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# **Policy Forum 02-21A: Tactically Smart, Strategically Stupid: The KEDO Decision to Suspend Heavy Fuel Oil Shipments to the DPRK**



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## **Tactically Smart, Strategically Stupid: The KEDO Decision to Suspend Heavy Fuel Oil Shipments to the DPRK**

by Peter Hayes

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### **I. Introduction**

Peter Hayes argues that the KEDO decision to suspend heavy fuel oil shipments to the DPRK was imprudent. He suggests that the United States has lit a very short fuse to nuclear proliferation in North Korea. He argues that the DPRK should declare a unilateral freeze on its uranium enrichment activity and invite the international community to inspect this freeze pending the resumption of US-DPRK dialogue to resolve the enrichment imbroglio. Peter Hayes is Director of the Nautilus Institute and author of *Pacific Powderkeg, American Nuclear Dilemmas in Korea*.

### **II. Essay by Peter Hayes**

Tactically Smart, Strategically Stupid: The KEDO Decision to Suspend Heavy Fuel Oil Shipments to the DPRK

By Peter Hayes, The Nautilus Institute

On November 14, 2002, the KEDO Executive Board announced that it was suspending future deliveries of Heavy Fuel Oil (HFO) to the DPRK (the text is provided in an accompanying Special Report)

This action was reported by the New York Times and other news services as a cutoff that would continue until the DPRK acts "to dismantle completely" its program to develop nuclear weapons (New York Times, November 15).

What KEDO actually said was: "Heavy fuel oil deliveries will be suspended beginning with the December shipment. Future shipments will depend on North Korea's concrete and credible actions to dismantle completely its highly-enriched uranium program."

And KEDO said: "North Korea must promptly eliminate its nuclear weapons program in a visible and verifiable manner" but this was not stated to be a precondition for resumption of HFO supplies as reported by the New York Times.

The first statement places the onus on the DPRK to come back into compliance with its various agreements and obligations with regard to uranium enrichment. This is conceivable, albeit difficult to do both technically and politically.

The second statement is more problematic as it cuts across the text of DPRK obligations with regard to resolving the already existing dispute over special inspections and suspected DPRK undeclared plutonium reprocessing.

This text suggests that even if the DPRK were to hand over whatever uranium enrichment hardware it has acquired or made, and even if it were to increase transparency to the point that confidence that it is not pursuing nuclear weapons capacity via uranium enrichment is restored, it must also immediately resolve the earlier issue and not by following the pre-existing formula in the Agreed

Framework.

This demand, combined with the unilateral US announcement that it will no longer provide HFO enacted by the KEDO board, can be interpreted only as an American demand that the DPRK abandon its nuclear opacity completely and become subject to unspecified levels of intrusive inspections.

This demand is reasonable from a purely legalistic perspective of DPRK obligations. Some in Washington apparently think that the prompt KEDO action to suspend HFO shipments lends force to US demands. Unfortunately, it is not matched by actual US leverage over anything that the DPRK values at this point sufficient to force the DPRK to conform to this demand. HFO is certainly of little value to the DPRK and loss of HFO will be of little consequence to the DPRK's energy industry.

The US-orchestrated move also shortened the time from a few months to find ways to resolve the uranium enrichment crisis to almost no time. And, it demolishes the binding mechanism in the US-DPRK Agreed Framework that requires the DPRK to resolve the plutonium issue.

In May 1994, when the DPRK removed the spent fuel rods from the Yongbyon research reactor without IAEA inspectors present, I wrote an article published in Korean headlined: "Tactically Smart, Strategically Stupid." For my pains, I was blackballed by the DPRK for publishing a blunt appraisal.

This time round, I believe that the US led-move at KEDO to ratchet up the pressure without a corresponding game-plan to resolve the already tense situation is similarly tactically smart and strategically stupid. There was no reason to start the clock ticking now. When the KEDO LWR project is put on hold, as it clearly will be in the near future, we will be in free fall toward either hot war; or nuclear proliferation and cold war. We should be clear why.

## **Why Free Fall**

First, the HFO suspension invites the DPRK to declare the United States to be in material breach of the US-DPRK 1994 Agreed Framework. In fact, the United States has rarely delivered the specified amount of HFO within each October-October or "KEDO year".

Second, it reinforces the argument within the DPRK that an enriched uranium program was a sensible hedge against American treachery. Having tried but failed with diplomacy in the Japan, ROK, and American channels, attempting more of the same will look like a slippery slope toward increasing weakness and vulnerability en route to the ultimate American goal of regime replacement.

Third, the DPRK is likely to now respond in-kind with a ratcheting strategy of its own. Which move comes next? Go fishing in the spent fuel pond at Yongbyon for plutonium? Turn on the research reactor at Yongbyon to make plutonium? Start to complete the "frozen" 200 MWe of plutonium-generating reactors that the HFO were to substitute for? Fire a missile over Japan to make the point that the DPRK won't be coerced by the United States? Some combination of the above?

Until the United States and its allies and friend had determined a feasible formula to resolve the enrichment crisis that the DPRK could accept, there was no reason to rush into abandoning the HFO commitment. By doing so, United States has set in motion abandoning the KEDO Light Water Reactor (LWR) project in the near future justified by one of the likely DPRK responses listed above. The LWR project is the core of the US commitment under the Agreed Framework that balances the nuclear freeze by the DPRK. This was equivalent to lighting a fuse in the Korean tinderbox.

## Where Are We Heading?

Faced with the US stance, the DPRK has three broad options on the nuclear front.

It can declare nuclear weapon status and then openly test or deploy nuclear weapons, if it has any. Given that nuclear freeze leading to gradual de-nuclearization has failed to deliver progress on any of the DPRK's strategic objectives, we should not be surprised if the DPRK declares itself to be a nuclear weapon state. Doing so might upset China and Russia and set off regional alarm bells. But it is a mistake to underestimate the DPRK's autonomy from China due to Beijing's vital interest in keeping the DPRK intact as a thorn in the US side on the one hand, and to keep the ROK a happy partner in Chinese development strategy on the other.

But for the United States, at least for some Americans, this outcome is not to be shirked. After all, the United States knows how to contain nuclear-armed adversaries and feels quite comfortable in this role.

Whether anyone in Washington has thought about the full implications of containing the DPRK nuclear threat by redeploying American nuclear weapons in or around Korea is not clear. In particular, the problems of anti-Americanism that this future portends for the US-ROK alliance would be considerable.

American hardliners assert that reverting to sole reliance on containment against the DPRK will likely lead to its collapse by isolating it and increasing the internal pressure on the regime, already facing economic failure. Unfortunately, there is simply no evidence that this position is correct and considerable evidence that just the opposite would occur.

Alternately, the DPRK can simply deepen and attempt to exploit its already high level of nuclear opacity about nuclear weapons capacity and intention. It would pull out of the Agreed Framework but leave its other NPT and ROK-DPRK Denuclearization commitments intact. This approach would avoid upsetting China and Russia as well as allow it to sustain its diplomatic offensive with the European Union and other states.

In this case, the United States has very limited options. It could strike DPRK nuclear and other high value sites-but this would be highly unlikely to terminate DPRK capacity to develop or deploy weapons of mass destruction. It would also risk escalation to war and nuclear war in Korea-an unwelcome prospect for South and North Koreans alike, not to mention American forces stationed in the Peninsula. Rather than a sea of fire as threatened before by the DPRK, we may see Seoul become a sea of tear gas again in the near future.

Not much would actually change in this outcome except that the United States may simply passively disengage from Korea, effectively leaving the two Koreas to deal with each other. The United States would cede most of its regional leadership over Korean affairs to China and Russia to manage jointly or separately.

Along the way, however, it will face higher tensions in East Asia, leaving American military logistics over-extended and military forces spread thin-especially during and after a war with Iraq.

Finally, the DPRK could return to the gradual de-nuclearization path that was the intended eventual outcome of the 1994 Agreed Framework. It would take a miracle of DPRK discipline and moderation to do so-but if one thing is certain, Kim Jong Il knows how to choreograph dramatic surprise. He can make abrupt and apparently inconsistent shifts in DPRK policy without having to worry about hobgoblins of consistency or divided constituencies. What might he do along these lines to put out

the fuse that the United States lit on November 14?

The DPRK could declare that it unilaterally freeze its uranium enrichment activities and continued adherence to the nuclear freeze under the US-DPRK Agreed Framework and commence dismantlement and verification activities either with the ROK, or with other international players including leading non-governmental organizations. This is the game that the United States should have played at KEDO but now seems to have been ruled out.

Doing so now would mean that American policy makers would give up its present Alice-in-Wonderland mentality with regard to the DPRK in which the Queen of Hearts declares: "Off with their heads!"

As Bill Perry concluded in a short-lived, by-gone era of bipartisan consensus on how to deal with the DPRK, the international community must deal with the DPRK as it is, not as we would like to be.

The DPRK is not going to disappear any time soon and the Bush Administration needs to get used to that fact in making nuclear policy.

### **III. Nautilus Invites Your Responses**

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: [napsnet-reply@nautilus.org](mailto:napsnet-reply@nautilus.org) . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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