptical about North Korean leader Kim Jong-il, and has made it clear that he has no illusions about North Korea.

In addition, the Bush administration underscores reciprocity in a strict sense as a principle for negotiations with North Korea. The 1994 Agreed Framework and the 1999 moratorium on missile testing by the North are based on the requirement of reciprocity in implementing the respective obligations agreed to by Washington and Pyongyang. Yet, the Bush administration is not satisfied with Pyongyang's implementation of its share of the obligations and

5) "Statement by President George W. Bush," Office of the Press Secretary, The White House, June 6, 2001.

6) William J. Perry, "Review of United States Policy toward North Korea: Findings and Recommendations," Unclassified Report, October 12, 1999.

argues that the principle of reciprocity should be honored more faithfully by North Korea in the political, economic and security spheres as a prerequisite for an improvement in bilateral relations.

Besides wanting the North's commitment, the Bush administration is emphasizing the principles of monitoring and verification. In particular, Bush demands complete verification of the agreed points in the negotiations with North Korea, pointing out the closed nature of the North Korean regime that prevents transparency.⁷⁾

The present administration also expressed the position that it had no intention of carrying on the North Korea policy of the Clinton administration, and would conduct a comprehensive review of all aspects of the former policy. It is also working to review the 1994 agreement on the freeze on nuclear activities and the suspension of missile launches in 1999, which were major accomplishments of the Clinton administration in its North Korea policy.

Finally, the Bush administration supports South Korea's engagement policy toward North Korea and positively assesses the outcome of the June 2000 inter-Korean summit talks, expressing support for a second summit between the two Koreas. Nevertheless, there is a difference of opinion between Seoul and Washington concerning the specific results of the engagement policy and the assessment of whether North Korea has changed.

North Korea's Policy Goals and Strategy

Meanwhile, North Korea hopes for a continuation of relations with Washington based on the Agreed Framework and the moratorium on missile testing agreed to during the Clinton administration. Of course, this is in keeping with North Korea's policy goals to sustain the regime's security, overcome the economic

7) "Joint Press Conference by U.S. President George W. Bush and ROK President Kim Dae-jung," March 7, 2001. <<http://usinfo.state.gov>>

crisis and to gain acceptance by the international community through the improvement of relations with the United States. In fact, North Korea's efforts to open up and improve its external relations were ultimately aimed at improving its relations with the United States. The inauguration of the Bush administration, however, has placed a stumbling block directly in its path.

The Bush administration's hard-line policy toward Pyongyang indeed drew a negative reaction from the North. In a statement issued by the North Korean Foreign Ministry on February 20, 2001, North Korea denounced the Bush administration's insistence on reciprocity. The statement also criticized the delay in the light-water reactor project, as well as the U.S. missile defense plan, hinting at the possible resumption of missile launches if the U.S. did not accept Pyongyang's proposals on missile issues.⁸⁾ Furthermore, Pyongyang commented that if there was no compensation for the delayed construction of light-water reactors, it would consider resuming nuclear activities.⁹⁾ Another example of their hard-line reaction has been the repeated demands for the withdrawal of U.S. Forces stationed in South Korea as part of arms reduction on the Korean peninsula.¹⁰⁾ As the United States raised the issue of North Korea's conventional weapons, North Korea took the position that the withdrawal of U.S. Forces in South Korea should be linked to the reduction of the North's conventional weapons. This is a repetition of the North Korean position to deal with the United States, bypassing South Korea, on security and peace issues on the Korean peninsula and to obtain leverage in the future negotiations with the United States.

While denouncing the Bush administration's tough policy line, North Korea left open the possibility for negotiations between the

8) "Statement by the Spokesperson for the North Korean Ministry of Foreign Affairs," North Korean Central News Agency, February 21, 2001.

9) North Korean Central News Agency, May 16, 2001.

10) *Rodong Shinmun*, April 16, 2001.

two countries. Hoping for a dialogue with the United States, Chairman Kim Jong-il sent a conciliatory message to Washington in his meeting with Swedish Prime Minister Goran Persson on May 3, 2001.¹¹⁾ He expressed his intention to seek reconciliation by saying that he did not regard the United States as an enemy. In addition, Kim mentioned that the U.S. review of its policy toward North Korea had caused the suspension of inter-Korean talks, expressing his dissatisfaction with the coordination between South Korea and the United States. Kim also said that he would maintain the moratorium on missile testing until 2003 in a bid to steer the Bush administration toward reconciliation.

Yet Kim also mentioned, "The export of missile technology is trade, and as long as there are people to buy, we will sell." In other words, missile exports would stop only when there was compensation from the United States. North Korea refrained from the resumption of missile launches which would have justified a hard-line U.S. policy, while implying that it could make concessions through dialogue, on its missile exports in exchange for economic benefits from the United States.

While the Bush administration's review of its North Korea policy was under way, high-level meetings and missile talks between the United States and North Korea were suspended. Accordingly, the plan to exclude North Korea from the list of nations sponsoring terrorism was also delayed, as was the lifting of economic sanctions on North Korea. Then, in May 2001, the United States revealed that it would continue to include North Korea in the list of nations sponsoring terrorism, claiming that North Korea was providing

11) During the period when talks between the United States and North Korea were suspended, North Korea strove to improve its image, launching diplomatic efforts toward European nations. These efforts were aimed at creating an international environment conducive to dialogue between North Korea and the United States. In fact, the visit by Swedish Prime Minister Goran Persson, who held the rotating European Union presidency, was a symbolic accomplishment of North Korea's efforts to enhance diplomatic ties with Europe.

shelter to Japanese Red Army terrorists, and was selling weapons to terrorist groups in the Philippines.

North Korea needs to get its name excluded from the list of nations sponsoring terrorism in order to acquire membership of international financial organizations to obtain the loans it desperately needs.¹²⁾

Since the launch of the Bush administration, North Korea has expressed the position, directly or indirectly, that the South Korea-U.S. alliance was causing the stalemate in inter-Korean dialogue. By pinpointing the Bush administration's hard-line North Korea policy as the reason for the suspension of the inter-Korean talks, North Korea has applied pressure on South Korea to encourage the United States to propose dialogue with North Korea. The North also tried to drive a wedge between South Korea-U.S. relations, which resulted in the weakened negotiating powers of both countries.

Against this background, Richard Boucher, State Department spokesperson, has come out in support of inter-Korean dialogue—including a possible second round of inter-Korean summit talks—and has expressed hope that the review of U.S. policy toward North Korea would not affect inter-Korean dialogue.¹³⁾

Resumed Dialogue Between North Korea and the U.S.

Following the completion of the review of U.S. policy toward North Korea, dialogue between North Korea and the United States was resumed in New York on June 13, 2001, exactly a year after the inter-Korean summit in Pyongyang. The talks were held between

12) In August 2000, North Korea submitted an application to the Asia Development Bank. Then in May 2001, it expressed the hope that it would be allowed to participate in the general assembly, since the ADB has in the past allowed countries that submitted applications to participate in its general assembly as observers. However, the United States blocked that attempt. *Donga Ilbo*, April 30, 2001.

13) *Chosun Ilbo*, May 7, 2001.

Jack Pritchard, U.S. Special Envoy for Korean Peace Talks and Lee Hyung-chul, North Korean permanent representative to the United Nations. In line with U.S. Secretary of State Albright's visit at the end of the Clinton administration, talks between North Korea and the United States were resumed at the working level.¹⁴⁾ Even though no official statement was released regarding the results of the talks, given the current U.S. policy toward North Korea, it can be assumed that the United States would have raised the issue of North Korea's implementation of its obligations regarding nuclear inspections, an end to the export and development of missiles by North Korea, and the threat posed by North Korean conventional weapons.

Around the end of July 2001, after the resumption of contacts with North Korea, Secretary of State Colin Powell expressed U.S. readiness to resume talks with North Korea at any time, anywhere and with no conditions attached. He said that regardless of the resumption of the dialogue between the two countries, food assistance to North Korea would be considered on a humanitarian basis.

Since the June 13 New York contact, North Korea has expressed a dual reaction to the United States. A statement by a North Korean spokesperson for the Ministry of Foreign Minister released on 18 June 2001, expressed a positive stance, but on the other hand the North insisted that the issue of North Korea's nuclear weapons, missiles, and conventional forces could not be considered as preconditions for future talks, and the discussion of North Korea's conventional forces could only come when there was a withdrawal of U.S. Forces in South Korea. It stressed the implementation of the Agreed Framework and the Joint Communiqué between North Korea and the United States made in October 2000. Remarkably, North Korea demanded compensation for the delayed provision of the light water reactors, and consequently, the loss of electricity.¹⁵⁾

As such, North Korea has worked to maintain the framework of

14) *Donga Ilbo*, June 14, 2001.

its existing agreement with Washington on the basis that it wishes to resume dialogue and resolve the nuclear and missile issues in exchange for practical gains. To this end, Pyongyang has controlled the level of its criticism targeting the United States and has used the freeze on its nuclear activities as leverage.

PYONGYANG-WASHINGTON RELATIONS SINCE THE TERRORIST ATTACK

Before follow-up talks could be arranged between North Korea and the United States, the September 11 terrorist attack occurred, exacerbating the strained relations between the two countries. Ahead of the APEC meeting in October 2001, President Bush expressed his position on North Korea during a press conference. He warned against possible North Korean military actions in response to the counter-terrorism measures taken by the United States and stressed that he would honor the ROK-U.S. Defense Treaty. President Bush also underlined the need for a forward-looking attitude in terms of trust-building with North Korea, the reduction of conventional forces, the issue of weapons of mass destruction, Pyongyang-Washington dialogue, and inter-Korean talks. In the South Korea-U.S. summit talks held on October 19 during the APEC Forum, Bush called on Kim Jong-il to accept the U.S. proposals for dialogue, commenting that Kim had failed to seize opportunities, and that his secretive methods of operation could only arouse suspicion.¹⁵⁾

Meanwhile, on September 12, 2001, one day after the terrorist attacks in New York and Washington, the North Korean spokesperson for the Ministry of Foreign Affairs mentioned that North Korea, as a member of the United Nations, was opposed to all kinds of terrorism and support for terrorist activities. In the UN

15) *Joongang Ilbo*, June 18, 2001.

16) *Chosun Ilbo*, October 20, 2001.

General Assembly in early October, North Korea's permanent representative to the United Nations, Lee Hyung-chul, confirmed North Korea's opposition to terrorism. By doing so, North Korea wanted to avoid censure in the midst of rising global criticism for terrorism, and to create an atmosphere favorable to an improvement in its relations with Washington.

However, North Korea's position shifted when the United States launched its war on terrorism. On October 9, 2001, the North Korean spokesperson for the Ministry of Foreign Affairs said that the North objected to the U.S. war on terrorism as it caused civilian casualties and harmed regional stability, while at the same time it reaffirmed its opposition to terrorism. He went on to warn against the danger of the vicious circle that the war on terrorism was creating in Afghanistan, and again demanded that North Korea be excluded from the list of state sponsors of terrorism. Indeed, North Korea is closely watching the new U.S. retaliatory approach against countries or organizations that challenge its national interests, and is concerned with the possibility that the U.S. might target the North as well, since it is still classified as a rogue state.

With U.S. involvement in Afghanistan nearing an end, the United States has made it clear that it intends to expand the war on terrorism. In the State of the Union address delivered on January 29, 2002, President Bush branded North Korea, Iran, and Iraq as an "axis of evil" threatening global security by developing and selling weapons of mass destruction.

North Korea vehemently lashed out at the "axis of evil" remarks by President Bush. It said that Bush was blowing the threat posed by North Korea out of proportion in a bid to obtain world hegemony, while adding further pressure on North Korea through its alliance with the South Korea and Japan. At the same time, it demanded the restoration of the bilateral relationship that had been maintained during the Clinton administration.

Ahead of his planned visit to South Korea, China and Japan, President Bush held a special press interview on February 15, 2002.

He told reporters from the three countries that North Korea was not transparent and it lacked freedom, and that it was a country that produced weapons of mass destruction even while its people were dying of hunger. However, Bush also added that the United States would continue food assistance to North Korea on a humanitarian basis, and that if North Korea withdrew its conventional weapons from the front lines, the United States would push for an improvement in bilateral relations. Moreover, he pledged that if North Korea quit developing weapons of mass destruction, the United States would initiate economic contacts.¹⁷⁾

The core of Bush's North Korea policy was reiterated during his recent visit to Seoul. He did not repeat the controversial term "axis of evil" in his references to North Korea during the South Korea-U.S. summit talks on February 20, 2002, however, he made no secret of his negative perception of North Korea.

Prospects for Pyongyang-Washington Relations

North Korea and the United States can be expected to make behind-the-scene contacts. Yet even after dialogue between North Korea and the United States resumes, sharp differences in opinion are likely to remain. The Bush administration will continue to stress reciprocity and verification in its policy toward North Korea and will be pessimistic about material compensation to North Korea, which will not make bilateral negotiations any easier. North Korea views its nuclear weapons and missiles as the last resort to protect its regime, and it is unlikely to make any concessions on these in return for nothing. Therefore, as was the case in past nuclear negotiations between the two countries, talks can be expected to commence, break down, and resume with tensions rising and falling.¹⁸⁾

Considering all the likely scenarios there is the possibility of a new crisis emerging from a possible breakdown of future talks

17) *Joongang Ilbo*, February 17, 2002.

between North Korea and the United States. Yet it would be difficult for the United States to strengthen its economic sanctions against North Korea or to use force. The imposition of tighter economic sanctions would be ineffective and would meet opposition from China, Japan, and the EU. Moreover, the use of force against North Korea would entail much danger, including the likelihood of a counterattack by North Korea. China and South Korea, in particular, would strongly oppose forceful measures against North Korea. On the part of North Korea, it would also find it difficult to resort to extreme measures such as an end to the freeze on its nuclear activities and resumption of missile launches, as it would jeopardize its plans of opening up to the outside world and harm its external relations.

North Korea and the United States are therefore likely to seek resolution of their differences through dialogue, despite fits and starts in their relations. The two countries could coordinate the nature, agenda, and timetable of talks through working-level meetings in New York. Accordingly, there could be talks in each sector such as the implementation of the Agreed Framework, the export and development of missiles, terrorism, and bio-chemical weapons. In addition, there could be high-level talks between the two countries, comprehensively dealing with all of the outstanding issues. Each area could produce a separate agreement or a comprehensive agreement would encompass all the areas. If a comprehensive agreement between North Korea and the United States were reached, it would be a new framework comparable to the 1994 agreement.

Any talks between the two countries would first deal with the issue of terrorism. The reason that North Korea was included in the

18) For the process of the U.S.-North Korean negotiations, breakdowns, tension, and resumption of negotiations, see Leon U. Sigal, *Disarming Strangers: Nuclear Diplomacy with North Korea* (Princeton, New Jersey: Princeton University Press, 1998).

list of state sponsors of terrorism in 1988 was because of its bombing of a Korean Airlines plane a year previously. The annual report, *Patterns of Global Terrorism 2000*, issued by the U.S. State Department, indicated that North Korea maintained links with terrorist groups and there was evidence that North Korea sold weapons to these groups, both directly and indirectly. Also the 1999 report clearly alleged that North Korea had links with Osama Bin Laden and his organizations. It thus follows that any talks between North Korea and the United States would deal first and foremost with North Korea's connections with Islamic countries and organizations.

Pyongyang and Washington discussed the issue of sponsoring terrorism on three occasions in 2000 (March, August and October). In October 2000, the two countries released a joint statement on international terrorism. In the joint statement, North Korea expressed its opposition to terrorism and promised to cooperate with the United States to fight terrorism. In return for this, the United States said it would consider removing North Korea from the list of state sponsors of terrorism. Following this, North Korea signed two international conventions against terror in November 2001—the International Convention for the Suppression of the Financing of Terrorism, and the 1979 Convention on the Taking of Hostages.¹⁹⁾

Pyongyang-Washington ties are closely related to North Korea's position to the war on terrorism being waged by the United States. If North Korea cooperates in providing information on global terrorist networks and takes active measures to prevent terrorism such as actions to expel the Japanese Red Army, there could be a rapid improvement in its relations with the United States. In addition, if North Korea becomes cooperative, it could be excluded from the list of terrorism-sponsoring countries and be offered loans by international financial organizations. On the contrary, if it adopts a passive position toward the fight against global terrorism, the United States would continue to include it on the list and keep economic

19) *Joongang Ilbo*, November 4, 2001.

sanctions in place.

The issue of North Korea's biochemical weapons is also likely to be included in the possible agenda for talks between Pyongyang and Washington. In particular, there is a suspicion that North Korea might have provided biochemical weapons to terrorist groups. Therefore, North Korea's bio-chemical capabilities and whether such weapons were provided to the Middle Eastern region would come under close scrutiny.

In addition, the export and development of missiles by North Korea is an important issue. North Korea reached missile agreements with Egypt, Iran, and other countries and is known to have exported finished missiles as well as components in return for financial support from these countries.

PROSPECTS FOR INTER-KOREAN RELATIONS

In the wake of the June 2000 Pyongyang summit, there was a breakthrough in inter-Korean relations. In 2001, however, there was no further progress. Instead there were delays in a number of inter-Korean talks. In addition, North Korea's Mt. Kumgang tourism project, which opened the doors for improvement in inter-Korean relations suffered a further setback and the railroad project reconnecting the Seoul-Shinuiju Railway was also postponed. In addition, the proposed second inter-Korean summit talks, a possible milestone for better relations between the two Koreas, was also put on hold.

There are many reasons behind the stalemate in inter-Korean relations. Some conservative South Koreans harbor pessimistic views regarding their government's engagement policy toward North Korea, an opinion that is fuelled by concerns about the economic sacrifices that might be incurred if the South assists North Korea. This can only hinder further development in the inter-Korean relations. Also, since President Bush took office, inter-Korean

relations have been deadlocked as North Korea chose to focus on its relations with the United States, placing less importance on inter-Korean relations. Nevertheless, the biggest reason for the deadlock between the two Koreas is the hard-line policy of the Bush administration.

The changed U.S. policy toward North Korea is having the following effects on the development of inter-Korean relations:

First, the Bush administration made the Korean peninsula issue an international issue, thus making it more difficult for the two Koreas to develop leading roles in Korean peninsula affairs. However, the inter-Korean summit talks did provide the two Koreas a certain amount of control over those issues.²⁰⁾

Secondly, as the importance of nuclear weapons and missiles has increased since the commencement of the Bush administration, the scope of inter-Korean reconciliation and cooperation has been limited. This means that the development of North Korea's nuclear weapons and missiles is acting as an independent factor in inter-Korean reconciliation and cooperation.

Thirdly, Pyongyang-Washington relations became more significant than inter-Korean dialogue. During the negotiations on nuclear issues between North Korea and the United States, inter-Korean talks were suspended—only to be resumed after the landmark summit in Pyongyang between the leaders from the two Koreas. Regrettably, the Bush administration has removed the likelihood of any developments in inter-Korean relations without a prior or parallel improvement in relations between North Korea and the United States.

Fourth, as far as peace on the Korean peninsula is concerned, the resumption of dialogue between North Korea and the United States

20) Kim Ki-jung, "The New U.S. Administration's Policy on the Korean Peninsula and Inter-Korean Relations," a paper presented at a international academic seminar, "Peace and Cooperation in Northeast Asia," hosted by Donga Ilbo 21st Century Peace Institute, April 13, 2001.

is more important than ever. Thus, the question of just what position North Korea and the United States will take has become increasingly important.

Fifth, with greater emphasis being placed on the binding nature of the South Korea-U.S. alliance, the autonomy of inter-Korean relations has decreased. Future reconciliation and cooperation between North and South Korea and the establishment of a peace regime on the Korean peninsula will inevitably change the nature of the alliance. But the Bush administration does not want any improvement in inter-Korean relations and the settlement of peace on the Korean peninsula to affect the status of the U.S. Forces stationed in South Korea. Therefore, the South-U.S. alliance is, in fact, having more influence on inter-Korean relations and the settlement of peace on the peninsula than the role of the two Koreas.

Sixth, the delayed lifting of U.S. sanctions against North Korea is limiting the opening up of North Korea's economy, the granting of foreign loans and inter-Korean economic cooperation. Yet, to facilitate economic reform in North Korea and inter-Korean economic cooperation, international investment in North Korea is essential. Several steps must be taken in this regard. Of particular importance, in order to export goods jointly produced by the two Koreas to the United States, economic sanctions must be lifted by the U.S. as they ban the inflow of goods that are produced in a nation sponsoring terrorism. In order to promote inter-Korean cooperation in the high-tech area, North Korea should be excluded from the Wassenaar Arrangement that bans the transfer of technology to terrorism-sponsoring nations. For North Korea to join international financial organizations such as the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), and the Asian Development Bank (ADB) and to get loans from these bodies, it must also be excluded from the list. Therefore, the delayed lifting of U.S. sanctions against North Korea is, in practice, limiting the opening up of North Korea and the progress of inter-Korean cooperation.

During his meeting with Swedish Prime Minister Persson, Chairman Kim Jong-il expressed his willingness to implement the June 15 joint declaration adopted at the inter-Korean summit talks. He argued that he was favorably inclined toward the idea of a second inter-Korean summit, but indicated that the review of the North Korea policy by the United States was delaying further development in inter-Korean relations. Kim also expressed his dissatisfaction with South Korea's siding with the U.S. position during South Korea-U.S. summit talks. Indeed, the North had expected South Korea to support it, rather than U.S. opinion after the launch of the Bush Administration. In other words, if South Korea hopes for progress in inter-Korean relations and for a second inter-Korean summit meeting, North Korea expects South Korea to persuade the United States to be more conciliatory towards Pyongyang, and it also wants the South to be more independent in inter-Korea relations.

Despite the September 11 terrorist attack, the 5th inter-Korean ministerial meetings (September 15-18, 2001) proceeded on schedule. During the meeting, both parties agreed on the early beginning of construction of the Seoul-Shinuiju Line and connection of an adjacent highway linking the South with the North, as well as the construction of the Kaesong Industrial Complex, and the linkage of the Korean peninsula rail system with the Trans-Siberia Railway. In addition, South Korea suggested adopting a joint position against terrorism. This would provide an opportunity for the two Koreas to declare their determination to preserve peace and build trust between them. However, North Korea rejected the South Korean offer as it judged that the issue of terrorism should be dealt with in negotiations with the United States.

Thereafter, on October 12, 2001, North Korea announced that the visit to North Korea by the fourth group of separated families would be postponed, citing as the reason South Korea's emergency security posture in the case of terrorist attack. The sixth inter-Korean ministerial talks were held on November 9-14, 2001 but failed to

achieve anything, a further indication that inter-Korean relations cannot be separated from the confrontation between North Korea and the United States. The government in Washington declared that it would take strong action against issues related to terrorism and weapons of mass destruction as it placed high priority on these matters, a move that not only threatens future relations between North Korea and the U.S., but inevitably limits the room for maneuvering in inter-Korean relations.

Worse yet, in the wake of the September 11 attack, tensions rose on the Korean peninsula. North Korea perceived the unfolding situation as a threat, because since September 11, South Korea and the United States have strengthened their alliance and South Korean authorities have issued an emergency security posture order. North Korea reacted sensitively toward the redeployment of U.S. forces and build-up of replacement forces in the Pacific region as part of the U.S. military operation involving realignment of high-tech arms. In an editorial in *Rodong Shinmun*, the North Korean official newspaper, Pyongyang criticized the additional deployment of U.S. fighter jets targeting the Korean peninsula, claiming that it was heightening tensions on the peninsula.²¹⁾ North Korea delivered an emergency directive to all of its forces, urging ground troops to prepare for a crisis situation after the September 11 terrorist attack.

The terror attacks in the United States are continuing to have a negative impact not only on the relations between North Korea and the United States but also on inter-Korea relations. Moreover, considering that developments in Pyongyang-Washington relations indirectly affect inter-Korean relations, the outlook for inter-Korean relations is not bright. If the United States sticks to its hard-line policy toward the North and if strained Pyongyang-Washington relations continue, it will negatively affect inter-Korean relations.

Despite these difficulties, there is a possibility of the resumption of inter-Korean dialogue. North Korea needs to cooperate with South

21) *Rodong Shinmun*, October 21, 2001.

Korea to overcome its economic crisis. In addition, it has to talk to South Korea about how best to open up its economy and to improve its relations with other countries. North Korea has to take notice that it is South Korea that has assisted North Korea's effort to advance into the international community, and the development in inter-Korean relations since the Pyongyang summit has been the foundation for improvement in North Korea's relations with foreign countries.

With the relations between the United States and North Korea in a stalemate, inter-Korean dialogue can play an intermediary role. Unlike in 1994 when inter-Korean talks came to a complete standstill, now there are at least several channels for inter-Korean talks, so inter-Korean dialogue can ease tensions between the United States and North Korea and play a positive role in resuming bilateral talks between Washington and Pyongyang. In dealing with North Korea, there could be a division of roles between the United States and South Korea, with the former playing "bad cop" and the latter "good cop." By pushing for inter-Korean dialogue in the midst of the strained relations with the United States, North Korea can expect to ease the Bush administration's hard-line policy toward it and have South Korea play a mediating role in Pyongyang-Washington relations. North Korea should realize that by resuming talks with South Korea, it could improve not only the image of the nation but also that of its leader Kim Jong-il.

It follows, therefore, that even though the relations between North Korea and the United States remain strained, there is a possibility that there could be working level talks between the two Koreas on humanitarian issues and economic cooperation. In particular, during the first half of 2002, inter-Korean dialogue might resume on fertilizer assistance and reunions of separated families. Keeping this momentum going, there could be positive developments regarding the reconnection of the Seoul-Shinuiju Railway and the opening of an overland route to Mt. Kumgang during inter-Korean ministerial and working-level talks.

CONCLUSION

Since the June 2000 inter-Korean summit, subsequent developments in South-North relations occurred in tandem with the Clinton administration's policy toward North Korea. Yet with the launch of the Bush administration, the North Korea policies pursued by the United States and South Korea are undergoing a period of adjustment. Considering the fact that inter-Korean relations are evolving within a complicated framework involving South Korea-U.S. relations, there is a desperate need for closer bilateral policy coordination between Seoul and Washington. It is thus imperative to expand the common ground between South Korea and the United States on mutual perceptions of North Korea, as well as the principles, procedures and pace of North Korea policy. In this process, stability and peace on the Korean peninsula should be maintained and the ROK-U.S. alliance should also be kept firmly in place for the sake of effective negotiations with North Korea. The alliance between South Korea and the U.S. is a safety net for stability on the Korean peninsula and leverage for successful negotiations with North Korea.

For policy cooperation between South Korea and the U.S., not only governmental channels but also private ones including private research institutes and specialists should be expanded. To this end, U.S. research institutes and their South Korean counterparts should hold various seminars and consultations. Seoul and Washington need to form a joint research team to deal with the issues surrounding the Korean peninsula and have them come up with suggestions about policy alternatives and assessment of the Korean peninsula situation on a regular basis.

More specifically, Seoul and Washington need to devise specific ways to implement the comprehensive reciprocity proposed by President Kim Dae-Jung during his visit to the United States. To

resolve North Korea issues in a comprehensive manner, there should be a specific plan to guarantee the security of the North Korean regime, economic cooperation, and membership of international bodies to gain access to loans. For this, it is necessary to identify the issues at stake in a more detailed way and draw up a detailed road map plotting the future course. During the process, a blueprint for the role sharing between the United States and the South should also be drawn up.

The most important aspect of South Korea-U.S. policy consultation is to maintain the framework of the 1994 Geneva Agreed Framework. In accordance with the agreement, North Korea has placed a freeze on its nuclear activities and accepted the inspection of its underground facilities suspected of being used for nuclear activities. Despite many trials and errors in the process of implementing the Agreed Framework, it has been efficient in deterring North Korea from developing nuclear weapons. As for the provision of light-water reactors, the delayed construction, mobilization of financial resources, construction of grids, verification of North Korea's past nuclear activities, and legal and technical issues arising from the transfer of core components should be examined and necessary measures should be drafted and implemented accordingly.

Although the United States is pursuing its missile defense plan, it is desirable for Washington to resume talks in the area of missiles with North Korea. Until the missile defense plan can be translated into action, there are many technical and financial problems to overcome. So it is rational to pursue talks with North Korea in areas that cost relatively little and pose a smaller risk. In the event that missile talks between Pyongyang and Washington break down, the United States would have justification for its missile defense plan. Therefore, failing to engage in missile talks with North Korea makes no sense. Also there should be active efforts to provide compensation to North Korea for its halting of missile exports and development. Reimbursement of North Korea should be provided first by Japan,

Middle Eastern countries, and Europe, with South Korea assuming the smallest burden.

Finally, it is essential to separate inter-Korean relations from the issue of the September 11 terrorist attacks, with all its international implications. At the same time, with the terrorist attacks as a momentum, North Korea should seek new ways to cooperate with the United States to improve bilateral relations.