

# Embedding Korea's unification multilaterally

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**Abstract** The traditional view that bi- and multilateral security arrangements are mutually exclusive is misleading. Since the Korean War the multilateral UN Armistice regime and strong bilateral alliances have kept peace and stability on the Korean Peninsula. In the 1990s, multilateral security institutions such as KEDO have become more important in supplementing bilateral security treaties. Reflecting upon a future Korean Unification, the article argues that multilateral security institutions serve important complementing functions such as building additional trust, stabilizing commitment and enhancing resources that bilateral institutions often lack. The article concludes by suggesting that current bilateral relations (US-DPRK, US-ROK, ROK-J, US-PRC) and multilateral arrangements (KEDO) must be reinforced through enhanced multilateral co-operation to allow a peaceful Korean unification accepted by all parties concerned.

**Keywords** multilateralism; US-DPRK; US-ROK; ROK-J; ROK-DPRK; US-PRC; KEDO; Korean unification.

## Introduction

During the Cold War, control over Germany, as the core of the European industrial heartland, was the ultimate stake in the struggle between the

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two blocs; 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 domestic evolution of Russia). Similarly, the Korean Peninsula has been at the heart of geo-strategic conflict and cooperation in Northeast Asia. Korea was one of the strategic theatres in the East–West conflict during which the Cold War turned hot. As in the case of Germany, the net result of the confrontation between the two opposing sides was stalemate and division. As in the case of Germany, the strategic orientation of the two Koreas, and that of a reunited Korea in the future, has (and will have) major repercussions for regional order. And as in the case of Germany, this has drawn all major regional and global powers into efforts to secure their interests and contain that of their competitors and rivals.

While there thus exist striking parallels in the geostrategic 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 cooperative security before, during and after German unification. Multilateralism 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 cooperation; multilateralism until recently has been conspicuously absent.

The relevance of multilateralism to German unification has been obvious – unification has been carefully arranged through a multilateral process, the so-called '2 + 4 process'. Since the early 1990s, multilateralism has advanced in East Asia, as well – in part, in our view, in recognition of the need for multilateral frameworks to support the management of change on the peninsula. Notwithstanding the important differences between Germany and Korea, the German analogy may therefore have some relevance for the latter. Developments in the region seem to us to suggest that multilateralism holds considerable promise for a peaceful transformation of the regional order in Northeast Asia.

In this paper, we therefore explore the prospects and promise of multilateralism for the future of the Korean Peninsula and regional order in Northeast Asia. 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.<sup>2</sup> 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 recognize 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. Our paper sets out to (a) describe the agenda to be dealt with, (b) describe existing multilateral arrangements and their relevance to this agenda, and (c) map out possibilities for enhancing the contribution of multilateralism to regional stability in Northeast Asia.

### **Korean unification: agenda for international action**

In the context of Korean unification, a number of international issues will have to be resolved by the parties concerned. Those will often include others than only the two Korean states themselves. Outside powers have long dominated developments on the peninsula in the past, and they will continue to do so: the United States and China in particular will no doubt be deeply involved in any future security arrangement in and for Korea. The Koreans themselves and outside powers will therefore eventually have to find solutions together – either through cooperation, or through competition, balancing or imposition by force.

### ***Territorial issues***

The principal outstanding territorial issues are the future of the Tokdo/Takeshima islands, which currently are governed by the Republic of Korea but also claimed by Japan,<sup>3</sup> 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 the horrors of a brutally repressive regime. A united Korea could be tempted to open the border issue;<sup>4</sup> 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 cooperation between Japan and South Korea could be sustained,<sup>5</sup> and if Japan achieved a settlement with North Korea, this should provide further opportunities to resolve or at least diffuse the territorial conflict. There already has been progress in sorting out respective fishing rights in the Tokdo/Takeshima territorial waters,<sup>6</sup> and 'joint development' could well be an interesting avenue not only for enhancing Japanese–Korean cooperation, 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).<sup>7</sup>

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 demarcation 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 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 cooperation 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.

### ***Nuclear/WMD status***

North Korea presently possesses a significant short- and medium-range missile capability and may well be in 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.<sup>8</sup> South Korea has developed its own missile capability, with a range of up to 300 kilometres, 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 Northeast 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 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.<sup>9</sup>

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 cooperation 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 grâce* for an NPT which has already been weakened by the South Asian nuclear arms race.

### ***Conventional force reductions***

Korean unification eventually will entail the dismantling of the huge military establishments on both sides of the demarcation line. A second critical issue will be the future of the US military presence. The demobilization 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. 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 in the case of Germany, the needs for regional security and reassurance of Korea's neighbours will probably only play a minor role in determining the ultimate size of Korea's military establishment, although Northeast 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.

### ***A framework for economic development of North Korea***

The economics of Korean unification are, as in the case of Germany,<sup>10</sup> 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 Northeast 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, from those benefits,<sup>11</sup> and as a consequence has fallen into a – probably terminal – systemic economic crisis.<sup>12</sup> The socio-economic rehabilitation of North Korea will be an important part of any comprehensive effort to stabilize 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.<sup>13</sup> The RoK will probably not be able to shoulder this enormous task alone – particularly, if unification came about as a result of a sudden implosion of the North. International support, by international financial institutions and other countries such as Japan, will probably be necessary and would certainly be helpful.<sup>14</sup> 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 Organization 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.<sup>15</sup> 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 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.<sup>16</sup>

### ***Alliance membership/alignment of a unified Korea***

Presently, the risks to security and stability on the Korean Peninsula and in Northeast 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 Republic of Korea 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.<sup>17</sup>

Yet while all major actors thus seem to 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.<sup>18</sup> Thus, the future geopolitics 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;
- 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 ('globalization') 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 cooperation to cope with the opportunities and risks associated with deepening globalization; 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 globalization 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 globalization. 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 cooperation 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 cooperation and integration, on the other. In the former scenario, the region would tend towards polarization 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.

### **Multilateralism in Northeast Asia: a report card**

If the two major powers in Northeast Asia have been so lukewarm about multilateralism, then why has it nevertheless developed quite rapidly in recent years? The simple answer is that multilateral cooperation 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 Koreas themselves, China, Japan and 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 Northeast 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 multi-lateral cooperation.
- The risks inherent in non-cooperative 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-cooperative 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 cooperative 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 polarization, 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 cooperation 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 coordination. It therefore tends to be more cumbersome, and can easily be plagued by problems of free-riding. Multilateralism therefore is no panacea, it needs to be managed carefully. Still, it can provide useful additional resources for addressing complex security issues.

In the following sections, we briefly review the progress made on multilateralism on the Korean Peninsula more closely. We then focus more closely on two issues – the North Korean nuclear weapons programme and the efforts to dismantle it through a cooperative effort, organized in KEDO, and the North Korean missile programme. In each case, we will ask what role multilateral efforts have played, and could play in the future.

### ***Progress made, progress needed***

Multilateralism in recent years has developed considerably in Northeast 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 Coordination and Oversight Group (TCOG), the Four-Party Talks involving the two Koreas, the United States and China, ASEAN + 3, the ASEAN Regional Forum (ARF) and the Asia–Europe Meetings (ASEM).

## **TCOG**

TCOG arose out of the need for the United States, Japan and South Korea to coordinate their respective policies towards North Korea. This policy coordination originated from the request by the US Congress in autumn 1998 that after the Taepo-Dong satellite launch there should be a re-evaluation of the Clinton administration's policy *vis-à-vis* Pyongyang. Within the framework of the ensuing Perry process,<sup>19</sup> the Clinton administration aimed to better coordinate its efforts with its main allies in the region, Japan and South Korea. Starting in April 1999 at ministerial level and developed into regular meetings between senior diplomats dealing with North Korea, TCOG evolved rapidly. For example, in June and July 1999 the three allies successfully coordinated their efforts to prevent North Korea from launching a second missile test. In addition, TCOG has helped to stabilize the working relationship between Japan and South Korea in the security field which suffered setbacks in the deterioration of bilateral relations over yet another textbook row in 2001.<sup>20</sup> 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.<sup>21</sup>

## ***Northeast Asian dialogue***

The Northeast Asian security dialogue was proposed by South Korean Foreign Minister Han Sung-joo at an ARF-SOM in July 1994 as a multilateral security cooperation framework between six governments – the two Koreas, the US, Japan, China and Russia – to deal with security issues that could not be solved unilaterally or bilaterally.<sup>22</sup> The process became stuck soon after it became obvious that some of the invited countries showed little interest in opening a multilateral venue for soft and hard security issues. While Russia and Japan reacted positively, North Korea and China were uninterested. As in the case of other multilateral fora, Pyongyang obviously feared being pressed into a bilateral dialogue with Seoul.<sup>23</sup> The South Korean government itself put the NEASED initiative on the backburner when it initiated the Four-Party Talks in April 1996, thereby sidelining Tokyo and Moscow.

The six-party framework was revived, however, in autumn 1998 through an initiative by Japanese Prime Minister Obuchi at the summit meeting with South Korea's President Kim Dae Jung. While the new Kim Dae Jung government reacted favourably and Russia showed continued interests in subsequent meetings with Japanese officials, both China and the United States remained cautious about the project.<sup>24</sup> Thus, while many perceive a need for multilateral dialogue in this format, e.g. with regards to confidence-building measures in the region, the NEASED process so far did not get off the ground because of diverging interests of the parties concerned.<sup>25</sup>

### ***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 Young Sam at a bilateral summit on April 16, 1996, to promote a peace settlement. After initial efforts in October 1953 to achieve such a peace settlement after the Korean War had broken down, Korea started to demand a bilateral peace agreement with the US, but in December 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.<sup>26</sup>

### ***ARF***

The ASEAN Regional Forum, established in 1993, represents the most important region-wide official dialogue forum for security issues in the Asia-Pacific.<sup>27</sup> 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, as it had done earlier already with the Council for Security Cooperation for Asia-Pacific (CSCAP), which the ARF officially recognized as a key ‘track two’ effort.<sup>28</sup> In theory, the ARF should therefore be well placed to facilitate cooperation on the Korean Peninsula. In practice, the ARF has been hobbled by China’s (and some other Asian members’) reluctance to see the ARF develop beyond a talking shop on regional security issues.<sup>29</sup> Since the ARF as a whole was stymied by those reservations, it so far also could not play 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 leaders now regularly meet in this format. This encourages the process to include security issues, as well as economic cooperation, and it has also helped to promote trilateral cooperation (on non-security issues such as the environment) between the three Northeast Asian participants. The ASEAN + 3 process thus carries considerable promise for regional accommodation in Northeast Asia.<sup>30</sup>

## **ASEM**

A somewhat surprising multilateral framework with relevance for the process of mutual accommodation on the peninsula has been ASEM. The second ASEM summit in Seoul was completely dominated by the intra-Korean developments and the Nobel Peace Prize for Kim Dae Jung. Kim used the summit to mobilize support for his 'sunshine policy', and apparently persuaded several European leaders to open diplomatic relations with Pyongyang. As a consequence, the European Union undertook a high-profile diplomatic demarche to both Koreas in May 2001, with the EU 'troika' (consisting of Swedish Prime Minister Goran Persson representing the Presidency of the EU, Javier Solana, its Foreign Policy High Representative, and Chris Patten, the EC Commissioner for External Relations) trying to rekindle the dialogue between the two Koreas which had been halted by North Korea in response to the Bush administration policy review.<sup>31</sup>

## **KEDO**

After its foundation in March 1995, the Korean Peninsula Energy Development Organization has proved to be a valuable tool to implement the Geneva Agreed Framework and to freeze the North Korean nuclear weapons programme.<sup>32</sup> 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 to 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.<sup>33</sup> 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 programme.

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 by at least six years.<sup>34</sup> 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 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 seriously 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 (October 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.<sup>35</sup> 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.<sup>36</sup>
- 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.<sup>37</sup> Further down the implementation road, the US and North Korea will have to negotiate an 'Agreement for Peaceful Nuclear Cooperation' which requires under US domestic law, among other things, the continuous and full implementation of IAEA 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 meltdown through a back-up cooling system.<sup>38</sup>

In sum, today we face a delayed LWR construction process that has built-in political and technical stumbling blocks.<sup>39</sup> 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.<sup>40</sup> Thus, to ensure the freeze and final dismantling of the North Korean nuclear weapons programme the KEDO process has to be reinvigorated and amended.<sup>41</sup>

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 modernization of the North Korean electrical grid. So far, KEDO has interpreted the AF not to include grid modernization (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 (five to six warheads) within a short time frame (six to eight months), and to freeze the North Korean programme so as to forsake any DPRK export capabilities. The AF was not, however, intended to help stabilize the DPRK regime itself through modern energy facilities. Policy-makers 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 the DPRK's nuclear history and future; it also seems unlikely that North Korea would be willing to reveal its 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 modernize

the DPRK electric grid and transmission system; (2) the transfer of one conventional power plant and/or direct transmission service from South Korea to secure a reliable power back-up system for the LWR;<sup>42</sup> (3) a concerted effort to start serious inspections through the 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 cooperation. In the security field, this might include a ban on uranium enrichment (as included in the Joint Declaration on Denuclearization), a verified ban on the production, deployment and export of ballistic missiles, and a number of bilateral and multilateral confidence-building or arms control measures. In the political, economic and energy fields, this amendment might include the rehabilitation of North Korea's electricity grid, the (partial) normalization of DPRK-US and/or DPRK-Japanese relations, and the opening of multilateral aid organizations 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 programme would greatly diminish regional and global security concerns. Of the thirty-three nations that possess ballistic missiles outside the five nuclear weapons states, twenty-seven have only short-range missiles with under 1,000 kilometres reach. Of the six remaining countries three (India, Israel and Saudi Arabia) are friendly to Western nations. 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 programme would be considerably slowed down (Teheran still has Russian and Chinese sources), but the Pakistani Ghauri programme might not survive without DPRK assistance.<sup>43</sup> This is not to suggest that North Korea is already capable to autonomously produce, deploy, weaponize and deliver long-range ballistic missiles.<sup>44</sup>

Is an end to the North Korean missile programme possible? To begin with, since 1996 North Korea has consistently offered to end its ballistic missile programme, 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.<sup>45</sup> 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.<sup>46</sup>

The Bush administration, after a process of soul-searching and despite its initially harsh rhetoric, settled on a policy which basically represented a continuation of an engagement policy *vis-à-vis* Pyongyang.<sup>47</sup> However, the North Korean government, so far, has used this opportunity to raise the ante for further constructive talks with Washington, thereby causing a prolonged delay of bilateral missile talks with Washington and a domestic upheaval in the South Korean government. Hence, the prospect for a bilateral missile deal seems to have vanished, at least in the near future.

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.<sup>48</sup> Japan, however, now is directly threatened by North Korea. Thus, when North Korea launched a Taepo-Dong missile over its territory in 1998, Japan quickly changed its hitherto 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 already real 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.<sup>49</sup> Third, any package to persuade North Korea to give up this important trump card in its quest for regime survival will need to be multifaceted 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 programme, Seoul has changed course in recent years owing 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 the ADB, IMF and WB.<sup>50</sup> Moreover, if a deal to end North Korean missile tests permanently could be tied to the DPRK–Japan normalization process, Tokyo might be willing to offer considerable funds.<sup>51</sup>

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 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.<sup>52</sup> 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.<sup>53</sup> But if European nations could agree to North Korean satellites launched periodically through its Ariane programme, 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 coastline 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.<sup>54</sup>

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 programme

would certainly push both multilateral and bilateral processes to engage North Korea, a goal shared by most concerned parties in the region.

### **Multilateralism in a future Korean unification**

Multilateralism in Northeast 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 Northeast Asian region provide strong incentives for regional powers to seek cooperation 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 Northeast Asia). The United States has done so through engaging North Korea in the Agreed Framework, and through setting up KEDO. China has been instrumental in getting North Korea back into the NPT after its abrupt withdrawal threat 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 coordinate 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.

Second, the new international situation in the aftermath of the terrorist attacks on America is, on balance, likely to put an additional premium on multilateral efforts, for two reasons. First, pushing détente on the Korean Peninsula will probably move down the American foreign policy agenda. Other, new problems will loom larger, tending to crowd out the promotion of progress on the peninsula, and North Korea's alleged support for international terrorism may even enhance tensions between Washington and Pyongyang. There will be a need for someone else to step in. China is likely to try and fill that void, but China alone would probably not be acceptable as a mediator and facilitator between North and South Korea to the US and Japan. Under those circumstances, multilateralism could look attractive as a means to work around problems in various bilateral relations.

Having said this, one needs to add immediately that multilateralism in Northeast 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 characterized as a very reluctant multilateralist.

What contributions could multilateralism make to a successful transformation of the Korean division? 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. 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.<sup>55</sup> 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 singularize Japan and thus de-legitimize the (already pressured) US-Japanese alliance domestically. It would also put Japan into the front line 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 coordination on North Korea could come to a halt at a crucial point in time, when Korean-Japanese cooperation 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.<sup>56</sup> 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.<sup>57</sup> Yet 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. 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. Thus there is a real possibility that China might accept a continued, if multilaterally circumscribed, 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 PRC *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 recognize China's legitimate interests and its status as the pre-eminent regional power in East Asia.<sup>58</sup>

- 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, cooperative 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, cooperative security arrangements, this would reduce the risks of the region remaining stuck in a (probably increasingly dangerous) balance-of-power mode *à la* nineteenth-century Europe. It could enhance cooperative 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 be 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 cooperation, 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.<sup>59</sup>

One could imagine similar arrangements in which multilateralist approaches could help to underpin a peaceful transformation of the situation on the Korean Peninsula and provide building blocks for a new regional security order. Let us look again at the agenda identified above, and consider in which ways multilateralism could be useful.

### ***Territorial issues***

Although territorial issues will have to be settled bilaterally with Japan and China, they will be linked to other issues to be settled (such as economic reconstruction assistance by Japan). Territorial dispositions should therefore probably be addressed formally, as in the case of Germany, in an international framework treaty to endorse the outcome of Korean unification.

### ***Nuclear/WMD status***

If Korea is to retain its non-nuclear status, which seems preferable from the perspective of a sustainable regional and even global security order,

there will have to be appropriate non-proliferation arrangements. The UN Security Council ultimately holds responsibility for overseeing global non-proliferation regimes. Korea would have to pledge its continued commitment to those regimes, and accept full participation. In addition, arrangements specific to the Agreed Framework, such as the pledge not to reproduce plutonium, could be brought into a regional regime and be expanded after Korea is unified, so as to ensure transparency, confidence-building and regional security. Such a regime also could and should address Japan's plutonium stockpile and concern in the region about Tokyo using this, and its space programme, to give it a latent military nuclear option.

### ***Conventional force reductions***

The demobilization of the huge Korean military establishments, and in particular that of North Korea, will be closely linked to economic rehabilitation and development, which will be discussed below. Regional security organizations, such as the ARF or even the OSCE, might also be able to play a useful supportive role in sensitive demobilization activities, where the Koreans would need external support but might be reluctant to entrust those tasks to regional powers. There may also be multilateral arrangements to make a continued American presence in Korea more palatable. 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?) peacekeeping force.<sup>60</sup> Alternatively, as part of an agreed and multilaterally endorsed settlement, America might remove its direct military presence but retain forward bases. In such ways, part of the burden of sustaining a 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.

### ***Providing a framework for economic development***

The rehabilitation of North Korea and economic support for Korean development after unification would most obviously lend itself to comprehensive forms of multilateralism. Again, European experiences (such as the Stability Pact for the Balkans) could serve as rough but plausible models.<sup>61</sup> The principal tasks of economic multilateralism would not only be to rehabilitate North Korea, but also to 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.

### ***Alliance membership/alignment of a unified Korea and regional security in Northeast Asia***

The key actors with regard to regional security, which need to be involved through multilateral arrangements are the Koreans, China, Japan and the US. (Russia does not have direct security interests and only limited influence, but it has often been considered as a possible additional party and could be included in any broader regional arrangement.) On the one hand, none of the key actors, and not even any two actors, could impose a stable and sustainable regional security arrangement. On the other hand, all (with the possible exception of the North Korean regime) would suffer from instability and tensions on the peninsula, and none of them (again, with the exception of the North Korean regime) is interested in a continuation of the division of Korea *per se* – for all of them, this will depend on the circumstances. Under those circumstances, three alternative regional security arrangements are conceivable – a balance-of-power system built on opposing alliances; a concert of powers arrangement; and a transformation of regional relations into regional cooperation and even integration.

- *Balance of power*: in this system, a united Korea would remain tied to a security alliance with the US. This type of regional security arrangement would almost certainly regularly create tensions within the triangle China–Japan–United States, and probably be quite unstable and risk-prone.
- *Concert of powers*: in this arrangement, a pattern of balance of power would be overlaid with a framework of mutual accommodation, presumably in the form of an international agreement or even a peace treaty. (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.<sup>62</sup>) The purpose of the concert, and the agreement, will be to stabilize the security situation and to mitigate the effects of regional power imbalances through transparency and consultation in the hard and soft security realm (CSBM). Eventually, this should help to foster security cooperation and a gradual transformation of the security system. Such an arrangement will have to be built on mutual interest and on a mutual willingness by both the US and China to recognize that neither would be able to prevail in a conflict, and that both would damage their own long-term interest if either tried to do so.
- *Regional cooperation and integration*: eventually, a functioning concert could transform the security environment in East Asia and shift the overall thrust of regional security policies towards détente and cooperation. This development could be accelerated and reinforced by parallel efforts at regional cooperation on a broader scale (such as on economic issues). The cumulative effects of CSBMs, preventive

diplomacy, conflict resolution and regional cooperation would be the transformation of the regional security system into a security community. This initially need not require the abandonment of existing bilateral security arrangements, although they might have to be adjusted and restructured: it is misleading to consider cooperative 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 cooperative security policies could also reduce incentives for a Korean independent nuclear deterrent and strong conventional forces. In short, such an approach would probably provide the best response to managing the difficult security transition in Northeast Asia.

There is thus considerable scope for multilateral arrangements on the Korean Peninsula. But how likely is such a development? What are critical conditions to stimulate such a shift towards more extensive multilateralism in East Asia? What constrains it?

*The political will of key players* is probably the most important ingredient for successful multilateralism. Clearly, so far both the United States and China have 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 actors' 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).<sup>63</sup>
- Beijing has also been reluctant to support multilateral approaches, though it has recently come to recognize 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.<sup>64</sup>

Thus, the two most important external actors have been lukewarm about multilateral security cooperation in Northeast 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 cooperation 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 Northeast Asia.

A shift towards a more complex, and more multilateral, security architecture for Northeast Asia will thus depend largely on policy changes in both capitals. North Korea's persistent opposition towards multilateralism, however, alone probably does not carry much weight: it can either be circumvented (as has been done with KEDO), ignored or overwhelmed through incentives.

*Bilateral relations:* as one could see in the past, close bilateral relations (e.g., between China and North Korea, between the Soviet Union and North Korea, or between the US and South Korea) are often seen as the preferred alternative to multilateralism, and if bilateralism is conceived in this way, it can even constrain multilateralism. On the other hand, good bilateral relations are an indispensable building block for effective multilateral arrangements, if they are conceived as such, or at least are seen as compatible with multilateral efforts. This can provide openings for entrepreneurs of multilateralism. In addition, functioning bilateral relations can enhance their effectiveness through multilateral fora and vice versa.<sup>65</sup> At present, the state of bilateral relations may meet the latter condition (it may permit the development of multilateral initiatives) but not the former (they may not in themselves be very conducive to multilateral cooperation on the Korean Peninsula). Perhaps most troubling from the multilateralist perspective is the state of the bilateral relationship between South Korea and Japan. Both countries could benefit from a vibrant bilateral relationship within a multilateral context, because both of them are too small to balance or engage the US and PRC on an equal footing. Indeed, closer cooperation between Tokyo and Seoul would give both partners a whole range of instruments to steer coming and existing multilateral security arrangements in their direction. To some extent, this has already been the case. Through the TCOG process, both Seoul and Tokyo have been able to engage the US administration – which acted under heavy pressure from US congress – and stick to the original plan of delivering two light-water reactors to Pyongyang instead of renegotiating the whole deal.<sup>66</sup> In return, the TCOG process has been one of the few successful venues between the RoK and Japan since the downturn in their bilateral relationship. However, the present state of affairs makes the two most obvious candidates for an open and conducive bilateralism unlikely candidates to lead the region towards further multilateralization: they will first have to sort out their bilateral grievances.

*Multilateral entrepreneurs:* any shift towards multilateralism probably would reflect mixed motives of the major players: they would recognize

the advantages of multilateralism, but also attempt to instrumentalize and manipulate it to their own benefit. In this situation, it will be crucial that multilateral rules are pushed and reinforced through 'entrepreneurs of multilateralism'. Great Powers are unlikely candidates for this, since they have the means to try and pursue their policies unilaterally or bilaterally. Multilateral institutions tend to be viewed by them as 'entangling alliances' which circumscribe their freedom of action. Thus, the most likely candidates for entrepreneurship are middle powers, such as Japan and South Korea, because they can enhance their influence through pooling their limited resources and influence. International institutions can also play a helpful role in this regard.

### **Conclusions and implications**

We argue in this paper that there is a good case to be made for more extensive use of multilateral arrangements (security related and otherwise) on the Korean Peninsula. Although the experiences with multilateralism clearly cannot be transposed from Europe to Asia on a one-to-one basis, multilateral arrangements could help the Korean people and their neighbours cope with the uncertainties of changes ahead.

Neither the cogency nor the existence of multilateral arrangements guarantee their success. It is the benefits they provide for the parties involved that make them viable options for foreign policy. Yet on the Korean Peninsula, multilateralism seems to us the most effective way of creating a viable regional security arrangement. Although many analysts argue for a balance of power in Northeast Asia, one has to remember that balancing never worked for Korea since General Sherman reached its beaches in the 1860s. The balance of power therefore should be complemented and ultimately transformed by multilateral arrangements.

Multilateralism comes in a variety of different formats: observers have differentiated 'minilateralism', 'functional multilateralism' and 'plurilateralism' as specific forms of multilateralism.<sup>67</sup> We argue that multilateralism should be developed in different formats simultaneously and in ways that make their effects mutually reinforcing. These different formats could concern different geographical scope, different membership and different functions. Also, multilateralism clearly will have to come to Korea in Korean colours in order to be successful during and after unification.

How could this be done? First, it will require a stronger commitment by all parties, and 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 here 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 concern which seriously divides the two powers in East Asia.

Second, 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 cooperative 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 transformation in exchange for Chinese participation in international economic institutions. Such a trade-off of interests and positions between America and China may actually be facilitated by the reverberations from the 'war against international terrorism' which the US has launched after the September 11, 2001, attacks on America.

Third, as America seems unlikely to play a key role in promoting multi-lateral initiatives in the near future, there will be a need for others to

keep up the multilateral momentum. Korea and Japan are the obvious candidates, but others – including the European Union – could also help.

Finally, multilateral institutions do not only inject predictability into foreign affairs. They may also contribute to stabilizing expectations of domestic actors and coalitions, thereby reinforcing the forces from below for a cooperative and peaceful development in the region. But multilateralism also gets a powerful push from societal forces and transnational ties of interdependence and cooperation. Impulses towards multilateralism may therefore also come from below.

## Notes

- 1 An earlier version of this paper was presented at the Korean Association of International Studies (KAIS) International Conference 'In Search of Peace and Security on the Korean Peninsula' in Seoul, June 22–23, 2001. The authors would like to acknowledge constructive criticisms and comments by Kyu-Young Lee, Jae-Bong Lee, Yong-Pyo Hong and participants of the Conference, as well as an anonymous reader of *The Pacific Review*. We have also greatly benefited by the careful reading and valuable suggestions by John Kotch.
- 2 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.
- 3 Wolf Mendl, *Japan's Asia Policy, Regional Security and Global Interests*, London and New York: Routledge, 1995, pp. 50f., 70f.
- 4 Cf. Quansheng Zhao, 'The Chinese position on the Korea Four-Party-Talks', in Jae-Kap Ryoo, Tae-Hoon Kang, and Sung-Joo Kim (eds) *Bilateralism, Multilateralism and Geopolitics 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 a 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.
- 5 For the remarkable progress in recent years, see Victor D. Cha, 'Japan–ROK relations: Seoul–Tokyo cooperation on North Korea, tried, tested, and true (thus far)', in *Comparative Connections* 1(2) (1999), pp. 63–9; and Han Sung-joo, 'The Koreas' new century', *Survival* 42(4) (Winter 2000/2001), S.85–95. Recently, however, this favourable trend has been put at risk by a new installment of the perennial saga of Japanese textbooks: see Victor D. Cha, 'Japan–Korea relations: history haunts, engagement dilemmas', *Comparative Connections* 3(1) (2001), pp. 104–12 and Anne Schneppen, 'Wenn aus großen Hoffnungen tiefe Enttäuschung wird', *FAZ*, August 3, 2001.
- 6 Mendl, op. cit., p. 71.
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  - 16 Reese (op. cit.), p. 36.
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- 61 The Stability Pact brings together a wide range of governments with an interest in regional stability on the Balkans, international organizations (notably the UN; the OSCE, the EU and international financial institutions and multilateral development banks), NGOs and the private sector.
- 62 While the DPRK and China have taken unilateral steps to modify the existing armistice arrangements, this has not been recognized by the UN. See Don Oberdorfer, *The Two Koreas, A Contemporary History*, Reading, MA: Addison-Wesley, 1997, p. 364.
- 63 Ibid.; Reese, op. cit., pp. 69ff.; Sebastian Harnisch, *Außenpolitisches Lernen, Die US-Außenpolitik auf der koreanischen Halbinsel*, Opladen: Leske & Budrich, 2000, pp. 500ff.
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- 65 Of course, the Franco-German relationship is the most successful example in the European context.
- 66 Whether this is a good policy, is another matter; cf. the chapter on KEDO above.
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