

Current Issues Brief
No. 18 2002–03

North Korea Nuclear Crisis—Issues and Implications

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I N F O R M A T I O N A N D R E S E A R C H S E R V I C E S

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No. 18 2002–03

North Korea Nuclear Crisis—Issues and Implications

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Map 1: Democratic People's Republic of Korea



Map 2: Democratic People's Republic of Korea Nuclear Facilities

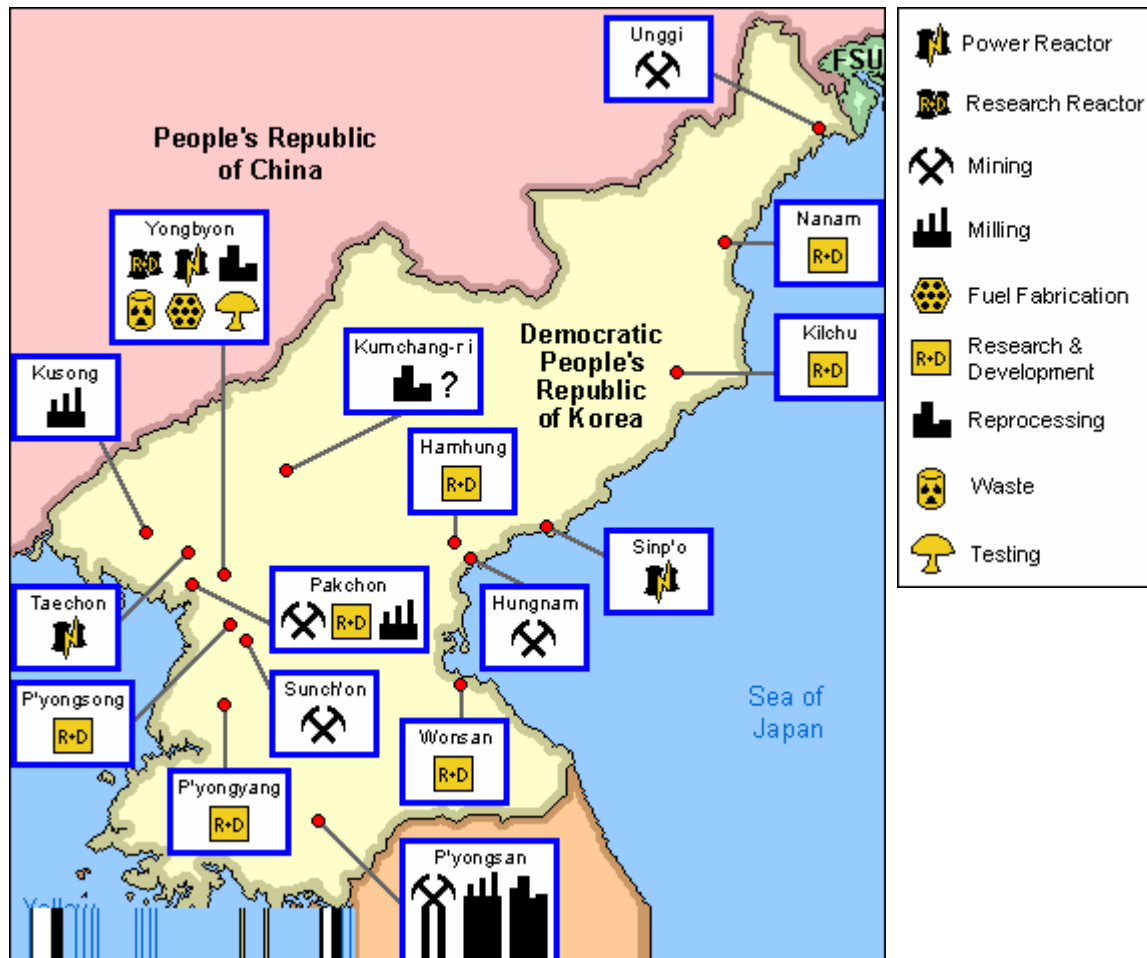
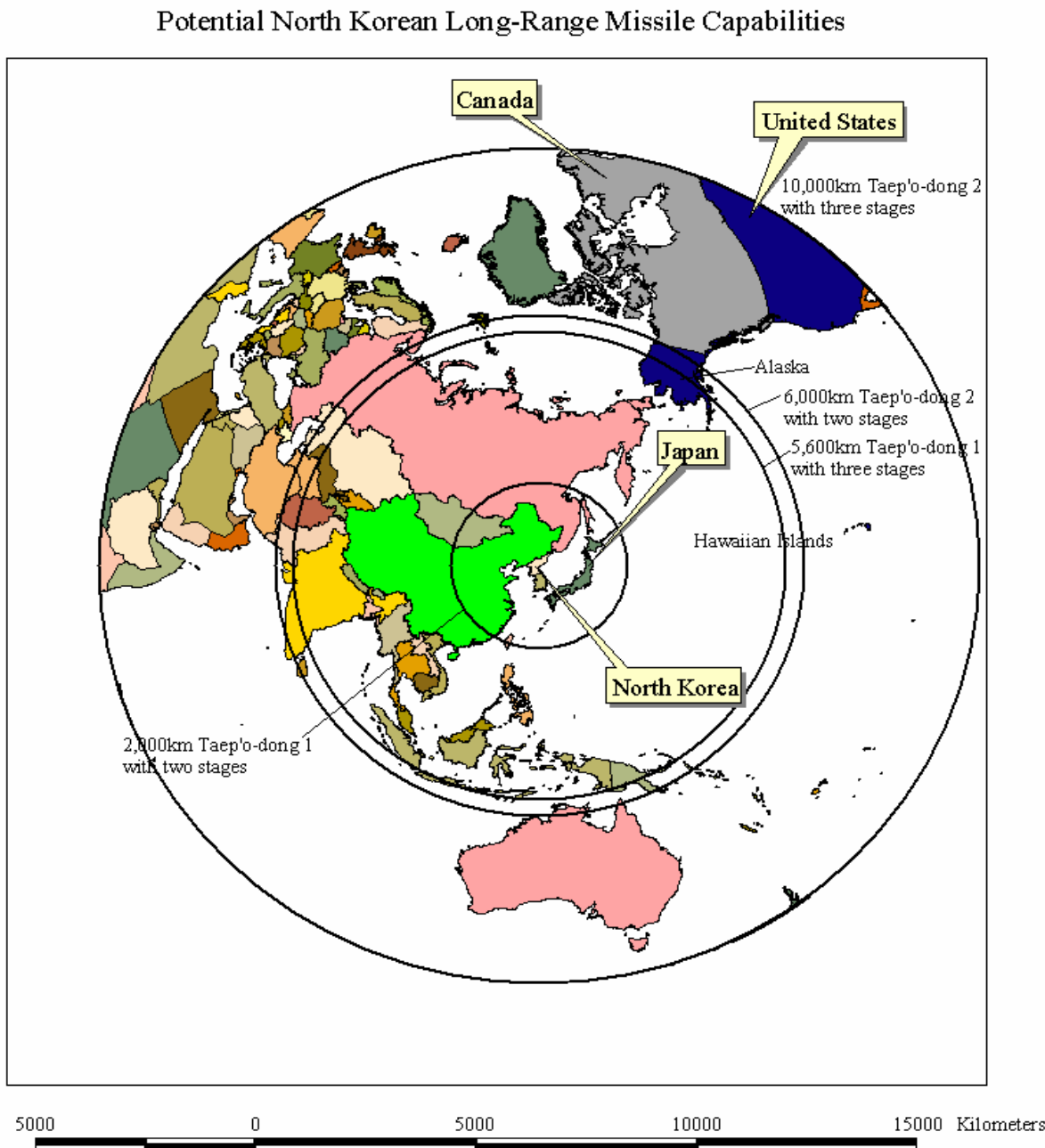


Image courtesy of Center for Non-proliferation Studies, Monterey Institute of International Studies.

Map 3: Democratic People's Republic of Korea Missile Capabilities



Executive Summary

The Democratic People's Republic of Korea (DPRK) remains isolated, economically near collapse and facing yet another potentially devastating humanitarian crisis. Its decision to withdraw from the nuclear Non Proliferation Treaty (NPT) and to restart its graphite moderated reactor have sparked international concern over nuclear proliferation and regional concern about an imminent crisis.

The crisis is based on the potential of the DPRK to develop nuclear weapons within a short time frame after recommencement of the program. These concerns are heightened by the DPRK ballistic missile program and the potential proliferation of both nuclear and ballistic missile knowledge and components. In addition, the historically opaque nature of the DPRK regime is likely to exacerbate the challenge of finding a rapid resolution to the crisis.

The resolution of the current nuclear crisis is affected by factors which distinguish it from previous crises on the Korean peninsula. Reconciliation between North and South Korea, wider US foreign policy interests and growing anti-Americanism in South Korea have made it difficult for the presentation of a united front between South Korea and the US. Further, the attention of the US and the international community is focused on the disarming of Iraq, diverting resources from the resolution of the nuclear crisis on the Korean peninsula.

Scenarios for the resolution of the crisis lie in two diametrically opposed categories of sanctions and engagement. However, the US has had limited success in the application of either approach in dealing with the DPRK. Alternative options include a greater role for China, given it has vital strategic interests at stake, or the use of multilateral negotiations, perhaps including Australia, to resolve the crisis. Both options have been rejected by the DPRK, which seeks a bilateral resolution of the crisis with the US.

The implications for Australia of the crisis include potential adverse economic effects as a result of increasing instability in the Northeast Asian region. Any escalation of the crisis, or the outbreak of conflict, would compound these effects. Australia suffered more than 1500 casualties in the defence of South Korea during the Korean War (1950–53) and was a signatory to the Joint Policy Declaration Concerning the Korean Armistice signed in Washington on 27 July 1953. An Australian contribution to any conflict on the Korean peninsula would be expected given its historical and continuing interest in the security of South Korea as well as its alliance with the United States.

Introduction

On 16 October 2002 the United States disclosed publicly that a delegation had received confirmation from North Korean officials that the DPRK was in possession of a covert nuclear weapons program using highly enriched uranium. In November, after consultations with regional allies, the United States recommended suspension of the Korean Peninsula Energy Development Organization (KEDO) shipment of heavy fuel oil to North Korea, citing the DPRK admission as a violation of the 1994 Agreed Framework.¹

In response to the suspension of heavy fuel oil supplies, in December 2002 the North Korean regime expelled International Atomic Energy Agency (IAEA) inspectors, disabled monitoring equipment and reopened the Yongbyon nuclear reactor complex. This, and the statement by Pyongyang of its withdrawal from the nuclear Non-Proliferation Treaty (NPT) on 10 January 2003, has sparked international concern of nuclear arms proliferation and regional concerns of an imminent crisis.

On 14 January a five member delegation of senior Australian diplomats, led by Department of Foreign Affairs and Trade (DFAT) North East Asia head Murray McLean, arrived in the North Korean capital, Pyongyang. The delegation presented a letter from the Foreign Minister, Alexander Downer, to his North Korean counterpart Paek Nam-Sun. The delegation undertook four days of discussions, expressing Australia's interest in stability on the Korean peninsula and strong condemnation of North Korea's decision to withdraw from the NPT.

On February 26 the DPRK restarted the 5 MW research reactor within the Yongbyon complex. The spent fuel rods of the 5 MW reactor could yield enough plutonium for the production of five to six nuclear weapons within a six-month period. The restarting of the 5 MW reactor brings the crisis a step closer to what US officials have described as the 'red line that should not be crossed'—the reactivation of the Yongbyon nuclear fuel reprocessing plant which would allow for the production of nuclear weapons grade material within a 2–3 month period.

It is with this background that this paper traces the current North Korean nuclear crisis and the factors affecting its resolution. The paper presents alternative scenarios for the resolution of the current crisis and the implications for Australia. The paper is confined to the current North Korean nuclear crisis and does not consider the long-term resolution of the security situation in North East Asia.

Background

The Korean Peninsula

At the closing stages of the Second World War the Soviet Union and the US agreed that their respective forces would occupy the Korean peninsula divided by the 38th parallel just north of the capital, Seoul. With the rapid emergence of the Cold War, discussions aimed at unifying the peninsula under a single government failed. A pro-Soviet regime, the Democratic People's Republic of Korea (DPRK) was installed in the North under Kim Il-Sung, an anti-Japanese resistance fighter who had fled to Soviet territory during the Japanese occupation. In the South, a pro-American regime, the Republic of Korea (ROK), was established, led by an American exile, Syngman Rhee.

The Korean War (1950–53), a particularly vicious, fratricidal war resulted in the permanent division of the peninsula along the De-Militarised Zone (DMZ). Failure to successfully negotiate a peace settlement has resulted in the two states remaining to this day in a de jure state of war, and in a de facto state of war readiness.

The Democratic People's Republic of Korea (DPRK) emerged rapidly from the devastation of the Korean War (1950–1953). The DPRK installed a centralised economic system allowing for rapid industrialisation and economic growth. Focus was on heavy industry with a lower priority given to light industry and agriculture. In response to increasingly limited assistance from its allies, the Soviet Bloc and China, the DPRK initiated a development strategy based on the concept of *Juche*, or self reliance.

Juche entered all walks of life, most notably the military and the economy. Military expenditure in the 1960s rose from 6 per cent of GDP to approximately 30 per cent. Eventually stabilising at this level in the 1970s, it effectively neglected other sectors of the economy, creating the basis for future economic failures.

From the 1970s North Korea began to retreat deeper into isolation. US–China detente and US–Soviet detente led to greater international acceptance of a divided Korean peninsula, leaving only the DPRK to pursue its aim of unification by military means. The failure to repay international debt due to poor economic planning isolated the DPRK from investment and trade. The DPRK was further isolated by its continuing erratic militancy, losing the brief support it gained from the non-aligned movement. In 1983 the death of seventeen ministers and officials in a failed assassination attempt by DPRK agents of South Korean president Chun Doo-Hwan in Burma confirmed the international community's perception of North Korea as a 'pariah state'.

By the 1990s a plethora of academic literature on the future collapse of North Korea emerged. With the destitute state of the economy, its failing political institutions and an increasing inability to feed its population, the end of the regime seemed not only probable, but imminent. The collapse of the Soviet Union and the subsequent collapse of its autocratic satellites cast a long shadow over the future of the DPRK.

Despite expectations to the contrary, the DPRK has continued to survive. Attempts to emerge from isolation and achieve economic reform have been overshadowed by international concern over its ballistic missile and nuclear development programs. Today the DPRK remains isolated, economically near collapse and facing an emerging and potentially more disastrous humanitarian crisis.

Relations between the DPRK and the Republic of Korea (ROK) have until recently been marked by hostility and mistrust with both nations refusing to recognise the legitimacy of the other. The DPRK reaction to its declining economic situation, compared to the increasingly successful South Korean economy, has included overt attempts to destabilise, threaten and marginalise the ROK. The economic disparity between the two nations stood in stark contrast to the ideological heritage of the DPRK which emphasised the eventual victory of the North.

In light of the recent nuclear crisis, current relations between the two states have been tense, but relatively cordial given the circumstances. The two states have continued economic exchanges and inter-Korean meetings which began after the June 2000 Leader's Summit. The newly installed ROK president, Roh Moo-Hyun has stated his intention to continue engagement with the North.

The Current Nuclear Crisis

The current nuclear crisis centres upon the potential development of nuclear weapons by the DPRK. The program poses a direct threat to the region through the DPRK ballistic missile program; the potential proliferation of knowledge and components also poses a threat to the international community.

According to US intelligence estimates, the DPRK already has one or two nuclear devices. In August 2001, a statement by Secretary of Defense, Donald Rumsfeld, in Moscow gave a larger estimate, stating 'North Korea possessed enough plutonium to produce two to three, maybe even four to five nuclear warheads'.² With the reprocessing of fuel rods at the Yongbyon facility the DPRK will have the ability to produce weapons grade plutonium within four months and the ability to produce four to six atomic bombs in a further one or two months.

The DPRK ballistic missile development program includes the *Nodong* and *Taepo Dong* series of missiles. The *Nodong* series has a range estimated at up to 1500 kms,³ covering South Korea and limited areas of central Japan. By 2003 the DPRK will have deployed approximately 100 *Nodong* series missiles. In 1998, the DPRK tested a three stage *Taepo Dong 1* over the Sea of Japan (East Sea). The *Taepo Dong* series has a confirmed range covering all of South Korea and Japan. US intelligence estimates state a range of up to 5600 kms could be achieved without further testing, giving it the ability to reach Hawaii, Alaska and consequently northern Australia. US intelligence estimates further state that a hypothetical extension of the *Taepo Dong* series program could achieve a range capable of reaching the continental US, and consequently the entirety of Australia.⁴

These concerns are further heightened by the potential proliferation of both nuclear and ballistic missile components. The severe economic crisis faced by the DPRK has created a greater potential for the regime to seek hard currency through the sale of nuclear and ballistic missile technology and components. The fear of proliferation is enhanced by the global war on terrorism and the threat presented by terrorist group acquisition of DPRK knowledge and/or components.

North Korea Today

The current North Korean nuclear crisis cannot be fully understood without reference to both the historical nuclear ambitions of North Korea and its current economic plight. These two factors fused together offer an explanation of the current crisis based firmly on the desire of the North Korean regime to ensure its survival.

Immediate regime survival depends upon the ability of the regime to defend itself. As part of its revolutionary ideological heritage, North Korea perceives its security to be threatened. It perceives itself as confronted by the increasing superiority of the US military as evidenced by the Gulf War and the Afghanistan conflict and by the future overwhelming superiority of US Forces emboldened by a successful Iraq conflict and rapidly building advanced National Missile Defence (NMD) technology. In addition, the DPRK doubtlessly appreciates that with its weakened economy its ability to continue the high levels of military expenditure is decreasing daily. The DPRK perceives the nuclear deterrent as essential to its defence.

Immediate regime survival also depends upon the ability of the regime to maintain a functioning economy.⁵ Current reports indicate that the economy is facing a severe threat of further breakdown. The state's continuing failure to provide the basics of existence has caused an increase in the black market economy, the spread of foreign, particularly US currency, and a surge in refugee flows across the Chinese border. There are widespread electricity shortages and inadequate infrastructure undermining modernisation attempts. Most alarmingly, according to the United Nations World Food Program, the DPRK will face another severe humanitarian crisis,⁶ with famine conditions expected in 2003.

Estimates on the ability of the regime to survive vary considerably due to the lack of available data. It must be noted that the DPRK has managed to survive with a moribund economy and widespread famine since the early 1990s. It has shown an ability to 'muddle through', surviving on a combination of aid, foreign financed reform projects and financial concessions extorted from the international community for the maintenance of stability. As the Korea expert Adrian Buzo notes, North Korea is a 'regime in decline and decay, although with an almost infinite capacity to continue this trend'.⁷

History of North Korean Nuclear Ambitions

North Korea showed an early interest in the potential of nuclear power. It has been noted by Korea expert Dr Stephen Linton that Japan's capitulation, as the result of the atomic

bomb, had a profound effect on the young anti-Japanese guerilla fighter and future founder of the DPRK, Kim Il-Sung. His personal interest in nuclear power remained embedded in its ability to immediately overcome a powerful foe.⁸

The International Atomic Energy Agency (IAEA) notes two distinct phases in the development of the DPRK's nuclear program—an assisted phase and an indigenous development stage. The first stage commenced with an agreement between the Soviet Union and the DPRK for cooperation in nuclear research in 1956. During the 1950s scientists were trained in nuclear physics in both the Soviet Union and China, as well as at the newly established nuclear physics departments of both Kim Il-Sung National University and Kim Ch'aek Industrial College. During the 1960s North Korea consolidated its entry into the nuclear age with the construction of a research reactor at the Yongbyon Nuclear Research Complex. This was followed by the delivery of two research reactors by the Soviet Union.

The second phase started with the construction of an experimental 5 MW natural uranium reactor at the Yongbyon complex in January 1986. In this period an ore processing plant and a fuel rod fabrication plant were built. The construction of two larger gas-graphite reactors also began in the same year and in 1987 this was followed by the construction of a Radiochemical Laboratory, with a sizeable reprocessing capacity.⁹ According to reports by defectors, the 1970s to 1980s was a period of rapid expansion of the DPRK nuclear program.¹⁰ Work commenced on uranium extraction, underground facilities, nuclear fuel enrichment technology, nuclear device and delivery system design.

From the early stages of its nuclear program the DPRK has been reluctant to commit to IAEA standards and regulations. Initially, IAEA compliance was encouraged by the Soviet Union.¹¹ As further evidence has emerged on the DPRK nuclear program, pressure has been increasingly applied by the international community. It was not until 1974 that the DPRK officially joined the IAEA, and 1977 when the first agreement on the limited monitoring of its nuclear reactors was signed. The DPRK signed a 'Type 66' Safeguards Agreement under which the IAEA undertook inspections of declared facilities in 1988 and 1989. In 1985 the DPRK signed the nuclear Non-Proliferation Treaty (NPT). Seven years later, in 1992, the DPRK submitted its initial report to the IAEA under the Safeguards Agreement. Inconsistencies were immediately apparent. The IAEA findings suggested the existence of undeclared plutonium in the DPRK. A request for further information and IAEA access to two sites related to the storage of nuclear waste was denied.¹² This led directly to the 1994 nuclear crisis.

The 1994 nuclear crisis consisted of a steady escalation of events marked by the DPRK decision to withdraw from the NPT, the widening of non-compliant activities, and the withdrawal from the IAEA. Parallel to these events was the increasingly bellicose tone of DPRK statements most notably the 19 March statement by North Korean delegate, Park Yong Soo, to turn Seoul into a 'sea of fire', and the statement by North Korea (reiterated again in 2003) that any imposition of further trade sanctions through the UN Security

Council would be regarded as an act of war. At this stage the US made preparations for a pre-emptive strike on DPRK nuclear facilities.

With military preparations on the peninsula at a state of unprecedented high alert and negotiations in tatters, the crisis was defused abruptly by the June 1994 summit meeting between former US President Jimmy Carter and North Korean leader Kim Il-Sung. At the summit meeting an agreement was reached that provided for the temporary freezing of the DPRK nuclear program while negotiations towards a final solution took place in Geneva. On 21 October 1994 the Agreed Framework was signed providing a basis for the long term resolution of the nuclear issue on the Korean peninsula.

Under the Agreed Framework the DPRK was to stop and eventually dismantle its nuclear weapons related programs. It was also to account for and resolve past discrepancies in its safeguards program. These actions would be reciprocated by the provision of alternative fuel sources—initially heavy fuel oil for electricity production and later by the construction of two proliferation resistant light water reactors (LWR). Each step in the elimination of the DPRK nuclear weapons program was to be matched by both a verification process and a corresponding incentive.

The Agreed Framework was a limited and ultimately questionable success. It achieved the freezing of the DPRK graphite moderated reactor program and an immediate end to DPRK brinkmanship. However even this limited success has since come into question with the current nuclear crisis.

The strongest criticism of the Agreed Framework focused on both the cost and the precedent set by using incentives to encourage good behaviour. From the beginning of negotiations, opponents considered the use of incentives in negotiating with North Korea as equivalent to blackmail which set an unwelcome precedent for other problematic states such as Libya and Iran.

However a much stronger criticism has emerged since the revelation of the current nuclear crisis. The Agreed Framework did not achieve the ultimate objective of an 'end' to DPRK ability to produce nuclear weapons but rather a 'freeze', thus postponing rather than resolving the crisis. Critics have gone further to accuse the Agreed Framework of providing both economic benefits to the DPRK and time for the advancement of a covert nuclear weapons program.¹³

With the current nuclear crisis the Agreed Framework has met an ignoble end. Both the United States and the DPRK have accused the other of violating the agreement.

The DPRK accuses the US of non-compliance with the Agreed Framework by delays in the provision of alternative energy (heavy fuel oil). The DPRK believes this has exacerbated tension already caused by the US refusal to normalise relations between the two states until compliance is proven. The DPRK also accuses the US of continuing its policy to isolate the DPRK through inclusion on the 'terrorist states' list and repeated

accusations labelling the DPRK a 'rogue state'. The DPRK believes this has negatively affected its chances at socioeconomic reform due to its inability to access international development aid from organisations such as the World Bank and the International Monetary Fund (IMF) because of its inclusion on the US Terrorism List.¹⁴

An internal US review concluded in June 2001 that improved implementation of the Agreed Framework should be sought.¹⁵ After July 2001 the Bush administration warned that it would suspend the construction of the LWRs unless the DPRK fully complied with IAEA obligations. Violation of the framework became clear with the October statement by the US that the DPRK had admitted to special envoy Assistant Secretary Kelly of a program to enrich uranium for nuclear weapons. In consultation with Japan, South Korea and the KEDO board, the US decided to suspend heavy oil shipments to the DPRK as of December. This decision effectively ended the Agreed Framework.

Economic Situation

Food security has always been a challenge to North Korea. Cultivable land covers only approximately 20 per cent of total land mass. The agricultural sector faces notoriously difficult seasonal variations exacerbated by a misdirected agricultural policy which has further increased vulnerability to floods, landslides and drought. Floods in 1995 and 1996, followed by drought in 1997 and 2001, devastated the agricultural sector already weakened by declining inputs of pesticides, fertiliser and machinery. The national agricultural base declined dramatically as a result of these natural disasters with annual production of rice and maize falling from 8 million metric tons in the 1980s to 2.9 million metric tons in 2000.¹⁶ Widespread malnutrition and famine had already devastated the country in 1994, resulting in an appeal to the United Nations World Food Program (UNWFP) in 1995. A 1998 nutrition survey conducted by the UNWFP found 16 per cent of children acutely malnourished and 62 per cent chronically malnourished.¹⁷ Estimates of deaths from famine related illness range from 900 000 to more than 3.5 million.

The UNWFP estimates that 2003 will be another particularly difficult year for North Korea with the nation once again facing a high risk of severe famine. Despite an increase in agricultural production in 2002, the North will face a grain shortfall of over one million tons. International donor fatigue coupled with emerging crises in other parts of the world have decreased pledges of food aid to the increasingly vulnerable North. The DPRK continues to maintain an inefficient 'socialist' agricultural system further contributing to donor fatigue. High level representation of the threat by UN Secretary General Kofi Annan and World Bank President, James Wolfensohn, have as yet failed to increase donor pledges. A UN Special Envoy dispatched to North Korea by the Secretary General, Maurice Strong, stated to the international press on 14 January that failure to increase international aid will result in a significant crisis in March or April.

North Korea has made awkward and sporadic attempts to modernise its ailing economy. The most significant reforms to date have included the establishment of economic zones, an increased interest in intra-Korean trade and a marginal market experimentation.

In November 2002 the presidium of the Supreme People's Assembly (SPA) passed laws formally establishing the Mt Geumgang tourist special economic zone (SEZ) and the Kaesong industrial SEZ. These SEZs add to the original Rajin-Sonbong region, established in 1992. The Mt Geumgang SEZ has been operating, albeit unsuccessfully, for the previous four years. The zone is dominated by the Mt Geumgang resort, operated by South Korean *chaebol* (conglomerate) Hyundai. Kaesong, also originally planned by the Hyundai group is located just north of the De-Militarised Zone (DMZ) which divides North and South Korea. The Kaesong SEZ sought to capitalise on wage and rent cost differentials between the two Koreas, particularly targeting South Korean high tech industry. This plan has largely failed due to the existence of cheaper and inherently less risky alternative SEZs in both China and Vietnam.

A Special Administrative Region (SAR) was declared in September for the Chinese border region of Sinuiju. This SAR aimed to be the most radical experiment, going beyond the limits of the Chinese SARs it was modelled on. Sovereignty was to be handed over to a special administrator, a Chinese entrepreneur holding Dutch citizenship, Yang Bin. However the suspected failure of the North Korean government to fully inform China of its plans led to the arrest of Yang Bin on tax evasion charges and the suspension of further SAR regulatory changes.¹⁸

The DPRK also made sporadic attempts to experiment with greater market influence. In 2002, local markets began to flourish despite attempts to impose stricter controls.¹⁹ The partial abandonment of the state distribution system and failed price controls resulted in increased inflation and wider interpretation of new economic regulations, in turn leading to a greater reliance on private businesses and marketplaces.

DPRK foreign trade remains minimal with exports totalling US\$826 million and imports totalling US\$1 847 million. The vast majority of trade is conducted with China with a significant amount of this estimated to be *de facto* aid.²⁰

Intra-Korean trade increased substantially in 2002 to US\$600 million, an increase of more than 50 per cent on the previous year. The majority of DPRK imports are in the form of aid, including food and farm produce, woven products, steel, machinery and textiles. A maritime accord signed in December allowing for cabotage on seven designated inter-Korean routes will further improve prospects for inter-Korean trade.

Despite the attempts at modernisation the DPRK economy remains extremely fragile. Economic reform has been slow, haphazard and difficult. The strongest challenge facing the economy remains the dichotomy that exists between reform and regime control. Economic reform challenges the legitimacy and rule of the DPRK elite. Reform increases the economic independence of citizens and challenges the ideological basis of *juche*. More significantly, economic reform also brings into question the past achievements of Kim Il-Sung and the legitimacy of the current great leader Kim Jong-Il.

'Threat, Coercion and Concession' Diplomacy

Threat, coercion and concession became the trademark of DPRK diplomacy in the post Cold War period as its strategic aims appear to have shifted from reunification of the peninsula to regime survival.

Prior to the collapse of the communist bloc in 1989, the DPRK campaign against South Korea included terrorist attacks such as the bombing of Gimpo International Airport (1986), the bombing of Korean Air Flight 858 (1987), and assassination attempts on the South Korean President (1970, 1974, 1981, 1983). Other measures included violations of the armistice agreement including construction of infiltration tunnels, submarine infiltration of armed guerillas and maritime border infiltration.

With the end of the Cold War, DPRK regime survival methods included the use of provocative measures such as naval incursions to attain concessions in negotiations. With greater frequency these negotiations have been aimed at securing financial and material benefits, such as during the 1994 nuclear crisis, in which the DPRK attained significant financial concessions in exchange for agreement to suspend and eventually dismantle its nuclear program. Nuclear development and the ballistic missile program have since become the two pillars characterising DPRK threat, coercion and concession diplomacy.²¹

In the 1990s DPRK nuclear and ballistic missile development became international issues triggering DPRK direct negotiations with the US and securing financial concessions in return for a 'suspension' of activities. The similarity of the current crisis to the previous nuclear and ballistic missile development crises are striking. The current crisis reflects the previous crises in the insistence on one-to-one negotiations with the US, a manufactured deadline (the reprocessing of fuel rods) to increase negotiating power, and escalation accompanied by hyperbolic threat to increase allied (South Korean and Japanese) pressure on US negotiators.

Factors Affecting the Resolution of the Current Crisis

There are four related factors that distinguish the current nuclear crisis from its historical counterparts. Firstly, South Korea's commitment to reconciliation with the North has exposed differences of opinion between US and South Korean policy on relations with North Korea. This has also been reflected in the reaction to the current crisis. Secondly, the rise in anti-Americanism currently prevalent in South Korea relating to other matters (including the revision of the Status of Forces Agreement for the stationing of US Forces in South Korea) has further exacerbated tension between Seoul and Washington. Thirdly, United States wider foreign policy and the Bush administration Korea policy have severely limited the options available to negotiators seeking resolution of the crisis. Finally, America's preoccupation with the situation in Iraq has reduced options and resources available to deal with North Korea. These factors have increased the difficulty of finding an immediate acceptable resolution to the crisis.

Reconciliation Between North and South Korea

The June 2000 Leader's Summit marked the culmination of President Kim Dae Jung's 'Sunshine Policy' of engagement with North Korea. The meeting was greeted with elation in South Korea, allowing for the first time the realisation that peaceful unification may be possible. This was followed by subsequent events such as the joint march around the stadium under the 'unification flag' by athletes at the opening ceremony of the Sydney 2000 Olympics to a standing ovation and the increased working contacts on issues such as displaced families reunions, trade and investment.

A revolution in thinking occurred in the South with the advent of the 'Sunshine Policy'. Despite the success of the Leader's Summit, subsequent progress was sporadic. Kim Jong-Il failed to make a return visit to Seoul, and no progress was made on military confidence building measures. Recent controversy has also erupted over accusations that Kim Dae-Jung made illegal financial payments to the DPRK to arrange the historic Leader's Summit.

These events have precipitated a revolutionary change of thought in South Korea. The idea that the DPRK is the enemy has dissipated to be replaced by a feeling of 'friendship' and even 'brotherhood'. In November 2000, a poll in a leading South Korean daily newspaper, the *Dong A-Ilbo*, showed 59 per cent believed 'the possibility of war had almost disappeared following the North–South Summit'.²² The revolution in thinking also led to the cancellation of the Defence Ministry's 2002 White Paper due to an unwillingness to designate North Korea as the 'primary enemy'.²³

The current increased affinity expressed by South Koreans for the DPRK is in stark contrast to the situation that prevailed in the 1994 nuclear crisis. A major stumbling block to the resolution of the 1994 nuclear crisis was the insistence by Seoul that the Agreed Framework include provisions referring to resumption of inter-Korean dialogue. Indeed, during the 1994 nuclear crisis Seoul threatened to push for international economic sanctions and generally played a harder line than the current Bush administration. This stands in glaring contrast to the current situation.

US North Korea Policy

With the decreased perception of North Korea as the enemy, greater differences have become apparent in the South Korean – US relationship. This has been exacerbated since the inauguration of the Bush presidency and its failure to continue the policy of engagement started during the Clinton presidency. Under President Clinton, Secretary of State Madeline Albright made an historic visit to Pyongyang on 23 October 2000. The difference between the two administrations was noted in the South Korean press in an article aptly subtitled 'the workload has increased'. Interviews conducted with academics from major universities concluded 'the emergence of the Bush administration will considerably influence North–US, South–North and South–US ties'.²⁴

The difference of opinion was furthered by the decision of the Bush administration to initiate the National Missile Defence (NMD) plan. NMD targeted North Korea specifically as a 'raison d'être', frustrating Seoul's attempts to end North Korea's isolation. Polls revealed a widening gap in the outlook between the long-time allies. In South Korea 73 per cent of people polled considered the unification of the two Koreas likely in the near future, compared to only 28 per cent in the USA.²⁵ In February 2002, a poll in the leading South Korean political journal, *Sisa*, revealed over 56 per cent considered their opinion of America had recently changed for the worse and, more alarmingly, 41 per cent considered China a closer ally of South Korea than the United States compared to 30 per cent who considered the United States as the prime ally.²⁶

The State of the Union address by George W. Bush on 29 January 2002 that labelled North Korea with Iraq and Iran as part of an axis of evil received about as much support in South Korea as in North Korea. The speech caused vitriolic anti-American statements in internet chat-rooms, street protests in Seoul and Pusan and even a scuffle in parliament. South Korean popular sentiment could be summed up by the statement of parliamentarian Song Sok-Chan 'Mr Bush is an evil incarnate who wants to make the division of Korea permanent by branding North Korea part of the axis of evil'.²⁷

The emergence of the American pre-emptive strike policy has threatened to drive an even wider wedge between Washington and Seoul. The National Security Strategy 2002, submitted to the United States Congress in September, stated:

The United States has long maintained the option of pre-emptive actions to counter a sufficient threat to our national security. The greater the threat, the greater is the risk of inaction—and the more compelling the case for taking anticipatory action to defend ourselves ...²⁸

Fears that an American 'hardline' approach to North Korea may eventually transform into pre-emptive action which would destabilise the region has already caused concern in Asian politics.²⁹

Both President Kim Dae-Jung and Japanese Prime Minister Junichiro Koizumi have felt the need to urge the United States to open dialogue with North Korea.³⁰ After the revelation of North Korea's nuclear program, President Kim again called on the United States to take a softer stance on North Korea.³¹ The divergent views on North Korea policy between the United States and South Korea has been intensified by the fear that the pre-emptive strike policy may extend to North Korea, particularly in the wake of the nuclear revelation. Inevitably the South Korean public views recent United States policy in North Asia from the decision to adopt a National Missile Defence to 'hardline' approaches with North Korea as divergent from their interests.

Bush Administration Response to Current Nuclear Crisis

The Bush administration response to the current nuclear crisis reflects both its characteristic 'hardline' North Korea policy, and an attempt to postpone the crisis until after the disarming of Iraq.

The Bush administration has insisted that the current situation is not a bilateral issue but rather an international issue. As such, the issue can only be resolved through the agreement of the international community. The administration has been increasing diplomatic efforts to place pressure on the DPRK through South Korea, Japan, Russia, and particularly China. The administration has placed a particular emphasis on the role China can play in the crisis given its historical and strategic interests on the peninsula.³² It has also stated that it will not enter into bilateral negotiations with the DPRK until existing obligations are met.

Prior to any negotiations taking place administration officials insist that the DPRK must first come into full compliance with its past nuclear agreements. The administration has further stated that any dialogue will not be aimed at the negotiation of a new agreement, but rather aimed at assisting the DPRK to comply with its existing obligations to the international community. The administration has vowed not to be 'blackmailed' by offering inducements to the DPRK to end violations of existing obligations.³³

Finally, in an effort to forestall resolution of the crisis until after the disarming of Iraq, the Bush administration has reiterated that it does not consider the current nuclear situation in the DPRK as a 'crisis',³⁴ but rather considers it a 'situation'. The administration has repeatedly stated its intention not to invade the North but to resolve the 'situation' through diplomatic means. The US has simultaneously increased pressure on the regime by the movement of a carrier battle group to the Sea of Japan (East Sea), the movement of strategic long range bombers to Guam³⁵ and the holding of extensive joint US-ROK annual training exercises scheduled for March 2003.³⁶

In a statement to the Press Pool outside the Treasury Building on 7 February 2003, President Bush reiterated the administration's position combining both its hardline North Korea policy and its desire to forestall the crisis, stating:

All options on the table, of course. But as I said many times, and I still believe this—this will be solved diplomatically, and we will continue to work diplomatically.³⁷

Anti-Americanism

Anti-Americanism has become a major concern for Washington since the events of September 11. In August 2002, the US State Department announced an inquiry 'to explore various manifestations and roots of anti-Americanism around the world, what it means for the United States and how the United States may address it'.³⁸ Anti-Americanism in South Korea has been particularly virulent. Its effect on policy options to resolve the nuclear

crisis will be substantial. Daily protests in the lead up to the December presidential elections outside the American embassy in Seoul have extended beyond traditional devotees of student and labour unions to include religious leaders, housewives, mothers and schoolchildren. Anti-American sentiment became such a strong factor in the December 2002 presidential elections that even conservative opponent Lee Hoi-Chang declared his intentions to revise the Status of Forces Agreement (SOFA) if elected. It has been widely suggested that the election victory of Roh Moo-Hyun was assisted by the strong anti-American sentiment prevalent across South Korea, especially among younger voters whose support for Roh was crucial.

The issues most influencing anti-Americanism in South Korea include the perceived unilateralism of the Bush administration, the deaths of two schoolgirls in a United States Forces Korea (USFK) training accident,³⁹ calls for revision of the Status of Forces Agreement to allow for the trial of USFK servicemen in all cases in Korea, and the relocation of the USFK Yongsan military complex, located in downtown Seoul.

The increased anti-American sentiment has inevitably affected policy options available to both Seoul and Washington. Public sentiment is strongly anti-American to the extent that the fifty-year old alliance has even been questioned on both sides of the Pacific. A Korean Research Center poll found that 51 per cent of South Koreans believe the cause of the nuclear crisis was American hardline policy while only 24.6 per cent blamed North Korean 'adventurism'. A poll conducted by the Gallup organisation in conjunction with a leading South Korean daily, the Chosun-Ilbo, found 54.4 per cent of South Koreans believed that 'other countries' would be the likely target of a North Korean nuclear program, while only 27.7 per cent believed South Korea would be the target.⁴⁰

The greatest difference lies in the change of current South Korean perceptions of the North compared to those during the 1994 nuclear crisis. A poll conducted by Chosun Ilbo–Gallup showed more than 53 percent of South Koreans surveyed said they disliked the United States, up from 15 percent in 1994. Over the same period, the percentage of those who said they liked the United States fell from nearly 64 percent to 37 percent.⁴¹

This widespread anti-Americanism has led to elements within the US calling for the abrogation of the US–ROK alliance have gaining greater credibility. The influential think tank, the Cato Institute, a long time critic of the US military presence in the ROK, reflects the growing sentiment in its statement:

If it were not for the 37 000 US troops stationed in South Korea and the nearly 50 000 stationed in Japan, the United States could afford to view the prospect of a nuclear North Korea with relative detachment.⁴²

Bush administration officials have reacted to the growing resentment. The US ambassador to Seoul, Thomas Hubbard, confirmed the realignment of the USFK's role on the Korean peninsula. A reduction in ground forces would be replaced by a stronger air force and

naval presence, allowing an easing of anti-American tension through the reduction of USFK numbers in Seoul.⁴³

The 'Iraq Effect'

The current situation in Iraq affects the resolution of the Korean nuclear crisis in two distinct ways. The Iraq crisis serves to draw attention and resources from the international community effectively decreasing international pressure on the DPRK. Conversely, the successful resolution of the Iraqi situation could signal both the effectiveness of a US hardline approach to non-compliance and the overwhelming superiority of US led forces.

Iraq has drawn international attention and resources away from the Korean nuclear crisis. Despite its potentially graver consequences, the Korean nuclear crisis has repeatedly been treated as a secondary concern by both the international media and politicians. As the British prime minister, Tony Blair, stated in parliament:

After we deal with Iraq we do, yes, through the UN, have to confront North Korea about its weapons program.⁴⁴

While the statement might serve as a warning to North Korea of future stronger action, it also signals that dealing with North Korea will be *after* Iraq. Also supporting this is the fact that the Bush administration initially signalled a possible end to the historic 'two war strategy'. The 'two war' strategy which enables US capability to successfully carry out two concurrent major wars in different regions came under question in the pre–September 11, post–Cold War peace.

The desire of the US to deal with the nuclear crisis after the disarming of Iraq places greater pressure on the US to acquiesce to DPRK requests for bilateral negotiations to avoid escalation. Limited conflict on the peninsula during an Iraq conflict would increase public pressure on a negotiated solution with North Korea.

Recent press statements however have reiterated the ability of US forces to engage in two major wars. As stated by Defence Secretary Donald Rumsfeld:

I have no reason to believe that North Korea feels emboldened because of the world's interest in Iraq, if they do, it would be a mistake. We are perfectly capable of doing that which is necessary.⁴⁵

A successful resolution of the Iraq situation will strengthen calls for a harder line in dealing with the DPRK. It will encourage the already vocal opposition to dealing with North Korean 'blackmail'.

A US Senate bipartisan group led by Senators Jon Kyl (Rep—Arizona), John McCain (Rep—Arizona) and Evan Bayh (Dem—Indiana) introduced legislation on 13 January for the formal end of all US aid to North Korea under the Agreed Framework and the reimposition of sanctions lifted in 1999. The bill further urges the imposition of further

sanctions to interdict DPRK sales and the enhancement of US military capability in the region. The successful resolution of the Iraqi situation will strengthen such positions. As stated in a press release by Senator Kyl:

This is exactly the kind of approach the international community has taken with respect to Iraq; we should do nothing less in dealing with North Korea.⁴⁶

Given these factors the DPRK's ability to secure bilateral negotiations with the US, and to achieve favourable terms in negotiations, would be strengthened by the resolution of the crisis *before* the successful conclusion of the Iraq situation. This suggests that the DPRK is likely to seek to impose both stricter deadlines and engage in more severe escalation tactics to speed up negotiations.

Possible Scenarios

Sanctions, Engagement or 'Carrots and Sticks'?

The options for dealing with the immediate North Korean nuclear crisis lie in two diametrically opposed categories—sanctions and engagement. Historical precedents exist for the use of each approach in relations with North Korea, however no one strategy has proven wholly successful.

The use of sanctions (limited or extensive) to change DPRK behaviour do not have a strong record of success. Since the early 1970s the *juche* ideology of self reliance, coupled with its economic mismanagement, has effectively placed self-imposed sanctions on the DPRK. The US first imposed sanctions on North Korea in 1950 under the Trading with the Enemy Act. They have been modified on several occasions, most recently on 19 June 2000 in support of the Agreed Framework and to encourage the cessation of DPRK missile tests.

Since the easing of sanctions in 2000 the export and import of goods to and from the DPRK have been allowed, providing licensing and prior notification to appropriate US agencies. Travel restrictions have also been lifted. However, significant increases in trade have not occurred. This is largely due to both the fact that the DPRK remains suspicious of the potential for increased trade to weaken regime security and the inherent wariness of business regarding export finance in such unstable circumstances. Economic sanctions were reinforced in August 2002 after evidence of missile sales to Yemen emerged.⁴⁷

While the effectiveness of limited sanctions to influence DPRK behaviour remains questionable, the threat of stricter sanctions has gained significant responses from Pyongyang. Extensive sanctions will threaten North Korea's extensive arms exports which are a key source of hard currency for the regime—in particular the powerful military elite. There are no verifiable figures of the value of arms exports with estimates varying from US\$100 million to US\$1 billion. The main customers in the past have been Iran, Pakistan, Egypt, Libya and Yemen. Most recently, Pyongyang issued a strong protest on 12

December after the unflagged vessel *So-San*, carrying North Korean *Hwasong* Scud missiles bound for Yemen, was intercepted by Spanish forces in the Indian Ocean. The protest emphasised the importance Pyongyang places on arms exports as a valuable source of foreign currency.

The final consideration against stronger sanctions is the DPRK declaration that the imposition of sanctions will be regarded as an act of war. This tactic was also employed effectively by North Korea in the 1994 nuclear crisis. The high level of brinkmanship raises the cost of imposing sanctions to the level of a military strike. Both China and South Korea remain opposed to sanctions—the latter heeding the traditional Korean saying 'a cornered rat will attack the cat'.

Engagement with the DPRK has historically proven difficult due to both domestic opposition and North Korea's often erratic handling of international relations. The most successful policy of engagement has been followed by South Korea, with similar policies in the US and Japan facing strong domestic opposition.

Since the election of Kim Dae-Jung in 1998, engagement has been the central feature of South Korea's relation with the North. The success of the approach has been limited, but significant. Culminating with the historic leader's summit in 2000, the policy of engagement has enabled a closer working arrangement on issues of humanitarian assistance, inter-Korean trade and economic assistance. The success of the policy is perhaps best viewed as one of its greatest challenges. The July 2002 naval clash in which five South Korean naval personnel lost their lives resulted not in an escalation of tension as would have occurred prior to the policy of engagement but rather in a statement of 'regret' from the DPRK.

The United States has attempted engagement with the DPRK to varying degrees. Under the Clinton administration trade restrictions were eased and closer cooperation sought, highlighted by the visit of Secretary of State, Madeline Albright, in October 2000.

However, domestic consensus for closer engagement with the DPRK has proven difficult. Opposition in the US centres upon the use of incentives in negotiating with Pyongyang. Incentives are considered by opponents as equivalent to paying blackmail. Opponents claim the use of incentives in a 'carrot and stick' approach have not yielded results due to the over emphasis on the 'carrot'. A strong opponent of the Clinton policy of engagement Senator McCain (REP—Arizona) emphasised in June 1995:

Our diplomacy employs only carrots; theirs only sticks. Whenever our carrots have failed to prevent North Korean transgressions, the administration has limited its choice of sticks to the withdrawal of the carrot.⁴⁸

In Japan, engagement is limited by strong public opinion opposed to the DPRK regime. Despite the September 2002 Koizumi–Kim Summit meeting in Pyongyang, public opposition to increased financial assistance remains strong due to dissatisfaction with the

DPRK's handling of cases involving kidnapped Japanese nationals. Opposition to engagement is also based on the very real threat of DPRK ballistic missile and nuclear development.

A Larger Role for China?

China continues to maintain a low profile in the current nuclear crisis despite having vital strategic interests at stake and potentially holding the greatest influence over the DPRK, being its main source of energy, food and diplomatic support.

Its position on the nuclear issue remains based on (1) peace and stability on the peninsula should be preserved; (2) the peninsula should remain nuclear free; and (3) the dispute should be resolved through diplomatic and political methods.⁴⁹ China has urged both the US and DPRK governments to return to the 1994 Agreed Framework and to resolve the dispute through dialogue.

Given China's wider strategic interests on the peninsula, a larger role for China in the resolution of the current crisis may eventuate. A nuclear build up in Northeast Asia, the more rapid deployment of US NMD, and possible immediate deployment of Theatre Missile Defence (TMD), would not serve China's interests. Further, the possible collapse of the North Korean regime as a result of sanctions, military action or North Korean adventurism would inevitably lead to adverse humanitarian, economic and military situations on China's border with North Korea, also central to China's strategic interests.

China's role will be central to any resolution of the current crisis. The US has given signals that it expects China to play a larger role in applying pressure on North Korea. In a television interview Secretary of State, Colin Powell, urged China to take a greater role in the crisis, stating on 9 February, 2003:

Half their foreign aid goes to North Korea. Eighty percent of North Korea's wherewithal, with respect to energy and economic activity, comes from China. China has a role to play, and I hope China will play that role.⁵⁰

On 11 February 2003 Chinese Foreign Ministry spokeswoman Zhang Qiyue stepped out from China's previous low key position on the crisis to insist that the two sides should talk directly, reiterating the DPRK position. In response to a question on the US Secretary of State's request for China to play a greater role, the spokesperson agreed that the North Korean nuclear issue was a concern to all of North Korea's neighbours, but insisted that the two sides should negotiate bilaterally a return to the 1994 Agreed Framework.⁵¹

Given that China's vital interests are best served by the maintenance of the status quo on the peninsula, it is unlikely to support any hardline sanctions approach that may precipitate the downfall of the DPRK. Its role will more likely prove decisive in a behind-the-scenes support for a diplomatic initiative to ensure the survival of the DPRK based on its

principles of peace and stability, a nuclear free peninsula and diplomatic/political resolution of the crisis.

Implications for Australia

Australia has traditionally maintained greater independence in interaction with Asia given its evident self interest in the region. This has been reflected in Australia's early re-establishment of diplomatic relations with the DPRK and its ongoing search for a pragmatic and rapid resolution of the current crisis. The implications of the crisis for Australia centre upon its important economic relations with the Northeast Asian region. Australia also remains committed to an alliance structure that provides a strong argument for Australian involvement in conflict on the peninsula. In addition, there exists the possibility of Australian participation in the resolution of the current crisis through multilateral dialogue.

The Australia—DPRK Relationship

Australia was the second western nation to re-establish diplomatic relations with the DPRK as it emerged hesitatingly from its isolation in the late 1990s. Stating his purpose as 'ensuring that Australia continues to play its part in bringing North Korea in from the cold', on 14 December 2000 the Australian Foreign Minister, Alexander Downer, arrived in North Korea to initiate negotiations on the establishment of diplomatic relations.⁵² On 5 March 2002 DPRK officials were granted diplomatic accreditation in Canberra. The resumption of diplomatic relations resumed direct contact which had ceased with the abrupt, and as yet unexplained, departure of the first DPRK delegation in 1975. The Australian embassy to be opened in the DPRK capital, Pyongyang, has been postponed due to the current crisis.

The resumption of diplomatic relations opened a channel of communication, allowing for the direct presentation of Australian viewpoints to the DPRK on regional security issues. Australia's ability to influence developments in the DPRK remain commensurate with its low level of trade and development assistance, and its limited influential capacity in global affairs.

In 2001 Australian trade with the DPRK totalled A\$5 million, comprising primarily of imports from the DPRK. While there exists significant potential in a long term stabilised North Korea, the current low level of trade can be attributed to the uncertainty and risk faced by business in such an unstable environment.

Australian aid to the DPRK remains at a low level reflecting both international donor fatigue and concerns with the distribution of food aid within the DPRK. The DPRK has not allowed international aid agency access to the food distribution system, raising suspicions of aid diversion to the military and black marketeers. Further, the DPRK restricts access to certain areas of the country, making a complete nutritional survey impossible. On 21 February 2003 Australia committed A\$3 million to the alleviation of

hunger in the DPRK through a contribution to the World Food Program. The total Australian commitment to DPRK humanitarian requirements since 1996 is approximately A\$39 million.

Australia also maintains an active interest in the stability of the region through its significant contribution to the Korean Peninsula Energy Development Organization (KEDO). Australia is the largest non-executive board member contributor to KEDO. KEDO was developed as part of the 1994 Agreed Framework to fund the delivery of alternative energy (initially heavy fuel oil) to the DPRK in return for the suspension of its nuclear development program. In its 2002 annual report KEDO notes that from March 1995 until December 2001, Australia contributed US\$13.3 million.

Economic Relations with Northeast Asia

Northeast Asia remains Australia's most important export market despite recently declining growth trends. In 2001–02 it accounted for 40.7 per cent of Australia's merchandise exports. Any disruption to the region, affecting Australian trade, or intra-regional trade will inevitably affect Australia's economic interests.

The current crisis has already affected consumer and investor confidence in South Korea, Australia third-largest export market. An authoritative measure of business confidence, the Federation of Korean Industries (FKI) business survey index (BSI) fell to a 14 month low in January, with analysts citing geo-political uncertainty as a possible reason. The international credit rating agency, Moody's, conducted a review of South Korea's credit rating in January downgrading the nation's long term credit rating from positive to negative. Moody's attributed the change to the current nuclear crisis.

The downgrade in South Korea's credit rating will affect short term Australian business confidence in South Korea, possibly harming the diversification of the trade relationship, which remains largely based on the export of Australian raw materials and the import of South Korean finished consumer products. However, given an early resolution of the crisis, current levels of trade will not be affected and consumer confidence will rapidly be replaced given South Korea's positive economic outlook.⁵³

Escalation of the crisis has the potential to affect intra-regional trade. The crisis could possibly exacerbate tension between the major actors of the region, South Korea, Japan and China, adversely affecting recent moves towards closer integration. Tension already exists as China and Japan vie for the economic leadership of the East Asian region. Any upset of the status quo in the region that could affect the rebound of the stagnant Japanese economy, or slow Chinese economic growth will adversely affect Australia's key export markets in the medium term.

Escalation of the current crisis could also be the trigger for destabilisation of this key region. Tension could be dramatically increased if any number of reactionary scenarios eventuate such as a decision by Japan to alter its pacifist constitution in response to North

Korean threats, a US pullout from South Korea, more rapid Japanese and US deployment of Theatre Missile Defence or National Missile Defence, or collapse of the DPRK.

A high level of conflict on the peninsula and its probable spread to Japan would severely affect Australian trade interests. The cessation of trade with South Korea and the severe disruption to trade with Japan would threaten more the more than A\$52 billion trade relationship which accounts for approximately 22 per cent of Australia's merchandise trade.⁵⁴

Military Involvement

The US currently maintains 37 000 troops in South Korea as well as 45 000 troops in Japan. Analysts consider the troops a 'tripwire' of the much greater involvement required should hostilities break out on the Korean peninsula. Given Australia's close alliance with the US, its interest in the security of South Korea, and its historical commitment to Northeast Asian security, strong pressure for an Australian contribution would be expected.

Australia committed forces to the defence of South Korea during the Korean War (1950–1953) suffering more than 1500 casualties, of whom 339 were killed. Australia's immediate commitment included forces stationed in Japan as part of the Commonwealth Occupation Force, the 77 Squadron RAAF and 3 Royal Australian Regiment (3 RAR) and later extended to include rotation of the 1 RAR and 2 RAR.

Australia was one of the sixteen signatories to the Joint Policy Declaration Concerning the Korean Armistice signed in Washington on 27 July 1953. This agreement confirmed the resolve of signatories to resist any new armed attack, in the interest of world peace, and in accordance with the principles of the United Nations. Given the fact that an armistice remains in place on the peninsula, not a peace treaty, the declaration provides further strength to the case for immediate Australian involvement in any future Korean conflict.

Australia's Role in the Resolution of the Current Crisis

Australian participation in the resolution of the current crisis has been limited to the dispatch of a five member diplomatic delegation to Pyongyang. The delegation expressed Australia's concerns and point of view on the issue, and presented a letter from Foreign Minister Downer to his North Korean counterpart.

Future possible Australian participation in Permanent Five Plus Five (P5 +5) negotiations on the issue has been expressed by the US. The US maintains the position that it does not want to engage in bilateral negotiations with the DPRK, preferring to include members of the international community. The P5 +5 would include the permanent members of the UN Security Council, the US, UK, France, Russia and China along with Japan, the two Koreas, the EU and Australia. While participation in such a forum would increase Australia's role in the resolution of the crisis, statements by the DPRK Ambassador to

Australia, Chon Jae Hong, have emphasised the DPRK's absolute rejection of multi-party talks in favour of 'direct equal negotiations' with the US based on the principles of respect for sovereignty, non-aggression and economic development.⁵⁵

Australian Government policy remains aimed at increasing diplomatic pressure on the DPRK to return to its safeguards obligations and comply with the NPT. The Australian position emphasises dialogue both through regional multilateral bilateral US–DPRK channels. In response to a Parliamentary question on 13 February 2003, the Foreign Minister, Alexander Downer stated:

It is not unreasonable for the United States to talk with the North Koreans and see what can be achieved. So we hope that in the fullness of time, in an appropriate circumstance and under appropriate conditions, such bilateral discussions may take place.⁵⁶

On 26 February, after a meeting with US Secretary of State, Colin Powell, the Foreign Minister echoed the US position that bilateral talks between the US and the DPRK may take place, but only in the context of a multilateral framework:

It is crucially important that countries like China, which has so much leverage over North Korea, play a key part in trying to ensure not just that the framework for meetings can take place, but also that North Korea can be persuaded to de-nuclearise.⁵⁷

Endnotes

1. The 1994 Agreed Framework allowed for International Atomic Energy Agency (IAEA) inspections of North Korean nuclear facilities, the decommissioning of the graphite moderated reactor in exchange for heavy fuel oil, the resumption of normal diplomatic relations and the construction of two light water reactor (LWR) nuclear power plants, judged to be safer given their dependence upon an external fuel cycle. With the suspension of heavy fuel oil shipments it is estimated North Korea would face a 15 per cent reduction in electricity supply, triggering the closure of factories and transport facilities, thus further weakening the disabled economy.
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33. Phillip Reeker, US State Department Briefing, State Department, 23 December 2002.
34. Richard Boucher, 'North Korea Situation Not a Crisis', US State Department Daily Briefing, 10 January 2003.
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39. On June 16 2002 two teenage girls were killed in a road accident in Yangju, north of Seoul involving a USFK tank on the way to training exercises in the area. The tragic accident grew into a major issue centring upon the presence of American forces in South Korea. The extremely emotional nature of the accident galvanised growing anti-American sentiment to such an extent that fears were expressed by both governments of the rise in anti-American sentiment. At the centre of the issue was the refusal of USFK to release the two soldiers to be tried under South Korean jurisdiction, after a request by the South Korean Justice Ministry. Under the SOFA the USFK is not required to hand over jurisdiction for incidents which occur during training.
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Appendix 1: Nuclear Crises Compared

1994 Nuclear Crisis	2003 Nuclear Crisis
February 1993. IAEA request for special inspection refused by DPRK.	November 2001. Technical meetings between the DPRK and IAEA fail to agree on program of work for activities required to verify the correctness and completeness of the initial report.
12 March 1993. DPRK announces withdrawal from NPT.	16 October 2002. DPRK acknowledges the existence of a program to enrich uranium for nuclear weapons in talks with US Assistant Secretary Kelly.
1 April 1993. IAEA Board of Governors deems DPRK in non-compliance with Safeguards Agreement, referred to Security Council.	October–November 2002. Statements by the US, by the US together with Japan and South Korea, and by KEDO conclude the DPRK program to be in violation of the Agreed Framework, the NPT, the DPRK–IAEA Nuclear Safeguards Agreement and the North–South Joint Declaration on the Denuclearisation of the Korean Peninsula.
11 May 1993. Security Council calls on DPRK to comply.	November 2002. KEDO suspends heavy oil shipments to the DPRK.
June 1993. DPRK announces suspension of withdrawal from NPT.	November 2002. IAEA Board of Governors adopts resolution calling for immediate DPRK reply and cooperation.
1993 and 1994. DPRK allows conduct of Safeguards activities with limited scope.	December 2002. DPRK Foreign Minister Paek Nam Sun expresses disappointment at IAEA unfair and unilateral approach. DPRK refuses to accept resolution.
December 1993. IAEA Director General's report states limited safeguards activities permitted by the DPRK no longer provides meaningful assurance of peaceful use of DPRK declared nuclear installations.	13 December 2002. DPRK announces decision to lift the freeze on its nuclear facilities in light of KEDO suspension of heavy fuel oil.
19 March 1994. DPRK officials threaten to turn ROK capital into a 'sea of fire', dramatically increasing growing tension on the peninsula.	22 December 2002. DPRK begins cutting seals and removing surveillance cameras.
31 March 1994. Security Council calls on DPRK to allow IAEA inspectors to carry out required activities.	27 December 2002. DPRK orders IAEA inspectors to leave the country.
28 April 1994. DPRK Foreign Ministry issues statement, describing the Armistice Agreement as 'blank sheets of paper', threatening withdrawal from the agreement.	6 January 2003. IAEA adopts new resolution calling for urgent cooperation with the agency.
May 1994. DPRK hastily discharges fuel from 5 MW reactor, making clarification of core history impossible.	10 January 2003. DPRK announces withdrawal from NPT effective immediately. The required three months notice is stated as unnecessary due to the effective withdrawal being only 'suspended' in 1993.

30 May 1994. Security Council calls for immediate consultation between DPRK and IAEA.	5 February 2003. US satellite images show movement of spent fuel rods at Yongbyong nuclear complex.
10 June 1994. IAEA Board of Governors adopt a resolution stating the DPRK's continued and increased non-compliance with safeguards.	12 February 2003. IAEA refers DPRK violations of the Safeguards Agreement to the UN Security Council.
13 June 1994. DPRK withdraws its membership from the IAEA.	17 February 2003. DPRK threatens withdrawal from Armistice Agreement that ended hostilities on the Korean peninsula in 1953.
June 1994. Former US President Jimmy Carter visits DPRK as US Special Envoy.	20 February 2003. DPRK MiG-19 flies over the Northern Limit Line (NLL) initiating immediate alert in the ROK.
21 October 1994. US and DPRK commit to the Agreed Framework. DPRK 'freeze' and ultimate dismantlement of graphite-moderated reactor projects in exchange for supply of heavy fuel oil, Light Water Reactor (LWR) generating capacity of 2000 MW, a formal assurance against the use of nuclear weapons against the DPRK, and the easing of trade restrictions.	24 February 2003. The DPRK launches a surface to sea missile in the Sea of Japan (East Sea), on same day as inauguration of new ROK president Roh Moo-Hyun.
	25 February 2003. DPRK protests at US spyplane flights along its eastern coast. Warns citizens to prepare for US pre-emptive attack.
	26 February 2003. DPRK restarts Yongbyong nuclear reactor.
	4 March 2003. Four DPRK fighter jets intercept a US 'spyplane' in international waters of the DPRK coast.
	5 March 2003. US military official confirms additional forces to be deployed to Western Pacific as a defensive measure.
	10 March 2003. DPRK launches second surface to sea missile after declaring a maritime exclusion zone in the Sea of Japan (East Sea) for the period 8–11 March.
	11 March 2003. US deploys six F-111 Stealth Fighters and 20 F-15 fighters, as well as the aircraft carrier USS Carl Vinson to participate in US–ROK military exercises.
