

Exploring the German Analogy: The “2+4 Process” and Its Relevance for the Korean Peninsula

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I. Introduction

During the Cold War, control over Germany, as the core the European industrial heartland, was the ultimate stake in the struggle between the two blocks; and even after the end of the East-West conflict, Germany's place and role in the European security order continues to represent one of the most critical issues for the future of the European order (the other being the evolution of Russia). Similarly, the Korean peninsula has been at the heart of geo-strategic conflict and co-operation in North East Asia. Korea was one of the strategic theatres in the East-West conflict in which the Cold War turned hot. As with Germany, the net result of the confrontation between the two opposing sides was stalemate and division. As with Germany, the strategic orientation of the two Koreas, and that of a reunited Korea in the future, has had (or will have) major repercussions for regional order. And as in the case of Germany, a complex geo-political configuration has drawn all major regional and even global powers into efforts to secure their interests and constrain their competitors and rivals.

While there thus exist striking parallels in the geo-strategic positions of Germany and Korea, the solutions to the resulting challenges to regional stability and regional order have been rather different. European peace has long been assured through multilateral security alliances and multilateral institutions for co-operative security before, during and after German Unification. And German unification itself has been carefully embedded in a multilateral process, the so-called “2+4 process”. Multilateralism thus represented a critical precondition for the successful unification of Germany and the parallel transformation of the European order. On the other hand, the processes of German unification and European transformation also constituted powerful catalysts for the advancement of multilateralism in the wider

Europe. Multilateralism thus was both an important cause for the successful transformation of the European order, and its result. On the Korean peninsula, however, peace and regional order have basically been sustained through bilateral security co-operation; multilateralism until recently has been conspicuously absent. Since the early 1990s, however, multilateralism has advanced in East Asia, as well. And it seems to hold considerable promise when it comes to transforming the regional order in North East Asia.

In this paper, we explore the prospects and promise of multilateralism for the future of the Korean Peninsula and regional order in North East Asia by way of analogy with the German 2+4 process. Our key assumption is that the Korean peninsula has entered a process of irreversible and fundamental change, which eventually will lead to an end of confrontation and probably also some form of unification.¹ We argue that the development of a multilateral regional security structure will be of critical importance for regional peace and stability for East Asia, but we also recognise that the prospects for the emergence of such a structure still are very uncertain. If both premises are accepted, then it follows that there must be efforts to put stronger multilateral structures in place, to prepare for and eventually to manage the transformation of the present situation on the Korean peninsula and in the region as a whole.

II. Exploring the “2+4” Analogy

The rapid changes in Eastern Europe in the course of 1989 re-opened the “German question” with a vengeance. More precisely, we should say: “German questions”, for there really were two German questions: one, the issue of eventual German unification (which by October 1990 had been achieved) and two, another, even older problem - that of Germany’s place in the European regional order. This latter “German question” reflected Germany’s geopolitical position at the heart of Europe, its demographic and economic preponderance and, since the industrial revolution, its superior industrial power as compared to the other major European powers.² Since the 17th century, this geopolitical conundrum led either to the division of Germany (as in the peace agreement of Westphalia, which ended the Thirty-years War in

¹ We are quite agnostic, however, about how and when this transformation will be completed. Nor do we make any assumptions about its final shape: “unification”, in our sense, could even imply a very loose confederation of two states. Both would have very similar or at least compatible political and economic systems, however.

² Kennedy, Paul: *The Rise and Fall of the Great Powers, Economic Change and Military Conflict from 1500 to 2000*, London: Fontana 1988, Ch-4-6

Europe and created the modern state system), or to German efforts to impose its hegemony on the continent (as from 1871 onward, or again in the 1930s and 1940s). After World War II (as in 1648), the division of Germany had not been the result of a deliberate policy but of the interaction of the allied powers in their successful efforts to defeat and hold down German power. After the wartime alliance fell apart in the incipient Cold War, the division solidified through efforts of both sides to integrate the parts of Germany under their respective control into two broader regional institutions, turning the two German states into members of two opposing alliances systems, one imposed from above and ruled, with an iron fist, along the lines the Breshnev Doctrine, the other built on shared values and a common will to overcome differences.

This approach spectacularly succeeded in the West³ but failed in the East. Europe and the United States had become moulded into two vibrant, mutually reinforcing (though not always completely harmonious) communities: the European Communities and the transatlantic alliance, NATO. And the West had also succeeded, through the CSCE process and the Helsinki agreements, to mitigate tensions between the two blocks and lay the foundations for an eventual re-integration of the two halves of Europe. When German unification came, this three-dimensional multilateral setting, consisting of the European Communities, NATO and the CSCE, provided vital underpinnings for the smooth international management of unification.⁴

As it turned out, this very successful approach not only survived but provided critical new impulses to multilateralism in the context of European integration, the Atlantic alliance and pan-European co-operation. Just as German unification had been the product of successful European multilateralism, so it now accelerated the process of multilateral integration along three geographic dimensions: within Western Europe, across the Atlantic, and for the whole of the European landmass. At the heart of this transformation lay the “2+4 process”, involving the two German states and the four allied powers who had defeated Germany in World War II: The United States, the Soviet Union, the United Kingdom and France.⁵

³ The locus classicus is Deutsch, Karl W. (ed): *Political Community and the North Atlantic Area*, Princeton, NJ: Princeton UP 1957; cf. also Hanrieder, Wolfram F.: *Germany, America, Europe, Forty Years of German Foreign Policy*, Newhaven, Ct: Yale UP 1989

⁴ Cf. Hanrieder, op.cit.

⁵ Standard texts on the external aspects of German unification are Kaiser, Karl: *Deutschlands Vereinigung: Die internationalen Aspekte*, Bergisch-Gladbach: Bastei Lübbe 1991 (this book includes an excellent section of key documents); Pond, Elizabeth: *Beyond the Wall, Germany's Road to Unification*, Washington, DC: Brookings 1993; Zelikov, Philip/Rice, Condoleezza, *Germany United and Europe Transformed, A Study in Statecraft*, Cambridge, Mass.: Harvard UP 1997 (second edition) and Weidenfeld, Werner: *Außenpolitik für die deutsche Einheit, Die Entscheidungsjahre 1989/1990*, Stuttgart: DVA 1998

What was the “2+4 process” all about? The text of the treaty, formally entitled “Treaty on the Final Settlement Concerning Germany” and signed by representatives of the two Germanies, France, the Soviet Union, the United Kingdom and the United States on Sept.12, 1990, deals with the following issues:⁶

- Settlement of territorial issues, demarcation of united Germany and renunciation of all territorial claims, international guarantees (Art.1),
- Renunciation of war of aggression, commitment to use force only in accordance with the Charter of the United Nations (Art.2),
- Renunciation of weapons of mass destruction, commitment to arms reductions, limitation of conventional forces to a maximum of 370.000 (Art.3),
- Reduction and complete withdrawal of Soviet armed forces from East Germany by end-1994 (Art.4), and
- Regulations concerning the presence of German forces in East Germany and allied forces in Berlin to 1994; pledge not to deploy nuclear-capable weapons or non-German forces assigned to NATO in East Germany (Art.5) .

What is striking about this list is that many, if not all, of the specific issues, as well as the broader problem of how to reconcile national unification with a stable regional order, are also pertinent to the Korean peninsula. We will come back to this observation in greater detail below. Before we do so, however, we need to consider more closely the similarities, but also the differences between our two cases. Both need to be kept in mind if we want to properly assess the relevance of the German “2+4” process, or more generally, of multilateralism, to the situation on the Korean peninsula.

Similarities between Germany and Korea

- 1) Both Germany and Korea occupy **sensitive geopolitical positions**. Germany is at the heart of Europe, with few natural barriers impeding access to Germany or expansion from there. Korea is precariously poised between the three major powers in North East Asia, China, Japan and Russia, and is similarly accessible. Both Germany and Korea thus historically have found themselves repeatedly as battlegrounds in the competition of external regional and even world powers (as during the Cold War).
- 2) Both Germany and Korea were **divided by the Cold War** as a consequence of the correlation of hostile forces in the Cold War on their respective territories. In Korea,

⁶ The document can be found in: Kaiser, op.cit.

the initial division closely resembled that of Germany, but (unlike the German situation) it was then reinforced by the outcome of the Korean war.

- 3) Because both Germany and Korea occupy pivotal geopolitical positions in their respective regions, unification has (or would have) important **implications for regional and global order**. Put differently, the way the two countries will be anchored into their regional security environment will to a large extent define that environment: a loosely embedded Germany or Korea will invite competition for influence by external powers and/or unilateral efforts to enhance their respective security, while a Germany or Korea firmly anchored into a coherent and co-operative regional security order would in turn contribute to regional stability.
- 4) As we have argued already, and will argue in greater detail below, even many of the specific **issues to be resolved in the context of unification** are similar for both Germany and Korea.

Differences between Germany and Korea

These many parallels and similarities should not blind us, however, to some important differences between the two cases. The most important difference, of course, is that Germany has been re-united, while Korea is still divided (though we argue that the process of transformation towards unification has already begun on the Korean peninsula). Beyond that, there are at least the following important differences:

- 1) **While Germany during the 19th and 20th centuries has been an expansionist power which challenged the regional and global status quo, Korea throughout its history has never tried to expand beyond Korean territory**, but rather has been preoccupied with holding its own against the two overwhelming powers in its immediate neighbourhood, China and Japan. As a consequence, there never has been a “Korean question” in and for North East Asia in the way the German question had preoccupied European politics since at least the 17th century. This should facilitate the task of finding sustainable arrangements for regional order in North East Asia as compared to Europe.
- 2) **Both Germanies had been closely integrated in dense webs of multilateral co-operation and integration in Europe**. In the case of East Germany, this integration was artificial and could not be sustained, as it did not take roots in East German society. In West Germany, however, this integration both reflected and in turn solidified profound changes in society and political culture. In the case of Korea, such multilateral ties are much less developed and almost exclusively confined to global institutions. The politically dominant external relationships are the bilateral security ties of South Korea

with the United States and – traditionally – those of North Korea with both China and the former Soviet Union. (Part of the transformation of the situation on the peninsula has been the unravelling of North Korea's security alliance with the former Soviet Union and, to some extent, even with China).

- 3) As a result, **only in the case of Germany did multilateralism really constitute an important condition facilitating unification.** Multilateralism made German unification possible: it provided essential reassurance for Germany's neighbours, constrained Germany's freedom and provided anchors to German foreign policy behaviour.
- 4) **When it came, unification in the case of Germany also acted as a catalyst for multilateral co-operation and integration in Europe and across the Atlantic.** There thus developed a virtuous circle, in which the progress of multilateralism produced further impulses towards both the deepening and widening of multilateral co-operation in the Euro-Atlantic region.

Issues to be resolved in the context of Korean unification

Let us now return to the list of issues which were addressed in the international settlement of German unification, and eventually which will need to be addressed in the context of Korean unification, as well. Those questions are

(a) Territorial issues

In the case of Germany, the critical territorial issue was the demarcation of the border with Poland (which, as a result of Hitler-Stalin Pact and the Yalta wartime agreements between the US, the Soviet Union and the UK had lost sizeable parts of its Eastern territories to the Soviet Union, but had been compensated through German territories in the West up to the North-South river system of the Oder/Neisse).⁷

For Korea, the principal outstanding territorial issues are the future of the Tokdo/Takeshima islands, which presently are governed by the Republic of Korea but also claimed by Japan,⁸ and a more substantial, though presently largely dormant, border question between today's DPRK and the People's Republic of China. This latter issue is complicated by a substantial Korean minority (about 2 million) living on the Chinese side of the frontier, as well as recent migration from the DPRK to China, as North Koreans have tried to escape from starvation and

⁷ On the Polish border issue, see Zelikov/Rice, pp. 207 - 222; Tewes, Henning: Germany as a Civilian Power, The Western Integration of East Central Europe, 1989-1997, Birmingham 1998 (Ph.D.), pp.114ff

the horrors of a brutally repressive regime. A united Korea could be tempted to open the border issue;⁹ in an internal crisis in the DPRK, China could also feel compelled to intervene across the border to stem the flow of refugees or other forms of cross-border interaction between ethnic Koreans. Beijing has also expressed concern over claims in South Korea to parts of China largely inhabited by Koreans.

It is hard to imagine that Japan and Korea would allow the Tokdo/Takeshima issue to undermine their broader relationship. On the contrary, if the trend towards closer co-operation between Japan and South Korea could be sustained,¹⁰ and if Japan achieved a settlement with North Korea, this should provide further opportunities to resolve or at least defang the territorial conflict. There already has been progress in sorting out respective fishing rights in the Tokdo/Takeshima territorial waters,¹¹ and “joint development” could well be an interesting avenue not only for enhancing Japanese/Korean co-operation, but also for setting an example for other, similar territorial disputes over offshore rocks elsewhere. Progress has been limited so far primarily because of Japanese reluctance to formally concede Takeshima, not least out of Tokyo’s concern about a possible precedent with regard to the territorial conflict with Russia and China (with which Japan has a similar conflict to that of Tokdo/Takeshima over a group of islands called Diaoyu/Senkaku).¹²

Any serious tensions over Korean - Chinese territorial differences are even harder to imagine than with Japan. Korea has every interest to secure good relations with China, and China is satisfied with the territorial status quo. Issues relating to offshore demarkation lines may be more difficult, but the stakes pale by comparison to those of good Korean - Chinese relations. The most critical elements therefore are ethnic minority and refugee issues, which already

⁸ Mendl, Wolf: Japan’s Asia Policy, Regional Security and Global Interests, London and New York: Routledge 1995, pp.50f, 70f

⁹ Cf. Zhao, Quansheng: The Chinese Position on the Korea Four- Party-Talks, in: Ryoo, Jae-Kap/Kang, Tae-Hoon/Kim, Sung-Joo (eds): Bilateralism, Multilateralism and Geo- politics in International Relations: Theory and Practice, Seoul: The Korean Association of International Studies 1999, pp. 25-58 (55f). According to his report, some South Koreans have expressed the view that the Korean-inhabited parts of China should belong to united Korea; the government in Beijing has already admonished Seoul to show “greater self-control”. Beijing and Seoul are already involved in drawing maritime boundaries between South Korea and China.

¹⁰ For the remarkable progress in recent years, see Cha, Victor D., Japan-ROK Relations: Seoul-Tokyo Cooperation on North Korea, Tried, Tested, and True (thus far), in: Pacific Connections 1:2 (1999), pp. 63 – 69, and Han Sung-joo: The Koreas' new century, in: Survival (London), 42:4 (Winter 2000/2001), S. 85-95. Recently, however, this favourable trend has been put at risk by a new instalment of the perennial saga of Japanese text books: see Cha, Victor D.: Japan-Korea Relations: History Haunts, Engagement Dilemmas; In: Pacific Connections, 3: 1 (2001) pp. 104-112 and Schneppen, Anne: “Wenn aus großen Hoffnungen tiefe Enttäuschung wird”, in: FAZ, Aug.3, 2001

¹¹ Mendl, op.cit., p.71

¹² For an analysis of Japan’s normalisation negotiations with the DPRK see Hughes, Christopher W.: Japan’s Economic Power and Security, Japan and North Korea, London and New York: Routledge 1999

have complicated relations between Beijing and both Koreas. These issues can be exacerbated by nationalist emotions, but they also provide good arguments for Beijing to promote change in North Korea, as well as incentives for co-operation and mutual accommodation.

As the territorial issues discussed above are bilateral, they will also need to be settled bilaterally. Yet those problems have broader implications. Thus, there is an implicit linkage between the Tokdo issue and Japan's territorial conflict with Russia, and with Japan's financial support for an eventual rehabilitation of North Korea. Also, as in the case of the German – Polish territorial issue, the parties may wish to have their bilateral territorial agreements ratified and guaranteed through an international treaty involving the major powers.

(b) Nuclear/WMD Status

North Korea presently possesses a significant short- and medium-range missile capability and may well be in the possession of a few nuclear warheads. Its biological and chemical weapons stockpiles, estimated at between 2,500 and 5,000 tons, are thought to be the fourth largest in the world.¹³ South Korea has developed its own missile capability, with a range of up to 300 km, and in the past has considered developing a nuclear weapons programme of its own. The existence of missile and WMD capabilities on the peninsula tends to undermine regional stability by creating incentives for programmes to counter perceived threats either through deterrence (i.e., the development of similar capabilities) or through defence; both could trigger regional arms races. Thus, the Japanese government might find itself under pressure to develop its own nuclear deterrent, to counterbalance Korea and compensate for perceived new vulnerabilities. This, in turn, is likely to produce a response from China. Taiwan could also feel encouraged by a nuclear-armed Korea to develop its own deterrent. A stable regional security arrangement for North East Asia thus will have to address those issues: it will need to provide for the verifiable dismantling of existing capabilities and assurances that such capabilities will not be developed or imported in the future. Also, Korea's status in international regimes dealing with WMD or missile proliferation needs to be legally clarified, and be made subject to verification. This could and should be combined with confidence-building measures, such as the development of a regional framework for

and Nabers, Dirk: Kollektive Selbstverteidigung in Japans Sicherheitsstrategie, Hamburg: IFA 2000, pp. 171 ff (= Mitteilungen des Instituts für Asienkunde Hamburg N. 326)

¹³ Ministry of National Defense, the Republic of Korea, Defense White Paper 2000, Seoul: MND 2000, pp. 60f; Anthony, Ian: Responses to proliferation: the North Korean ballistic missile programme, in: SIPRI Yearbook 2000: Armaments, Disarmament and International Security, Stockholm: SIPRI 2000, pp.647-666

addressing potential nuclear proliferation issues (PACATOM), just as EURATOM helped to reassure Germany's neighbours about its pledge to refrain from the development of nuclear weapons.¹⁴

It is evident that all those issues could only be addressed in a satisfactory manner in the context of a broader regional security arrangement. For example, it would probably be easier to maintain a non-nuclear status for a united Korea if the alliance with the US and a US military presence were retained, as this could dissuade Korea from hedging against potential Chinese or Japanese threats through WMDs. But a non-nuclear/non-WMD united Korea is also conceivable as part of a regional security arrangement in which Korea remained non-aligned but integrated into a comprehensive agreement, including security guarantees for Korea, involving the United States, Japan, and China. Japan also clearly will need to be part of any agreement for the future WMD status of the Korean peninsula. Such far-reaching regional security co-operation may seem visionary now, but major powers could well be pushed rapidly in this direction, if change started to accelerate on the peninsula in ways which would raise the risks of a united Korea going down the WMD road. The very unpleasant alternative could be the *coup de grace* for an NPT which has already been weakened by the South Asian nuclear arms race.

(c) Conventional force reductions

A third important issue settled by the "2+4 Agreement", which also needs to be addressed on the Korean peninsula concerns conventional forces – both Korean and foreign. In the Korean context, the two most pressing aspects will be the demobilisation of huge military establishments, particularly in North Korea, and the future of the US military presence.

- The demobilisation of the Korean armed forces will require economic alternatives for a large number of soldiers; this issue thus is linked to broader efforts towards rehabilitating North Korea while keeping South Korea on a healthy growth track. As in the case of Germany, a host of specific issues will have to be settled in the context of an eventual integration of the two armed forces into one, such as the terms of integration/dismissal, accountability/amnesty for specific offences and human rights violations, and transitional arrangements. Unlike the case of Germany, the needs for regional security and

¹⁴ For a discussion of a possible PACATOM for East Asia, see Lee, Shin-wa: Safeguarding the Environment: Regional Nuclear Cooperation in Northeast Asia, in: Ryoo, Jae-Kap/Kang, Tae-Hoon/Kim, Sung-Joo (eds): Bilateralism, Multilateralism and Geo-politics in International Relations: Theory and Practice, Seoul: The Korean Association of International Studies 1999, pp.331-359 (344ff) and Manning, Robert A.: PACATOM: Nuclear Co-operation in Asia, in: The Washington Quarterly, 20:2 (1998), pp.217-232

reassurance of Korea's neighbours will probably only play a minor role in determining the ultimate size of Korea's military establishment, although North East Asia's future regional security architecture may shape Korea's perceived demand for armed forces. The multilateral linkage here is thus not so much with regional security as with international support for the rehabilitation of North Korea.

The issue of a future US (or other foreign) military presence on Korean soil will no doubt be one of the trickier issues in any eventual settlement. While it may be desirable from a broader regional perspective, it will probably be determined by the attitudes of the Koreans themselves and China. We will take up this issue again in greater detail below.

(d) A framework for economic development of North Korea

In the case of German unification, the rehabilitation of Eastern Germany was largely undertaken by West Germany. It has involved expenses of more than one thousand billion DM so far, or about five per cent of GDP per annum (much more for a much longer period than the Marshall Plan to rehabilitate Europe after World War II). A minor part of the external support was provided by the European Communities through its regular programmes for economically backward regions, although the FRG government had originally declined any assistance to make unification more acceptable to its European partners.¹⁵ Still, by and large West Germany was able to shoulder the cost of unification. It should be noted, though, that there were significant external shock waves, both positive and negative, from the economic implications of unification: Germany's trading partners first benefited substantially from the post-unification boom in East Germany, but they were then hit badly by rising German interest rates.

The economics of Korean unification are also likely to produce external effects, but they will probably be much more painful for South Korea than for West Germany. In the past, the cultivation of opportunities provided by a liberal world trading system has been at the heart of successful development in North East Asia over the last few decades, as it has been in Europe. North Korea, of course, has largely insulated itself, for ideological and political reasons (and much more than East Germany, which (thanks to hefty subsidies from West Germany) had participated, if only in a limited way, in East – West trade for several decades on very

¹⁵ See Weidenfeld, Werner: Außenpolitik für die deutsche Einheit, Die Entscheidungsjahre 1989/1990, Stuttgart: DVA 1998, pp. 411ff (= Geschichte der deutschen Einheit Band 4); Kohl, Helmut: Ich wollte Deutschlands Einheit, Dargestellt von Kai Diekmann und Ralf Georg Reuth, Berlin: Propyläen 1996, pp.359ff

favourable terms) from those benefits,¹⁶ and as a consequence has fallen into a – probably terminal – systemic economic crisis.¹⁷ The socio-economic rehabilitation of North Korea will be an important part of any comprehensive effort to stabilise the situation on the peninsula. The resources required for the task of bringing North Koreans up to a living standard equivalent to about 60 per cent of that of the South have been estimated by the RoK government at \$ 300 billion over ten years.¹⁸ The RoK will probably not be able to shoulder this enormous task alone – particularly, if unification came about as a result of an implosion of the North. International support, by IFIs and other countries such as Japan, will probably be necessary and would certainly be helpful.¹⁹ Multilateral efforts at rehabilitation (which could, in principle, be undertaken even without unification) have been suggested for a number of specific areas, such as

- the energy sector (here, KEDO already provides a multilateral mechanism for rehabilitation, see below),
- agriculture (a Korean Agricultural Development Organisation has already been suggested),
- the badly deteriorated health system, and
- road and rail infrastructure.

The list no doubt could easily be expanded. If North Korea met certain political conditions and complied with procedural requirements (such as the supply of data), International Financial Institutions such as the World Bank and the Asian Development Bank could provide credits. Yet the huge sums which may be required would need special efforts, and would probably have to involve Japan as well as South Korea. Yet Japan's willingness to provide large loans or grants would probably depend on Japan's assessment of how well its own national interests were met by such expense.²⁰ Tokyo's temporary suspension of its financial contribution to KEDO after North Korea's missile test in August 1998 clearly points to such a linkage. The basic trade-off will be between regional stability and financial support, both private and public, and the negotiations are likely to be successful if they find ways to

¹⁶ In 1998, inter-Korean trade amounted to about \$ 235 mio; already in 1970, inter-German trade reached about DM 4.4 bill. (\$ 1.2 bill)

¹⁷ Cf. Eberstadt, Nicholas: *The End of North Korea*, Washington: AEI 1999; similarly Reese, David: *The Prospects for North Korea's Survival*, Oxford: OUP for IISS 1998 (Adelphi Paper No.323). For a contrarian, more nuanced perspective, which does not, however, give reasons to assume that North Korea would be able to muddle through over any longer period of time without very substantial, and hence very destabilising, political changes, see Noland, Marcus: *Avoiding the Apocalypse, The Future of the Two Koreas*, Washington, DC: IIE 2000

¹⁸ A summary of existing estimates can be found in Noland, pp.307f

¹⁹ Noland (op.cit.) provides the most comprehensive analysis of the economic requirements of North Korea.

identify trade-offs which satisfy the needs of both Korea and its partners America, Japan, and China. The Tumen River project, conceived and promoted under the auspices of the United Nations Development Programme since 1991, aims at such a trade-off. So far, however, the political and institutional conditions for making the scheme successful did not exist.²¹

a) Alliance membership/alignment of a unified Korea

Presently, the risks to security and stability on the Korean peninsula and in North East Asia still emanate from the military confrontation between the two Koreas, and in particular from the ruthlessness of a brittle regime in the DPRK, which fights for its survival with its back to the wall. All others – the outside powers, the government in the RoK and the Korean people - have an interest in preventing this confrontation from escalating into war, though all outside powers probably also prefer a stable division of Korea to an uncertain and risky unification process.²²

Yet while all the major powers may prefer the status quo, they may not be able to prevent its collapse or implosion: as the case of German unification suggests, when history accelerates, it will simply push away opposing political forces. And this acceleration of history probably has already begun: the status quo looks increasingly precarious. International diplomacy should obviously try to channel and direct the transformation process, but it is also important to prepare for a fundamentally different security situation on the Korean peninsula, in which North Korea would no longer be the principal threat to regional stability, but part and parcel of a new regional order shaped by Koreans themselves, but also by others.

What will be key ingredients in the new security environment after Korean unification? This obviously is a very speculative question, but some elements can be identified with reasonable confidence.²³ Thus, the future geo-politics of East Asia during the next few decades are likely to be shaped by

- the United States as a Great Power, and as the militarily and economically most powerful state in the world,
- a rising China, which will begin to close the economic and military gap between itself and America,

²⁰ Cha, op.cit. (2001)

²¹ Reese (op.cit.), p.36

²² Cha, Victor D.: The continuity behind the change in Korea. - In: Orbis (Oxford), 44 (Fall 2000) 4, S. 585-598; Han Sung-joo: The Koreas' new century, in: Survival (London), 42:4 (Winter 2000/2001, S. 85-95; Reese (op.cit.), pp.69ff

²³ CIA, Global Trends 2015: A Dialogue About the Future With Nongovernment Experts, Washington, DC: National Intelligence Council Dec.2000 (= NIC 2000-02)

- the relative decline of Japan's economic weight and political influence, which towards the middle of the century will more or less be on a par with that of united Korea,
- Russia and the European Union, whose economic and political presence may be expected to grow, without, however, changing their position as actors of secondary relevance to East Asian developments,
- continued and even intensifying economic, social and cultural interdependencies ("globalisation") between East Asian nations and between this region and the rest of the world, driven by technological change, and therefore
- powerful incentives and indeed the necessity for political co-operation to cope with the opportunities and risks associated with deepening globalisation but also
- increasingly fragile political institutions hard pressed to keep up with the enormous requirements of change, and
- continued and perhaps even exacerbated resistance to the pressures of globalisation emanating from historical rivalries, nationalist and anti-globalist sentiments and the need to keep societies cohesive and legitimate the exercise of political power. Nationalism may be the approach of choice for governments beleaguered by their peoples with demands for opportunities to participate in the benefits, and for protection against the risks, of globalisation. This turbulent domestic environment will complicate the problems of containing and defusing regional tensions.

This implies that East Asia will be faced with difficult foreign policy choices. External relations will increasingly be driven by internal needs and societal strains. They will thus be poised between intensifying co-operation and sustained, perhaps even heightened rivalry. In other words, East Asia may be approaching a crossroads between growing tensions, arms racing and even the risks of a major conflagration on the one hand, and enhanced co-operation and integration, on the other. In the former scenario, the region would tend towards polarisation between China and America and their respective allies; in the latter scenario, the region would experience a deepening and widening of regional institutions. Future developments on the Korean peninsula are likely to play an important catalytic role in shaping those choices.

III. Exploring the 2+4 Analogy: Factors Facilitating and Impeding Multilateral Solutions

Why did things work out so well in the case of German unification? Perhaps the most important background factor was the dense web of regional and transatlantic integration

which underpinned West Germany's orientation and its preference for continuity, as well as arrangements for co-operative security such as the CSCE and the MBFR conventional arms control negotiations. European and transatlantic integration had been enormously successful in economic, social and cultural terms, creating powerful forces of attraction drawing the peoples of East Germany and Central Eastern Europe westward. Beyond this, the following elements seem to us particularly relevant to the successful outcome of German unification:

- Sustained American leadership and support for unification,
- Support (after some initial hesitations) by Germany's European allies and partners,
- Wise Soviet, German and American policies: thus, the Soviet leadership recognised the futility of trying to prevent the dissolution of the Soviet Empire and German unification from happening, and Germany prudently used German unification to deepen and widen European integration (through the Euro, the Maastricht Treaty amendments, and EU enlargement), simultaneously energetically promoting closer co-operation with the Soviet Union and then Russia. America and Germany and their allies were also careful to treat the Soviet Union as a partner, not as a defeated power, and to provide material compensation.

The principal complicating factors were

- Soviet/Russian security concerns,
- Internal instability in the Soviet Union (the danger of a coup against Gorbachev),
- Suspicions and lingering fears among Germany's neighbours (which, however, Germany rapidly moved to assuage), and
- Reluctance within the East German establishment and among parts of the opposition to see East Germany be absorbed by the West. East German resistance was rapidly swept away, however, by the popular response to the opportunity of unification.

The "2+4 Treaty" was based on a solemn recognition of the principle of freedom for each people and country to choose its own allies and conclude its own alliances. Once Koreans exercise their right to unite, their freedom of choice will also be the basis for Korea's future foreign policy orientation. While outside powers can try to influence that choice, they will ultimately have to accept it – provided, that is, that Koreans are agreed among themselves. In theory, there are two starkly contrasting alternative choices for Korea's future foreign policy orientation:

- First, continued alliance with the US, with a continued US military presence. This clearly is the preference of the US, and of most outside observers. Obviously, this would have many advantages. As in the case of Germany, a US military presence in a united Korea

would provide an anchor to regional stability; it would contain both China and Korea vis-à-vis a fearful Japan, but also keep any conceivable Japanese militarism or expansionism firmly “corked in the bottle”, to use a famous expression coined by one of America’s top military officials in Japan.²⁴ It would reassure both China and Korea (each of which mistrusts Japan more than the US). A continued American military presence would also go a long way to ensure Korea’s security against external threats, and thus weaken incentives to go (or remain) nuclear. This, in turn, would contribute to keeping the nuclear genie in the bottle throughout East Asia, as it would defuse the search for nuclear security in Japan, and perhaps also discourage Taiwan from pursuing the option of a nuclear deterrent.

On the other hand, a US withdrawal from Korea would singularise Japan and thus delegitimise the (already pressured) US-Japanese alliance domestically. It would also put Japan into the frontline of any American containment designs vis-à-vis China, and of any future Sino-American conflict over Taiwan. In addition, recent efforts to foster Korean-Japanese relations through trilateral policy co-ordination on North Korea could come to a halt at a crucial point in time, when Korean-Japanese co-operation does not yet rest on very solid foundations.

How likely is a united Korea to hang on to its alliance with the United States? In recent months, it has become clear that there is, for a variety of reasons, substantial opposition to the US military presence in the RoK even now.²⁵ The disappearance of the threat from the North would no doubt exacerbate problems of justifying a continued US military presence. And North Korea has traditionally insisted on a complete American withdrawal.²⁶ Yet as the German example shows, a transformed security environment could ensure regional security and stability with substantially lower numbers of US troops. There are thus, in principle, ways to accommodate the opposition and enhance the legitimacy of a continued US military presence.

²⁴ Asahi Shimbun, December 14, 1999, quoted in: American Embassy Tokyo, Daily Summaries of the Japanese Press, December 16, 1999 (<http://www.usc.edu/isd/archives/dsdp/summaries/1999/December/Sm991216.htm>) (accessed Aug.8, 2001); cf. also Taoka, Shunji, Is This Base Really Necessary?, in: JPRI Critique Vol 7 No 2 (February 2000), (<http://www.jpri.org/public/crit7.2.html>) (accessed Aug.8, 2001)

²⁵ Cf. Han, op.cit.

²⁶ Whether North Korea would seriously object to a continued US military presence on the peninsula is another matter. North Korea has long hinted that it might acquiesce to a continued US presence, and Kim Dae-jung claims that in his talks with Kim Jong-il, the latter had signalled his understanding and tacit acceptance towards a continued US military presence. See Kim Dae-Jung: “North and South Korea Find Common Ground”, in: IHT, Nov.28, 2000

A second critical factor determining Korea's choice will be the attitude of China. A continued US military presence on the Korean peninsula is only conceivable if China would accept it – just as the Soviet Union eventually accepted a continued (if much reduced) American military presence in Germany. The Soviet leadership then was swayed by the recognition that Moscow could not hope to block unification, anyway, but could expect greater political and strategic benefits from acquiescence, as well as by economic benefits. Ultimately, the Soviet leadership also saw that Soviet interests were in the long run best protected by a Germany firmly anchored in Western institutions. For China, similar considerations might hold sway: Beijing might come to accept that its interest in regional stability would be best served by Korean unification under circumstances and conditions which China would be able to influence. As regional stability and integration would also present prospects for enhanced economic growth, economic incentives could also come into play. There thus is a real possibility that China might accept a continued US presence. Undoubtedly, however, this would depend on the overall state of US-China relations, and would be conceivable only if China did not perceive such a US presence as in any way directed against its own interests. There is an important difference between the Soviet Union's attitude vis-à-vis uniting Germany and that of the PRCh vis-à-vis Korea: the Soviet Union was a declining, indeed a disintegrating world power, while China is a rising power. This suggests that any continued US military presence in Korea would have to meet two critical requirements: its deployment must clearly be non-threatening from the Chinese point of view, and it must be embedded in a broader security arrangement which would recognise China's legitimate interests and its status as the pre-eminent regional power in East Asia.²⁷

- The alternative choice for Korea would be non-alignment and reliance either on a robust deterrence (this strategy has important precedents in Korean history: Korea never ventured to expand its influence beyond the peninsula but vigorously defended itself against the two regional Great Powers, China and Japan), or on multilateral, co-operative security arrangements. On the whole, this is widely seen as the more risky, less desirable choice. Yet it could also have its advantages. If united Korea determined to rely on multilateral, co-operative security arrangements, this would reduce the risks of the region remaining stuck in a (probably increasingly dangerous) balance-of-power mode à la 19th century

²⁷ Cf. Reese, *op.cit.*, p.75; Yi, Xiaoxiong, The Impact of Beijing's Changing Strategic Perceptions on the China-South Korea Relations, in: Ryoo, Jae-Kap/Kang, Tae-Hoon/Kim, Sung-Joo (eds), *Bilateralism, Multilateralism and Geopolitics in International Relations: Theory and Practice*, Seoul: The Korean Association of International Studies 2000, pp.169-208 (183ff)

Europe. It could enhance co-operative aspects in relations between the US and China, as well as between Japan and China, whose relationship would benefit from a strong but non-confrontational buffer state between them. This choice would also more in tune with the realities of rapidly growing interdependence in East Asia and between the region and the rest of the world. Finally, it would offer additional opportunities for integrating China more closely into the regional and international order, and help promote a peaceful China-Taiwan settlement.

In practice, solutions could well be found in between those two alternatives, as was the case with German unification. Thus, Germany chose to remain within the NATO alliance and retain US troops on German soil. But the strength of American deployment was much reduced and adjusted to accommodate Soviet sensitivities. More importantly, arrangements surrounding German unification clearly were built on a shift away from a security policy approach based on containment and deterrence of the Soviet Union towards one based on co-operation, dialogue and inclusion. Although this shift was never fully implemented (to this day, there are those in NATO who worry about a reconstitution of a Russian threat), it nevertheless was real: it led to important changes in NATO's strategy and posture, and found expression in institutional arrangements such as Partnership for Peace and the NATO-Russia Council.²⁸ As noted earlier, German unification not only was made possible by the rapprochement between East and West, it also provided a catalyst for advancing this rapprochement further. With the unification of Germany, Europe as a whole has moved away from a pattern of interstate relations built on distrust, balance of power and spheres of influence (zero-sum thinking) towards economic and political co-operation, underpinned by new institutional arrangements (driven by positive-sum thinking).

One could imagine similar arrangements for the Korean peninsula. For example, it already has been suggested that a continued American military presence in Korea could be limited geographically to areas below the 38th parallel, or that it could become part of a larger (multinational?) peace keeping force.²⁹ Alternatively, America might remove its direct military presence but retain forward bases. In such ways, part of the burden of sustaining a

²⁸ Rademacher, Fritz: Cooperation Programmes and Security Dialogues Organized by NATO, Paper Presented at the DGAP/JCIE conference on "Perspectives of Security Cooperation in the Asia-Pacific Region, Tokyo, Nov.6-7, 1997

²⁹ Chung, Oknim, Prospects for Co-operative Security on the Korean Peninsula, paper presented at "Partnership for Peace: Building Long-term Security Cooperation in Northeast Asia", The Second Collaborative Workshop on East Asia Regional Security Futures, Nautilus Institute for Sustainable Development and Center for American Studies, Fudan University, Shanghai, March 3-4, 2001 (available through <http://www.nautilus.org/nukepolicy/workshops/shanghai%2D01/chungpaper.txt>,

large and intrusive American military presence could be removed, and be made more acceptable to Koreans and to China. The new arrangements could also be linked to CSBMs between the US, Korea, Japan and China.

More fundamentally, it would also seem possible to shift the overall thrust of regional security policies towards regional détente and co-operation. As the German example shows, this would not require the abandonment of existing bilateral security arrangements, although they might have to be adjusted and restructured: it is misleading to consider co-operative and coercive security policies (whether they are based on the principles of collective defence or collective security) as alternatives: they are, in fact, complementary and can, as the European example shows, be designed in ways which are mutually supportive. A judicious combination of foreign deployment, international security guarantees and co-operative security policies would also reduce incentives for a Korean independent nuclear deterrent and strong conventional forces. In short, such a combination would probably provide the best response to managing the difficult security transition in North East Asia.

How likely is such a development? Clearly, some of the favourable ingredients of the German case are missing on the Korean peninsula. Moreover, both the United States and China have so far been less than enthusiastic about multilateral security arrangements:

- Washington's preference clearly is for a combination of unilateral, bilateral and multilateral approaches, which gives the United States the maximum amount of flexibility and influence. In this menu, multilateralism decidedly has a supportive, supplementary and instrumental function: it is used to constrain other actor's options, and to spread the costs for underwriting regional security arrangements. When multilateralism has seemed attractive from a US policy perspective, Washington has also been willing to provide sustained leadership (though Congressional commitment to America's own multilateral creations has at times been rather circumscribed).³⁰
- Beijing has also been reluctant to support multilateral approaches, though it has recently come to recognise its value as a means to pursue its own interests, constrain strategic choices of others, reassure its neighbours and control the diplomatic processes. Still, China is as unprepared as the US to have its freedom of action constrained by multilateral arrangements and institutions whenever it feels that regime interests are at stake.³¹

accessed Aug.8, 2001); Chung, Oknim: Solving the Security Puzzle in North East Asia, A Multilateral Security Regime, in: Korea and World Affairs, 24:3 (Fall 2000), pp. 393 - 410

³⁰ ibid.; Reese, op.cit., pp.69ff; Harnisch, Sebastian: Außenpolitisches Lernen, Die US-Außenpolitik auf der koreanischen Halbinsel, Opladen: Leske & Budrich 2000, pp.500ff

³¹ Cf. Yi, op.cit.; Haacke, Jürgen: Läßt sich China einbinden? Multilaterale Zusammenarbeit im Pazifik, Ebenhausen: SWP, Dez.1996 (=SWP-AP 2995); Segal, Gerald: 'Enlightening' China? in: Denny Roy (ed),

Thus, the two most important external actors have been lukewarm about multilateral security co-operation in North East Asia. Its principal supporters, Japan, South Korea, and Russia (though Russia's support for multilateralism, its only chance to find recognition as a major player, is patently self-serving) have not been able to muster sufficient counterweight to make multilateral security co-operation more meaningful than it has been so far. In part, this results from different multilateral agendas and policy objectives between them; mostly, however, it reflects the dominant influence of Washington and Beijing in North East Asia. A shift towards a more complex, and more multilateral, security architecture for North East Asia will thus depend largely on policy changes in both capitals. North Korea's persistent opposition towards multilateralism, on the other hand, probably does not carry much weight: it can either be circumvented (as has been done with KEDO), ignored or overwhelmed through incentives.

IV. Embedding Korean unification: The Role of Multilateralism in North East Asia

If the two major powers in North East Asia have been so lukewarm about multilateralism, then why has it nevertheless developed quite rapidly in recent years? The simple answer is that multilateral co-operation best suits the complex situation on the peninsula, and therefore gets taken up even by those – like the US and China – who are sceptical about its utility and reach. This complexity stems from

- significant overlap in important or even vital security interests of the Koreans themselves, China, Japan, the United States. All three outside powers consider developments on the peninsula as highly relevant for their own national security, and all three have good historical reasons to think so;
- global implications of developments in North East Asia for proliferation and other systemic risks to the global economic and political order,
- the importance of economic interdependence for the development of the region. This, by definition, requires open economies, hence multilateral co-operation, and
- the risks inherent in non-co-operative approaches: such approaches could easily lead to self-fulfilling security dilemmas, arms racing, and subversive activities (e.g., the nuclear crisis and the danger of war on the peninsula in 1994). Non-co-operative patterns of interaction are likely to feed on themselves, and develop into vicious circles from which it

might become difficult to escape – just as the opposite holds for co-operative approaches which, as the German case demonstrates, can develop into virtuous circles.

Multilateralism helps in managing complexity by reducing the risks of misperception and miscommunication, by broadening the scope for mutual accommodation and trade-offs, by diffusing polarisation, by allowing for mediation and good offices by third parties, and by creating a larger pool of resources to bring to bear on problems. But it also has its own problems: effective multilateral co-operation needs initiative, sustained leadership and the commitment of resources; it requires parallel investments in good bilateral relations and is significantly more demanding in terms of communication, consultation and co-ordination. It therefore tends to be more cumbersome, and can easily be plagued by problems of free-riding.

In the following sections, we briefly review the progress made on multilateralism on the Korean peninsula more closely and assess its potential for the future, by focusing on two specific issues: the North Korean missile and nuclear programmes.

Progress made, progress needed

Multilateralism in recent years has developed considerably in North East Asia, both at the official level and through so-called „Track Two“ activities. Leaving aside the latter, the most important official multilateral processes which have dealt specifically with problems on the Korean peninsula have been the Trilateral Oversight and Co-ordination Group (TCOG), the Four Party Talks involving the two Koreas, the United States and China, ASEAN + 3 and the ASEAN Regional Forum (ARF)

TCOG

TCOG arose out of the need for the United States, Japan and South Korea to co-ordinate their respective policies towards North Korea. This policy co-ordination was initiated in 1999 at ministerial level and developed into regular meetings between Senior Diplomats dealing with North Korea of the three foreign ministries concerned. TCOG evolved rapidly, and by and large successfully, under the Clinton Administration. Under the Bush Administration, which initially put emphasis on bilateral alliance relations and took a rather more sceptical view of China, TCOG lost momentum, although the process has continued.³²

Four Party Talks

The Four Party Talks between the two Koreas, China and the US were established after a joint American-South Korean initiative by Presidents Clinton and Kim Dae-jung at a bilateral

summit on April 16, 1996, to promote a peace settlement. After initial efforts in October 1953 to achieve such a peace settlements after the Korean war had broken down, Korea started to demand a bilateral peace agreement with the US, but in Dec.1997 accepted the Four Party format. Until mid-1999, six rounds of negotiations took place, but they were then suspended over North Korean demands that a US troop withdrawal and a bilateral peace agreement be included in the agenda. China has supported the talks, and has also accepted “in principle” the South Korean proposal to broaden the framework to include Japan and Russia. Clearly, China has, however, been reluctant to concede any real influence to the Four Party Talks.³³

ARF

The ASEAN Regional Forum, established in 1993, represents the most important region-wide official dialogue forum for security issues in Asia-Pacific.³⁴ The ARF has touched on Korean peninsula issues repeatedly - first in 1997, when it commended the progress of KEDO and supported the Four Party Talks. At its seventh meeting in Bangkok in 2000, the DPRK joined ARF.³⁵ ARF nevertheless so far has not played a substantive role in promoting accommodation between the two Koreas.

“ASEAN + 3”

The relevance of the “ASEAN + 3” process, which involves ASEAN, China, South Korea and Japan to security issues stems from the fact that political leader now regularly meet in this format. This encourages the process to include security issues, as well as economic co-operation, and it has also helped to promote trilateral co-operation (on non-security issues such as the environment) between the three North East Asian participants. The ASEAN + 3 process thus carries considerable promise for regional accommodation in North East Asia.³⁶

³² Cha, op.cit. (2001)

³³ Ministry of National Defense, op.cit., pp.100f; Park, Tong Whan: Bilateralism vs. Multilateralism: Challenges to U.S. Diplomacy in the Four Party Talks, in: Ryoo/Kang/Kim (eds), op.cit. (1999), pp.3-24; Zhao, (op.cit., ibid.)

³⁴ Nabers, Dirk: Das ASEAN Regional Forum, in: Maull, Hanns W./Nabers, Dirk: Multilateralismus in Ostasien-Pazifik, Probleme und Perspektiven im neuen Jahrhundert, Hamburg: IfA 2001, pp.89-117 (= Mitteilungen des Instituts für Asienkunde 340)

³⁵ Cf. Chairman´s Statement of the Seveth ARF Meeting, Jmuly 27, 2000 in Bangkok, available through http://www.asean.or.id/amm/pol_arf7.htm; and Wain, Barry: “North Korea´s Coming-Out Party, in: Asian Wall Street Journal, 28-30 July, 2000, p.8. Cf. in general on the ARF: Ortuoste, Maria Consuela C.: Reviewing the ASEAN Regional Forum and Its Role in Southeast Asian Security, Asia-Pacific Center for Security Studies Occasional Paper, Honolulu, Hawaii: February 2000, available through http://www.apcss.org/Paper_Reviewing_ASEAN_Forum.htm

³⁶ Cf. Hund, Markus/Okfen, Nuria: The East Asian Economic Caucus (EAEC)/ASEAN-Plus-Drei , in: Maull, Hanns W./Nabers, Dirk: Multilateralismus in Ostasien-Pazifik, Probleme und Perspektiven im neuen Jahrhundert, Hamburg: IfA 2001, pp.68-86 (= Mitteilungen des Instituts für Asienkunde 340)

KEDO

Over the last six years, the implementation of the Geneva Agreed Framework (AF) has proved to be a valuable tool to freeze the North Korean nuclear weapons program.³⁷ A simple calculation shows the significance of the achievement: had North Korea continued its weapons programme in 1994, by now it could have produced enough separated plutonium for 60-80 nuclear weapons. If all three reactors (the one operational at Yongbyon in 1994 plus the two under construction) had been dedicated to making weapons-grade plutonium, then North Korea would have been able to produce and export 40 to 50 nuclear weapons per year.³⁸ Yet impressive as this record is, KEDO's future is by no means assured. Several key issues remain unresolved in order to end the threat emanating from a North Korean nuclear weapons program.

To begin with, in the past few years the KEDO project has met serious technical and political obstacles, such as poor conditions at the site in Kumho, erratic North Korean policies and Congressional intransigence in Washington, delaying the original delivery schedule at least six years.³⁹ From the North Korean perspective, Washington is to blame for the delay. Pyongyang has therefore tried to extract compensation, e.g. through higher wages for its workers. From the US perspective, the delay has been caused to a considerable degree by North Korean military provocations such as the submarine crisis (1996) or the naval incident offshore the demarcation line in 1999. In addition, higher crude oil prices have inflated Washington's share in the project, and Congressional critics have tried to torpedo the whole project.

If KEDO is to succeed, the following problems will have to be tackled:

- In the short-term, KEDO and North Korea will have to negotiate five additional protocols, some of which may prove to be real stumbling blocks. First, a delivery schedule protocol must specify dates for the completion of the LWRs. It will also contain dates when the North is to perform its commitments under the Agreed Framework vis-à-vis the IAEA. Second, in the nuclear liability protocol North Korea must accept an indemnity agreement with KEDO, which secures nuclear liability insurance for KEDO and its contractors and subcontractors in connection with any third-party claims in the

³⁷ Cf. Harnisch, Sebastian / Maull, Hanns W.: Kernwaffen in Nordkorea. Regionale Stabilität und Krisenmanagement durch das Genfer Rahmenabkommen, Bonn: Europa Union 2000.

³⁸ Cf. Albright, David: Secretary of State Madeleine Albright's Visit to North Korea, ACA Press Briefing October 20, 2000, Arms Control Today Online (November Issue), <http://www.armscontrol.org/ACTnov00/pressconnk.html> [02.03. 2001].

³⁹ Originally the first LWR was to be completed in 2003; current estimates are that it will not become operational before 2010.

event of a nuclear accident. Furthermore, North Korea and KEDO have to conclude a repayment protocol and two other protocols: one on nuclear safety and regulation of the LWRs and the other on operation and maintenance arrangements for transferring the spent fuel out of North Korea.

These (required) steps on their own involve great potential for delay and crisis because the DPRK-IAEA relationship is still not good and the US has, so far, not put the inspection issue on the bilateral agenda. Although both parties have recently (again) agreed on greater transparency and the carrying out of their respectful obligations under the Agreed Framework (Oct. 12, 2000), the IAEA now clearly takes a tougher stance on the obligations of the NPT than in 1994, i.e. the IAEA interprets its mandate so as to gain confidence in an absence of undeclared nuclear activities.⁴⁰ Also, North Korea's nuclear safety standards have gained much attention recently and it is still unclear whether Pyongyang can meet international requirements for a transparent, independent and technically elaborate nuclear safety process.⁴¹

In the medium-term the main obstacle will be a lengthy "Preliminary Safety Analysis Report" (PSAR) which North Korea currently discusses with KEDO and which it finally must approve. The PSAR will give KEDO confidence that North Korea is indeed able to operate the LWRs safely.⁴² Further down the implementation road, the US and North Korea will have to negotiate an "Agreement for Peaceful Nuclear Co-operation" which requires under US domestic law, among other things, the continuous and full implementation of IAEO safeguards. Also, this agreement includes a provision that North Korea must provide adequate back-up power in the case of an accident. As most international experts would agree, so far North Korea has no viable electrical transmission system, and it certainly has no reliable back-up system to prevent a reactor melt-down through a back-up cooling system.⁴³

⁴⁰ Cf. Albright, David / Higgins, Holly / O'Neill, Kevin (2000): Solving the North Korean Puzzle: Epilogue, <http://www.isis-online.org/publications/dprk/book/epilogue.html> [08.02. 2001], p. 11.

⁴¹ Cf. Sokolski, Henry : Implementing the Korean Nuclear Deal: What U.S. Law Requires, Paper presented before the international forum, "Prompting International Scientific, Technological and Economic Cooperation in the Korean Peninsula: Enhancing Stability and Dialogue, Rome, July 1-2, 2000, <http://www.wizard-net/~npec/papers/6-4-00-DPRK-Sokolski.htm> [02.02. 2001]; Gilinsky, Victor: Plutonium From US-Supplied LWRs for North Korea. Do We have to Worry About it?, Paper presented before the international forum, "Prompting International Scientific, Technological and Economic Cooperation in the Korean Peninsula: Enhancing Stability and Dialogue, Rome, July 1-2, 2000, <http://www.wizard-net/~npec/papers/6-4-00-DPRK-Sokolski.htm> [02.02. 2001].

⁴² Cf. Milioti, Stephen/Kang, Young-Chul / Kremer, Brian : KEDO's Nuclear Safety Approach, <http://www.kedo.org/article.htm> [02.03. 2001].

⁴³ Cf. Albright/ Higgins/ O'Neill (op.cit.) p. 8.

In sum, today we face a delayed LWR construction process that has built-in political and technical stumbling blocks.⁴⁴ Even if these can be overcome, Pyongyang would still be unable to operate even one of the LWRs without substantial modification of its electrical grid and entire transmission system.⁴⁵ Thus, to ensure the freeze and final dismantling of the North Korean nuclear weapons program the KEDO process has to be reinvigorated and amended.⁴⁶ Reinvigoration means to put the whole process on a more stable basis. This could include the following:

- The energy substitution scheme through which the US supplies heavy fuel oil to North Korea could be changed. Arab nations may be willing to support KEDO in this regard, if Pyongyang stops exporting missiles (linking nuclear weapons and ballistic missile arrangements). In a related move, South Korea may be willing to directly supply some energy if North Korea agrees to confidence building or small-scale conventional arms control measures (linking nuclear and conventional arms control).
- If the US were freed from its heavy fuel oil obligations, it might be willing to consider a reinterpretation of the AF with regard to the modernisation of the North Korean electrical grid. So far, KEDO has interpreted the AF not to include grid modernisation (though promising good offices to help DPRK obtain funding), but it becomes more and more obvious that the whole KEDO process is unsustainable without such steps.

All this would mean that the technical and political basis of the Agreed Framework would be changed. To begin with, from the US perspective the AF was meant to prevent Pyongyang from gaining a substantial nuclear arsenal (5-6 warheads) within a short time frame (6-8 months), and to freeze the North Korean program so as to forsake any DPRK export capabilities. The AF was not, however, intended to help stabilise the DPRK regime itself through modern energy facilities. Policymakers hoped that the North Korean regime would collapse before KEDO nations had to make good on their promises. Now, KEDO has to see the project through or go back to square one, i.e. risk another confrontation. It is clear that neither the US nor its KEDO partners would like to renounce the principles of the AF deal, namely the swap of sensitive nuclear LWR technology against certainty on DPRK's nuclear history and future; it also seems unlikely that North Korea would be willing to reveal its

⁴⁴ Cf "Back to the future" (CEIP Proliferation Brief Vol. 3 No. 36, December 13, 2000), <http://www.ceip.org/files/Proliferationsbrief336.asp> [14.12. 2000].

⁴⁵ One study estimates the costs of transmission and grid reconstruction at 3-5 Bio. US\$, cf. David Van Hippel/Peter Hayes/Masami Nakata/Timothy Savage (2001): *Modernizing the US-DPRK Framework: The Energy Imperative* (Nautilus Research Paper February 16, 2001), <http://www.nautilus.org/papers/energy/ModernizingAF.pdf> [12.03. 2001], p. 12.

⁴⁶ Cf. Joel S. Wit (2000): *North Korea: The Leader of the Pack*, in: *Washington Quarterly* 24(2000)1, pp. 77-92.

trump card (coming clean on its nuclear history) without gaining access to modern nuclear technology. Nor would South Korea be likely to agree to a change in the electricity production technology delivered to the North.

Hence, an amended AF has to include at least one LWR. However, to make sure that the LWR transfer becomes a viable option in the mid-term, the KEDO process should be amended so as to include: 1) the establishment of a multilateral process or a multilateral consortium (including, for example, development banks and the EU) to modernise the DPRK electric grid and transmission system; 2) the transfer of one conventional power plants/and or direct transmission service from South Korea to secure a reliable power back-up system for the LWR;⁴⁷ 3) a concerted effort to start serious inspections through IAEA and/or South Korean inspectors (under the framework of the 1991 Joint Declaration on Denuclearization) of all nuclear facilities.

The first rationale for reinvigorating or amending the AF is that without resolving these security issues, real political reconciliation and economic rehabilitation will not be possible. Second, while the odds are not good for a smooth implementation of the AF as it is today, changing its priorities could save it. An AF amended as sketched here would still serve its core function, namely freezing North Korea's nuclear programme, and it would also entangle the DPRK in an ever thicker web of expectations about appropriate behaviour and practical experiences of co-operation. In the security field, this might include a ban on uranium enrichment (as included in the Declaration on Denuclearisation), a verified ban on the production, deployment and export of ballistic missiles, and a number of bi- and multilateral confidence building or arms control measures. In the political, economic and energy field, this amendment might include the rehabilitation of North Korea's electric grid, the (partial) normalisation of DPRK-US and/or -Japanese relations, and the opening of multilateral aid organisations for North Korean membership.

Ballistic missile production and export

A second important security issue concerns North Korea's missile programmes. So far, this issue has largely been dealt with through bilateral (US – North Korean) channels. But the issue concerns others, as well, and its complexity in our view again provides powerful incentives for multilateral solutions.

A simple calculation reveals why North Korea is so central to the global proliferation problem and why ending the program would greatly diminish regional and global security concerns. Of

⁴⁷ Cf. Van Hippel/ Hayes/ Nakata/ Savage (op.cit.)

the 33 nations that possess ballistic missiles outside the five nuclear weapons states, 27 have only short range missiles with under 1.000 km reach. Of the six remaining countries three are friendly to Western nations (India, Israel and Saudi Arabia). Among the last three states of concern, Iran, Pakistan and North Korea, the latter one is the core of a proliferation network, which includes the former two. Without North Korean missile exports, the Iranian program would be considerably slowed down (Teheran still has Russian and Chinese sources), but the Pakistani Ghauri program might not survive without DPRK assistance.⁴⁸ This is not to suggest that North Korea is already capable to autonomously produce, deploy and weaponize and deliver long-range ballistic missiles.⁴⁹

Is an end to the North Korean missile program possible? To begin with, since 1996 North Korea has consistently offered to end its ballistic missile program, i.e. the production, testing and export of medium- and long range ballistic missiles. After it sent shock waves around East Asia and the World when it tested a long-range ballistic missile as a launch rocket for a small satellite in August 1998, the North Koreans negotiated a missile test moratorium with the US in September 1999 in exchange for a partial lifting of economic sanctions. In mid-2000 North Korean leader Kim Jong Il suggested a permanent missile test stop in return for a yearly quota of foreign space launches of its satellites.⁵⁰ But the outgoing Clinton administration was not able to secure a deal during Secretary of State Albright's historic trip to Pyongyang in November 2000.⁵¹

Why does the missile issue call for multilateral solutions? The first reason is that the missile threat concerns not only, and not even primarily, the United States but also Japan and a number of other countries in reach of missile capabilities based on North Korean experts. Those countries so far are situated mostly in the Middle East, but also in Europe. South Korea's strategic security position has not significantly been changed by North Korea's missile programmes, and the threat to the United States so far is hypothetical, not real.⁵² Japan, however, now is directly threatened by North Korea. Thus, when North Korea launched a Taepo-Dong missile in 1998 over its territory, Japan quickly changed its hitherto

⁴⁸ Cf. Cirincione, Joseph: Secretary of State Madeleine Albright's Visit to North Korea, ACA Press Briefing October 20, 2000, Arms Control Today Online (November Issue), <http://www.armscontrol.org/ACTnov00/pressconnk.html> [02.03. 2001].

⁴⁹ Some sources suggest that private Russian companies or individual are central to the North Korean missile program, cf. Mann, Jim: N. Korean Missile Have Russian Roots, Explosive Theory Suggests, Los Angeles Times, 6 . 9. 2000.

⁵⁰ Cf. Harnisch, Sebastian: Die nordkoreanische Bedrohung

⁵¹ Cf. Gordon, Michael R. : "Vote Morass in Florida Helped Sink Pyongyang Anti-Missile Accord", in: International Herald Tribune, 07.03. 2001.

⁵² There is, in fact, considerable disagreement among experts as to when, if at all, North Korea's missile could seriously threaten the United States with weapons of mass destruction. Cf.

reluctant position towards a joint TMD project with the US. And the threats posed by North Korean missiles in the Middle East, which are based on exports of North Korean know-how and North Korean hardware, are real already today.

Second, leaving the issue to be sorted out between North Korea and the US may be problematical: the new American Administration may actually have a vested interest in not dismantling the North Korean missile threat. For if the whole North Korean programme were to be eliminated, the main justification for a National Missile Defence system would be severely shaken. According to the latest National Intelligence Estimate, the US should deploy NMD and/or TMD to defend itself against a North Korean capability becoming operational in 2005 and an Iranian capability in 2010. To look at it the other way round, eliminating the North Korean programme may reduce the pressure for deploying NMD, thereby creating breathing space for diplomatic solutions to the remaining US missile concerns and facilitating accommodation between the US and China on Missile Defence.⁵³ Third, any package to persuade North Korea to give up this important trump card in its quest for regime survival will need to be multi-faceted and probably also generous. The United States should and would therefore be interested to secure support from others on any such deal. And fourth, the North Korean missile programme, linked as it is to weapons of mass destruction, ultimately also poses systemic issues, touches global regimes and institutions and therefore also needs to be addressed within a broad multilateral context.

Looking at the prospects of a future missile deal, all possible approaches include multilateral frameworks. First, a permanent missile test moratorium can be reached, possibly without larger cash payments (e.g. the US \$1 billion suggested by the North Koreans). While the South Korean government has been reluctant in the past to fund any missile related threat reduction program, Seoul has changed course in the recent months due to the centrality of the missile issue for US-DPRK normalization, which is in turn vital for a balanced reconstruction effort in North Korea through multilateral development institutions such as ADB, IMF, WB.⁵⁴ Moreover, if a deal to end North Korean missile tests permanently could be tied to the DPRK-Japan normalisation process, Tokyo might be willing to offer considerable funds.⁵⁵

Second, in a bigger deal North Korea might be willing to end not only testing, but also exporting and even producing and deploying ballistic missiles – provided it could get the right

⁵³ Cf. Harnisch, Sebastian : European Responses... in HSFK

⁵⁴ Cf. Son, Key-young: "Seoul Might Pay to Stop NK Missile Program", in: Korea Times, 12.12. 2000.

⁵⁵ Cf. Armacost, Michael H./ Pyle, Kenneth B. : Japan and the Unification of Korea: Challenges for U.S. Policy Coordination (NBR Analysis Vol. 10/01 March 1999), p. 34 <http://www.nbr.org> [12.01. 2001].

price. As for the multilateral funding, consider the following: in 1992-93, Israel suggested that it might explore the Unsan gold mine in exchange for an export stop of North Korean missile parts to Middle Eastern nations such as Syria, Libya or Iran.⁵⁶ In 1994, when Chief negotiator Robert Gallucci went on a fundraising mission to European and Middle Eastern capitals to enlist support for the soon to be KEDO, several Arab nations noticed that the Agreed Framework excluded the sensitive missile issue and that therefore they could not contribute to the joint effort.⁵⁷ But if European nations could agree to North Korean satellites launched periodically through its Ariane program, Arab nations may be willing to contribute desperately needed oil supplies to North Korea.

Of course, such an ambitious approach for an agreed-framework-like missile agreement with progressively tighter restrictions may not be easy to secure politically. Japan may not be willing to contribute if short range missiles deployed vis-à-vis its coast line are not withdrawn while Europe may be hesitant to invest in a missile test moratorium if missile exports to Iran continue. South Korea and the US may want to add conventional arms control and CSBM to enhance security on the peninsula.⁵⁸

The biggest “if”, however, at present clearly is the attitude of the new Bush Administration which may be unwilling to undermine its rationale for NMD. And yet, a concerted effort to end the North Korean missile program would certainly push both multilateral and bilateral processes to engage North Korea, a goal shared by most concerned parties in the region.

V. Conclusions

Multilateralism in North East Asia thus has made considerable progress, but it also still has a long way to go to approach its importance in Europe. Still, there are powerful reasons to assume that it will continue to develop: the complexities of the transition process on the Korean peninsula and in the whole North East Asian region provide strong incentives for regional powers to seek co-operation and accommodation. All of them have shown a clear desire to see tensions on the peninsula contained, and all of them have been keen to support initiatives to enhance regional stability (in the sense of a controlled, non-violent transition towards a new security regime for Korea and North East Asia). The United States has done so through engaging North Korea in the Agreed Framework, and through setting up KEDO.

⁵⁶ Cf. Granot, Oded : Background on North Korea-Iran Missile Deal, in Hebrew in: Tel Aviv MA'ARIV, 14. 04. 1995, English translation: <http://www.fas.org/news/israel/tac95037.htm> [6. 2. 2000].

⁵⁷ Interview with NSC Official, Washington, 30.08. 1996.

⁵⁸ Cf. Han, Yong-Sup/ Davis, Paul K. / Derilek, Richard E.: Time for Conventional Arms Control on the Korean Peninsula, in Arms Control Online (December 2000), <http://www.armscontrol.org/ACT/dec00/handec00.html> [02.03. 2001].

China has been instrumental in getting North Korea into the NPT in the first place, in securing concessions from Pyongyang once it tried to withdraw, and in keeping the regime alive through vital supplies of food and energy. Japan has been supporting American and South Korean policies of engaging the North diplomatically and financially. None of those powers wanted to run the risk to have tensions on the peninsula escalate, and all were willing to co-ordinate their actions to achieve the desired modicum of stability. The principal source of instability has been North Korea's bankrupt economic and political system and the high-risk strategies pursued by its regime to secure survival.

Having said this, one needs to add immediately that multilateralism in North East Asia has arisen more out of need than out of conviction. Even the two actors most committed to multilateralist approaches, South Korea and Japan, have not been beyond flirtations with unilateral or bilateral alternatives. Thus, Japan unilaterally suspended its financial contribution to KEDO when it saw its national security interests threatened through North Korea's missile test, and, due to domestic political considerations, it also shirked its responsibility when the North Korean breach of the NPT should have been answered by economic sanctions. Japan has also worked less than it might have on improving its bilateral relations with South Korea and China as a prerequisite for a more forceful support for multilateral activities. And South Korea recently has chosen the bilateral route of engaging the North, albeit with extensive consultations with its allies, to the detriment of – for example – the Four Party Talks. The US, on the whole, has been an opportunistic multilateralist, while China could be characterised as a reluctant multilateralist.

Yet while this reluctance to go down the multilateral track is understandable, it also seems more and more inadequate, even in terms of the long-term national interests of the US and China. To be sure, multilateralism has its own problems and should not be seen as a panacea, but it still offers the best potential for dealing with the complex problems of transition of the Korean peninsula. It also comes in a broad variety of different formats: observers have differentiated “minilateralism”, “functional multilateralism” and “plurilateralism” as specific forms of multilateralism.⁵⁹ Clearly, multilateralism will have to be tailored to the situation in East Asia, and different issues on the Korean peninsula should be handled in different multilateral contexts.

- On **regional security**, the key actors which need to be involved through multilateral arrangements are the Koreas, China, Japan, and the US. Russia does not have direct

⁵⁹ Chung, Oknim: Solving the Security Puzzle in North East Asia, A Multilateral Security Regime, in: Korea and World Affairs, 24:3 (Fall 2000), pp. 393 - 410

security interests and only limited influence, but it has often be considered as a possible additional party and could be included. So far, the Four Party Talks correspond most closely to this format. Japan and South Korea have also advocated setting up Six Party Talks, or a multilateral North East Asian Security Dialogue Forum. Since the European Union has recently become involved more closely in Korean affairs, there might also be a case for including it, forming a “2+2+1(Japan)+2(Russia, the EU)” or “2+2+N” formula. Another multilateral forum of relevance for dealing with regional security issues is the ASEAN Regional Forum, which could play a supportive role in working towards a sustainable peace arrangement for North East Asia.

- On **economic issues**, more comprehensive forms of multilateralism seem appropriate, with the Stability Pact for the Balkans as a plausible model. The Stability Pact brings together a wide range of governments with an interest in regional stability on the Balkans, International Organisations (notably the UN; the OSCE, the EU and International Financial Institutions and Multilateral Development Banks), NGOs and the private sector. On the Korean peninsula, the principal tasks would be to rehabilitate North Korea and enhance regional economic integration. Apart from the six parties already identified above, economic multilateralism could and should include the European Union, Australia and New Zealand, and possibly also other East Asian countries. Already in existence, with roughly this membership, is KEDO (see below). Economic multilateralism could and should cover not only the Korean peninsula, but – as a minimum - also adjacent parts of China.
- Lastly, some **global issues** (such as non-proliferation arrangements) will have to be addressed in global settings. The involvement of the UN in the armistice agreement has already been mentioned. Formally, the United Nations still are at war with North Korea, and they continue to be involved in the issue through the Military Armistice Commission and the Neutral Nations Supervisory Commission.⁶⁰ The UN Security Council also holds ultimate responsibility for overseeing global non-proliferation regimes.

To make multilateralism succeed in North East Asia will require a stronger commitment by all, particularly by the United States. This would involve sustained US leadership in making existing multilateral efforts work, and in setting up new ones, a willingness by all to make available the financial and personnel resources needed to make multilateralism effective, and to accept constraints on one’s own policy behaviour. The key, however, will be to find a basis

for mutual accommodation between the United States and China. This accommodation would have to provide for a recognition of China's rise as a world power, and it would have to include the Taiwan issue as the one issue which seriously divides the two powers in East Asia. Such an accommodation would presumably need to be based on shared principles, trade-offs between respective areas of strength and weakness, and specific arrangements to implement the accommodation on the ground. Developments on the Korean peninsula may help to establish such a consensus on principles, which might include:

- Recognition of the principle of unification of divided nations
- Recognition of the need to build unification on consent
- Inadmissibility of interference in internal affairs, but also of use of force to suppress political aspirations
- Recognition that unification should be achieved through a process involving distinct phases, and that unification might take different forms
- Recognition of the co-equal status of China as a regional and global power in East Asia. This will involve the right to participate in defining the principles, rules and regulations governing regional and global order, but also commensurate responsibilities to accept those arrangements and carry some of the burden of implementation
- Recognition that any foreign military presence would need to be based on consent of the nation concerned and regional powers, and that deployment should be strictly in line with co-operative security, rather than balance of power objectives
- Recognition that the deployment of military forces should be transparent, non-threatening and accompanied by appropriate CSBMs, specifically arms control, arms limitations, and non-proliferation of WMD
- Recognition of the desirability of regional and global economic integration, and the need for support in achieving the necessary national foundations.

Specific trade-offs between the US and China could include self-imposed limits to US military superiority versus Chinese acquiescence to a US military presence, the pursuit of US missile defence in ways which would not undermine the principle of mutual assured destruction in its strategic relationship with China, and support for economic

⁶⁰ While the DPRK and China have taken unilateral steps to modify the existing armistice arrangements, this has not been recognised by the UN. See Oberdorfer, Don: *The Two Koreas, A Contemporary History*, Reading, Mass.: Addison Wesley 1997, p.364

transformation in exchange for Chinese participation in international economic institutions.

South Korea and Japan could play important roles in bringing such an accommodation about. South Korea not only has obvious reasons but probably also sufficient diplomatic margins for manoeuvre and influence to push for more policy co-ordination. Japan will herself be unable to dominate East Asia, but will also find any polarisation between the other two major powers extremely uncomfortable. Its strategic priority must be to avoid having to choose – and this could be achieved best if relations between the US and China were co-operative.