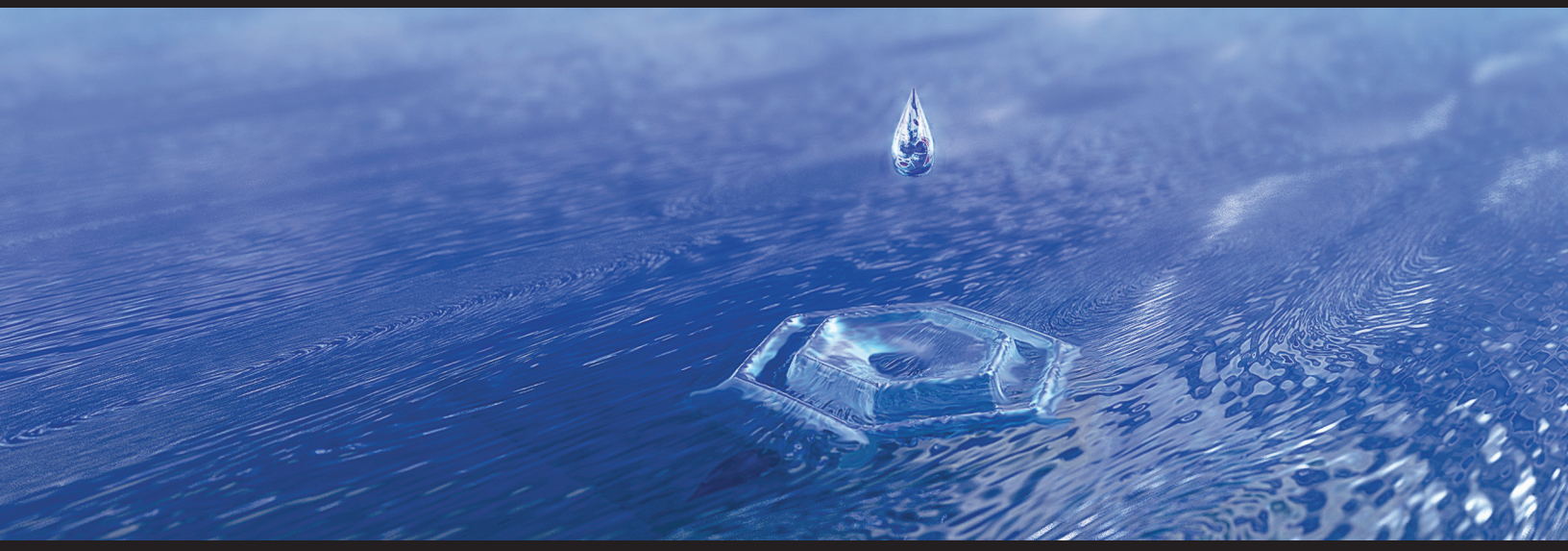
AN **IFPA** WORKSHOP REPORT

Building
Multi-Party Capacity for a WMD-Free Korea



June 2005

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Building Multi-Party Capacity for a WMD-Free Korea

June 2005

Summary Report of a
Multilateral Workshop

Cosponsored by
The Institute for Foreign Policy Analysis and
The Shanghai Institute for International Studies

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Overview

Government officials and foreign policy experts from six nations gathered for a two-day workshop in Shanghai, China, on March 16 and 17, 2005, to discuss options for augmenting the six-party process so that it can become a more useful tool in the effort to both enhance regional security and help steer progress towards the denuclearization of North Korea (the Democratic People's Republic of Korea, or DPRK). Policy makers and scholars from the United States, South Korea, Japan, China, Russia, and Australia explored options to facilitate and implement future agreements on such issues as security assurances, nuclear dismantlement and verification, and economic engagement with Pyongyang.

The workshop took place roughly one month after North Korea's public announcement that it possessed nuclear weapons and that it was "suspending participation" in the six-party talks, which have not convened since June 2004.[1] As the first multilateral meeting of representatives from the five countries involved in the negotiations since the DPRK announcement, the workshop provided an important forum to discuss how the group could reinvigorate the stalled talks or possibly open up a separate track of dialogue on organizational capacity building. Recent tensions between Japan and South Korea (the Republic of Korea, or ROK) loomed in the background, as an inflamed territorial dispute and renewed friction over Japanese history textbooks threatened to undermine cooperation on the North Korean nuclear issue.[2] In addition, the meeting also coincided with the confirmation of Ambassador Christopher Hill as U.S. assistant secretary of state for East Asian and Pacific affairs, as well as the promotion of Joseph

1 "DPRK FM on Its Stand to Suspend Its Participation in Six-Party Talks for Indefinite Period," Korean Central News Agency of DPRK, February 11, 2005, http://www.kcna.co.jp/index-e.htm. The six-party talks include China, Japan, North Korea, Russia, South Korea, and the United States.

2 Park Song-wu, "Row with Japan Feared to Affect Nuclear Talks," *Korea Times*, March 16, 2005.

DeTrani, a workshop participant, to the rank of ambassador in his capacity as special envoy for the six-party talks.

The workshop, "Building Multi-Party Capacity for a WMD-Free Korean Peninsula," was organized by the Institute for Foreign Policy Analysis (IFPA), based in Cambridge, Massachusetts, and Washington, D.C., and hosted by the Shanghai Institute for International Studies (SIIS). The Graduate School of International Studies (GSIS) of Yonsei University in Seoul and Shanghai Jiao Tong University's School of International and Public Affairs (Center for RimPac Studies) also provided assistance. IFPA would like to thank the Carnegie Corporation of New York for its generous financial support that made this workshop, and the broader project of which it is a part, possible. IFPA would also like to thank SIIS for its contributions and for hosting this unique event. Finally, IFPA is grateful to the workshop participants, who lent their valuable time and considerable expertise to the project.[3]

The workshop agenda consisted of two introductory plenary sessions that covered the viability of a capacity-building effort and the basic principles underlying such an effort. Smaller, breakout group discussions were then held on each of the three key negotiating areas: 1) security assurances; 2) nuclear dismantlement and verification; and 3) economic engagement. A final plenary session summarized the themes of the conference and shared the findings of each breakout discussion.

The Shanghai workshop was the initial meeting of a new three-part series being organized by IFPA, building on the success of the first three-year phase of this project, which took place from 2002 to 2004. The results of the first project phase suggested that a lasting solution to the North Korean nuclear challenge was unlikely (and perhaps impossible) in the current political and geostrategic environment. It seemed apparent to the project team, therefore, that work needed to be done to affect and improve that environment, and that there were reasons to expect that this could be successful if the member countries emphasized six-party capacity building.[4]

Despite the serious problems underlying the six-party process, such as a lack of trust, divergent threat perceptions, and competing strategic interests, there were still some optimistic trends in the region. Relations between North and South Korea, for example, have improved through initiatives such as the development of the Gaesong Industrial Park, a promising special economic zone (SEZ) in the DPRK, and just recently the two sides renewed their official dialogue in May, after a ten-month hiatus. Other positive developments include increasing regional economic integration, a more diplomatically proactive China, and technological innovations that could potentially raise confidence in the group's ability to successfully verify and monitor nuclear dismantlement.

Moreover, negotiators from nearly all six countries have said at one point or another that they would like to see a regional security framework emerge over time, stemming in part from the current multilateral effort to rid the Korean Peninsula of weapons of mass destruction (WMDs).[5] As one workshop participant stated, "We can use the six-party talks as a springboard to create new momentum for multilateral security cooperation within Northeast Asia along the lines of the Organization for Security and Cooperation in Europe [OSCE]."

Given these (albeit few) positive developments and the apparent consensus that a new regional security architecture is a desired end-state, the goal of the current project is to deliberate collectively

3 It is important to note that the conclusions of this report do not necessarily represent the opinions of all of the workshop participants or their organizations. It is not a consensus document, nor has it been reviewed by the participants prior to publication.

4 For a detailed discussion of the results of the first phase of this overall project, see James L. Schoff, Charles M. Perry, and Jacquelyn K. Davis, *Building Six-Party Capacity for a WMD-Free Korea* (Herndon, Virginia: Brassey's, 2005).

5 Comments along these lines were made by U.S. assistant secretary for East Asia and Pacific affairs Jim Kelly on March 2, 2004, and by his successor Chris Hill on March 15, 2005, as well as by (now) ROK foreign minister Ban Ki-moon on October 31, 2003, and ROK minister of unification Chung Dong-Young on October 9, 2004, among others.

on the "back end," or implementation side, of the negotiations as a means to improve the deal-making environment and to help move the six-party process forward. By focusing on the back-end aspects while the "front-end" negotiations are suspended could stimulate a separate track of less formal, multilateral dialogue focused on building an appropriate organizational capacity for the six-party (or multi-party) process. Discussion on the back-end issues might seem like putting the cart before the horse, especially given the six-party failures to date and the hostile rhetoric exchanged recently between Washington and Pyongyang. These difficult circumstances, however, only serve to underscore the potential value of such back-end conversations.

Gathering to discuss the implementation side of a theoretical agreement can serve at least four useful purposes. First, it reduces the transaction costs associated with managing this issue, since it is more efficient to hold multilateral discussions featuring representation from all of the six parties rather than having a plethora of bilateral and trilateral discussions. As one participant noted, "Since Pyongyang's statement a month ago that it was indeed a nuclear power, there have been no fewer than thirteen bilateral and trilateral shuttle diplomacy efforts involving numerous high-level discussions in the capitals of all six-party countries...just to lay the initial groundwork for another round of formal talks." From a purely logistical perspective, therefore, a scheduled, multilateral discussion would be a more effective way to manage this issue.

Second, if the six-party talks collapse completely, there should be a forum for discussing next steps and for monitoring the situation. In this case, perhaps not all six countries would be involved (and/or other countries or organizations might be added). Third, back-end discussions reveal the competing interests, and the complementary strengths, of the nations involved, but in a less public atmosphere. Any compromises reached in these discussions could then feed back into the deal-making side of the agreement in a face-saving manner. Finally, if an agreement is ever reached on denuclearlization, it will stand a greater chance of surviving if planning for implementation is already well underway.

The Shanghai workshop focused on identifying the principles of an augmented multi-party framework that would have the capacity to help overcome the fundamental problems vexing current negotiations. Who would participate in such a multi-party institution and what would be the role of each member country? How should the new institution be organized and what jurisdiction would it have? What might be its processes for decision making and dispute resolution? How would it manage and ensure adequate funding?

The purpose of this gathering was not to make peremptory decisions on these questions, but instead to draw on each participant's experiences, to explore potential solutions, and to identify areas of broad agreement so that the IFPA team can develop a concrete outline for how a multi-party organization could be established (an outline rooted in multilateral dialogue, rather than in a single country's proposal). This outline will then be discussed and refined at a second workshop in 2006 (possibly to include North Korean participants), leading to a more specific proposal for consideration in 2007. By that time, if not sooner, IFPA expects to have a workable plan that can be supported and (ideally) adopted by all of the six-party governments.

The results of this first workshop in Shanghai were both encouraging and sobering. They were encouraging in the sense that there was a broad and strong endorsement by almost all the participants of the value of, and the approach to, the concept of building multi-party capacity. Despite agreement on the concept, however, there were clear differences of opinion regarding priorities and ultimate objectives, particularly when certain back-end issues are closely linked to front-end controversies. The pages that follow summarize the two plenary sessions and the breakout group discussions

that focused on security assurances, a new disarmament and verification regime, and an economic assistance strategy for North Korea. While participants noted that a number of contentious front-end issues remain unresolved, they did highlight certain basic principles that could help guide an effort to strengthen and further institutionalize the multilateral negotiating process. These are summarized in the conclusion of this workshop report.

Balancing Competing Visions & Strategies

There was broad agreement among workshop participants that building multi-party capacity should proceed despite the current impasse in the negotiations to end North Korea's WMD programs. Indeed, some participants noted that resolving back-end implementation issues might be the only way to facilitate an agreement, since North Korea and the United States would be more likely to enter into a deal if there were an institutionalized process that could implement an agreement and safeguard their interests. One American participant stated, "Given the difficulties that we have experienced with the six-party talks, many will quite legitimately wonder why we would want to further institutionalize a process that has so far failed to deliver a viable agreement. Well, the six parties will eventually have to deal with implementation issues at some point, and it may be useful for these discussions to commence now and proceed in parallel with the formal negotiations dealing with front-end issues. Furthermore, there may be a greater chance for an agreement if capacity-building efforts advance to the point where all sides agree on the form and content of an acceptable security assurance and economic aid package to North Korea, and if there is a consensus on the organizational form and modalities of access for a dismantlement and ongoing verification regime."

Another participant echoed this view: "Progress on the back-end issues could make an agreement on the front end more feasible. If it can be demonstrated that there exists a capacity to implement an agreement, the North Koreans may then have greater confidence in the agreement itself, and may be more willing to proceed with its implementation than would otherwise be

the case." These participants essentially argued that change and evolution within this context should be seen from a dynamic point of view, since technical and operational factors normally considered to be dependent variables might also function as independent variables, and thus have a bearing on whether a political agreement concerning DPRK nuclear dismantlement is achievable.

Furthermore, history offers many examples, such as the 1994 Agreed Framework, of carefully crafted agreements that ultimately collapsed because insufficient attention was given to implementation issues. One participant noted, "Those of us who were involved with the 1994 Agreed Framework and the establishment of the Korean Energy Development Organization (KEDO) would have preferred that more attention had been given to implementation issues while the agreement was being negotiated. Because not surprisingly, all countries involved came away from the Geneva negotiations with quite a different view of what had been agreed and what had not been agreed, and a very different view of how the agreement was to be implemented."

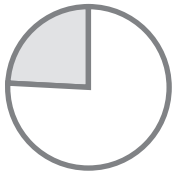
Another practical benefit to early discussions on capacity building is that they allow the United States, Russia, China, Japan, and South Korea to establish a forum for managing this issue if an agreement cannot be reached with North Korea. One American participant stated, "I think it is important to try to deepen and broaden the web of cooperation among the five parties in case we do not reach an agreement with North Korea. Because if there is no agreement, we will still have to confront a very serious problem: the existence of North Korea as a nuclear weapon state, and that is going to be a testing challenge for all of us."

Despite a general emphasis on the need for developing a common approach, it was clear at the workshop (and since then) that the five countries are not of one mind when it comes to questions of priorities, appropriate solutions, and timing. One American summarized the situation. "There is among the five of us a serious imbalance between what I might describe as the threat posed by a nuclear North Korea and the risk in trying to prevent North Korea from becoming a nuclear weapon state, and this imbalance is responsible for the fact that the five parties spend 98 percent of their time talking with each other, and only 2 percent actually negotiating with the North Koreans."

On one side, American and Japanese threat perceptions of Pyongyang's WMD and missile programs are relatively acute, and they seek North Korea's complete and irreversible nuclear disarmament as soon as possible. A Japanese official stressed this point, stating, "North Korea is carrying out its own nuclear development program without being checked by the international community. The pass-

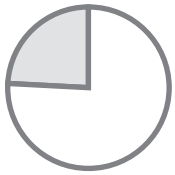
An anonymous questionnaire was presented to participants at the workshop. The questions, along with the tabulated results and submitted comments, are presented throughout this report.

With a WMD capability, can the DPRK still be deterred from:



Launching a conventional attack on South Korea?

Yes – 76%
No – 24%



Using WMD against either South Korea, Japan, or U.S. forces in the region?

Yes – 76%
No – 24%

Proliferating WMD material/munitions to state or non-state actors?

Yes – 41%
No – 59%

Participant Comment
Effective deterrence is only likely to break down if the Chinese walk away from the table, which seems improbable. There is, however, the possibility that the North Korean regime would decide to bring its enemies down with it in the event of collapse.

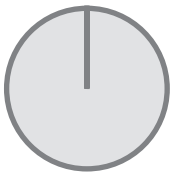
ing of time, days, months, only benefits North Korea. We must realize that time is not on our side!" The two allies also place importance on a wide range of North Korean illicit behavior, as expressed at the workshop and by Ambassador DeTrani at a later forum. "We also have to deal with criminal acts committed by North Korea, such as drug trafficking and counterfeiting, along with the nuclear problem, during the six-party talks."[6]

On the other side, South Korea and China feel less threatened by North Korean WMDs. They prefer stability over the possibility of regime collapse, which may be an unintended (or intended) byproduct of North Korea's complete denuclearization, and they both hold out hope that Pyongyang can develop its economy along the lines of the Chinese model. Chinese participants stressed this point at the workshop. "China now tries to set an example for North Korea in reform and openness," said one. "When the North Korean leader visited Shanghai in 2000, he went to the Huang Pu River. He looked to the water in silence for a few minutes. Then he said, 'Everything changed except the water.' He found how Shanghai has changed, and it left a deep impression about reform and openness in China. I think the international community should encourage North Korea to go in that way." ROK president Roh Moo-hyun seems to agree, as he said during a meeting with the president of the German parliament in April 2005, "I hope North Korea will continue to seek reform following the example of China and Vietnam."[7]

One Chinese participant asked the Bush administration to "prioritize its objectives in terms of dealing with North Korea. We need to deal with the nuclear problem first," he said, "and maybe we should put the plutonium issue on the top of the list." Above all, several Chinese urged "patience and wisdom" in dealing with these issues. "Peaceful transformation takes time," advised one scholar. "Some people might be impatient, but you have to choose between a relatively short, but costly, hard landing, and a relatively long, but much less expensive, soft landing."

Would any of the following coercive measures taken against the DPRK result in a military response from the North?

The cutting off of remittances from Japan?
Yes – 0%
No – 100%



A trade embargo enacted by willing nations?
Yes – 0%
No – 100%

A U.N. – authorized global trade embargo?
Yes – 18%
No – 82%

Surgical military strikes against suspected WMD facilities/storage locations?
Yes – 100%
No – 0%

Participant Comment
We should not overestimate the chances of a DPRK military response to economic sanctions. If Pyongyang realizes that a major sanction is imminent, they might become more flexible in their negotiating positions rather than resort to force.

A Japanese official, however, further challenged the call for patience. "I think North Korea should abandon its familiar delaying tactics, and should come back to the six-party talks without delay or conditions. Japan would like to have greater dialogue with North Korea, but they refuse to have government-to-government contact with us. Since December 2004, they have refused to even talk to us by telephone. We are communicating by fax.

6 Kim Seung-Ryun, "U.S. Officials Putting Constant Pressure on North Korea," *Dong-A Ilbo*, May 4, 2005.

7 "Roh wants NK Reform Model after China, Vietnam," *Korea Update* 16, no. 6 (May 4, 2005), http://www.koreaemb.org/archive/2005/5_1/foreign/foreign9asp

Furthermore, on February 10, North Korea openly declared that it has nuclear weapons. This statement should be taken seriously by all of us, and we should react with a greater sense of urgency."

For this official, a "greater sense of urgency" entailed setting a potential June 2005 deadline for restarting the talks. "Should the international community continue to exhibit a generous patience with North Korea? Clearly, the answer should be 'no.' If the six-party talks cannot resolve this issue in the near future, we should seriously explore the possibility of referring North Korea to the United Nations Security Council. My intention is not to discredit the six-party process, but our goal should not be simply the resumption of the talks. Our goal should be the complete dismantlement of North Korea's nuclear programs. If we cannot resolve this issue through the six-party framework, then like it or not, we will have to look at other options, and soon."

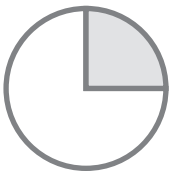
But other participants challenged the notion that the time was ripe for referring North Korea to the UN Security Council. One American participant noted, "If the five parties were to decide today, two countries would send this issue to the Security Council, and two or three countries would either abstain or object. It does not appear to me that all of the parties are prepared to terminate the six-party process. My suggestion is that we do the opposite. We should seek to further institutionalize the six-party process by resolving some of the key implementation questions. For instance, what does an acceptable security assurance look like? What is the acceptable level of ambiguity that the United States and others would be willing to live with?" A Chinese participant agreed: "I do not believe that a deadline at this point would be desirable. The current atmosphere surrounding this issue is already quite bad, and if we set such a short deadline, we may simply aggravate the situation. Furthermore, it would sow further divisions among the five parties."

An American official countered, "I would just remind everybody in the room here that it was the DPRK that walked away from the table. It was the DPRK that agreed to three-month intervals between plenary sessions…that in between plenary sessions, there would be working group sessions. The working groups were created to work the particulars with the experts and the diplomats. The six-party process is speaking to the issues of multilateral security assurances, of economic reform, energy assistance, upgrades to infrastructure, coming off the list of states that support terrorism, and other issues. This was agreed to, and there was an element of momentum at the end of the June [2004] plenary session. Everything is on the table. All they have to do is come back and have a discussion with the other five countries, and we can move forward."

Several participants noted that fundamental questions remain unresolved about potential agreements and the future political and economic system of Northeast Asia, and these must be considered when discussing capacity building. A Russian participant compared it to the building of a road. "We are now discussing [at the workshop] what kind of a road we are going to build. Will it be a paved road or a railroad, and if a railroad, one track or two, electrified or not? It's important, but first of all we should determine what route we are traveling. Are we traveling from point A to point B, or maybe some other route to point C? And if we succeed and North Korea dismantles its nuclear facilities, is that the end of the road? Probably not, because we still have the problem of missile proliferation, of conventional arms and militarization of the Korean Peninsula, of chemical and biological weapons, and of human rights. We cannot solve the nuclear problem just taking it in isolation."

Other unresolved issues pertain to whether the United States can tolerate the continuance of the Kim Jong-il regime, or at least of a North Korean nuclear hedge. Can the United States resist the temptation to pursue a policy of (either overt or covert) "regime change" following North Korea's nuclear disarmament? The Russian continued, "Can the five countries coexist with North Korea

Would the United States refrain from all actions that could undermine the Kim Jong-il regime and guarantee peaceful coexistence, if North Korea verifiably dismantles its nuclear programs?



Yes – 25%
No – 75%

Participant Comments
Given Washington's obvious antipathy toward Kim's regime, it is difficult to believe that it will allow the regime to remain in power once it dismantles its nuclear programs.

The actions might be subtle, but will still be intended to undermine the regime.

if it is changing, if there is some hope that it will be a normal state? Or should we try to get rid of this country, and let it disappear from the map? Unless we answer this question seriously and in a clear manner, the political process will eventually collapse."

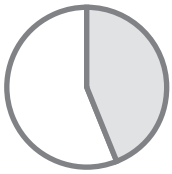
Another Japanese participant offered that "no one can deny North Korea's right to exist as a responsible member of the international community. But for the North Koreans to enjoy that right, they should at least adhere to the commonly agreed-upon rules of the international community. If they do so, then the rest of the world will gladly provide the security assurances that they so desperately seek." An American added, "With respect to building capacity and implementing an agreement, I think it is important that the North Koreans know what the endgame looks like. By initiating these discussions with North Korea, we can build North Korea's trust in our intentions, which should make them more comfortable in making the strategic decisions necessary to achieve a resolution to the current crisis."

Another American noted that neither the United States nor North Korea have made the strategic decisions necessary to resolve the crisis. He stated, "I do not have any confidence that the United States government has made a decision on whether it could tolerate any level of ambiguity regarding the possible possession of nuclear weapons technology by the North Korean government, particularly in a post-September 11 world. If they decide that they cannot tolerate any level of ambiguity about North Korea's intentions and capabilities, I think it will be extremely difficult to reach an agreement under which North Korea would voluntarily freeze and dismantle its nuclear weapons programs and submit itself to an ongoing verification regime."

He added, "I do not believe that North Korea has yet made the strategic decision regarding whether it requires a nuclear capability in order to ensure regime survival, or whether it believes that there are other available means that can ensure its security." Needless to say, as long as the United States and North Korea refrain from making these strategic decisions, the exercise of engaging in capacity-building talks will always resemble the task of hitting a moving target, since key questions pertaining to the end-state of the disarmament process (Will North Korea give up all of its nuclear weapons and associated programs? Will the United States refrain from seeking "regime change?") remain unresolved.

A South Korean tried to address these questions by looking at them from a North Korean perspective. "What does North Korea want from the United States? All North Korea wants from the United States is a security assurance as a way to build trust. And what is meant by a security assurance? If you read North Korean documents and statements carefully, they really want three things: One, they want the United States to have both non-hostile intentions and polices towards the DPRK; two, mutual respect for sovereignty; three, non-interference in domestic affairs. If the United States can assure North Korea on each of these points, then the DPRK would be very willing to engage in a serious negotiation regarding its nuclear disarmament."

Would North Korea ever fully implement the irreversible and verifiable dismantlement of its nuclear programs, if offered a credible guarantee of peaceful coexistence?



Yes – 44%
No – 56%

Yes Comments

Because the purpose of Pyongyang's nuclear development is to ensure its national security, it may agree to complete dismantlement if offered a credible guarantee of peace.

While possible, this process will take a very long time and will require considerable compensation.

No Comments

The full implementation of the irreversible and verifiable dismantlement of the DPRK's nuclear programs may not be technically possible.

North Korea has put substantial time, money, and effort into developing its nuclear program over the years. Therefore, it will be very difficult to convince the regime to completely give it up.

The security guarantee is an important, but by no means the only, agenda item for the DPRK. Pyongyang actually views the security guarantee as an "entry fee" rather than as compensation for its nuclear dismantlement. A credible security guarantee of peaceful coexistence may facilitate the resumption of negotiations, but cannot prevent the DPRK from raising other conditions and demands for abandoning its nuclear weapons development.

One Chinese participant noted that the United States possesses a surfeit of wealth, power, and security, and that it could therefore afford to be magnanimous by offering concessions to the DPRK as a way to build trust and resolve the crisis. He stated, "North Korea very much wants to be treated equally. When we compare North Korea with the United States, we can easily see that there exists a profound asymmetry of power between the two. Pyongyang has very little, while Washington has a lot. The United States would not lose face if it made concessions to North Korea to resolve the crisis, such as removing North Korea from the list of states that sponsor terrorism, or removing the economic sanctions placed on the DPRK."

North Korea's nuclear weapons program was therefore seen by some participants as a means by which a weak country can negotiate on a more equal basis with the world's superpower. One Russian participant stated, "The North Koreans see their nuclear deterrent as the only means they have to ensure that their negotiating position will be at least as strong as that of their opponents. In their opinion, they will not be able to secure a satisfactory deal without a nuclear deterrent. And as long as they maintain this belief, we will not be able to solve the nuclear issue without addressing North Korea's security concerns."

An American participant, however, stressed that normative factors, rather than power considerations, should determine who makes the initial move and/or concessions to restart the negotiations. "North Korea cheated. They violated the 1992 North-South Denuclearization Agreement, the 1994 Agreed Framework, and the nuclear Non-Proliferation Treaty (NPT). It has been eight months since North Korea abandoned the talks. The United States has been willing to discuss all issues with the North Koreans, but they have been inflexible. They refuse to continue with the six-party process, and in the meantime they continue to operate their plutonium program, their covert uranium enrichment program, and their ballistic missile program. Furthermore, they continue to counterfeit foreign currencies and sell illegal drugs to raise money. We all have to ask ourselves whether we are going to sit back and let this activity proceed."

"On the issue of the ultimate objective," he added, "it is normalization of relations. We understand that. We will be looking at liaison offices and the like, as we move forward, but ultimately it's normalization of relations. We are not saying that everything has to be solved right away, but we are asking for a dialogue and a process to move forward. But what has to be

solved right now is the nuclear issue, and part of that is uranium enrichment."

One participant concluded, "Although all of us probably agree in the final analysis that North Korea should not be allowed to keep its military nuclear capability, I think that we will have to be content for now with an element of uncertainty about this. For the time being, North Korea will continue to exist in a kind of gray zone as far as its nuclear capabilities are concerned." He added that even though "the six-party talks have yielded very few practical results so far, I think the six-party format is extremely important. Not because we still hope that it will bring about a positive outcome, but because it brings together the five countries most concerned with North Korea's WMD programs, and provides them with a mechanism for sharing responsibility for managing this issue."

Given all of these sobering differences, it is hoped that discussions on capacity building might serve as a way to divert attention away from divisive front-end issues and instead focus on the search for common ground on the back end. Somehow both sides need to slow down events and buy time in order to forestall either Washington or Pyongyang from moving precipitously to change the facts on the ground. Moreover, the discussions must be substantive enough to reduce tension and eventually lead to demonstrable progress. They cannot simply be cosmetic. This will not be easy. As one American cautioned, "The same issues which divide us on front-end issues will also divide us as we address the questions pertaining to capacity building." But there was clearly a consensus among workshop participants that capacity building was a worthwhile exercise. The next main question was how to launch such an effort.

Launching a Capacity-Building Effort

The workshop's second session was designed to foster discussion on collective interpretations regarding capacity-building priorities and principles, and it sought to begin to identify overarching areas of agreement (or disagreement). In more concrete terms, what value could a six-party organization deliver and what might be involved in that effort?

One participant suggested that capacity-building discussions can provide a forum for building social capital among adversaries, and that within these forums ideas can be exchanged and resolutions to thorny implementation issues devised and set aside for a time when an agreement concerning front-end issues might be reached. Such a process, according to this participant, was instrumental in facilitating an agreement between the United States and the Soviet Union on arms control issues. "Most scholars who study past arms control agreements focus mostly on the negotiations themselves. They tend to overlook the intense dialogue between Soviet and American military officials and academics that took place long before an agreement was reached. These professional discussions generated solutions to implementation issues, which could then be accessed once it was in the interests of the states involved to reach an agreement."

This same participant noted that capacity-building discussions within this context played a vital role in the 1980s during negotiations concerning the reduction of nuclear weapons. He stated, "In the mid 1980s, President Reagan and Soviet Premier Gorbachev explored the possibility of eliminating all of the nuclear weapons in the American and Soviet stockpiles. At that point, both American and Soviet technical experts argued that such a move would be highly destabilizing, and their arguments were based on analy-

ses developed through joint studies and meetings over the preceding twenty years. Both leaders were thus able to tap into an existing base of knowledge developed through years of prior meetings and consultations."

However, the impact of capacity-building discussions is not limited solely to the provision of viable policy options. The process of engaging in such discussions may create trans-governmental coalitions of policy advocates that could influence the direction of national policy when the time is ripe for a solution. One participant stated, "If the North Korean WMD issue is not viewed as a crisis requiring an immediate solution, then there exists the option of entrapping government officials in discussions regarding viable policy options and the structures needed to implement them. Through this process, a community of individuals with a common expertise and shared expectations arises, and these individuals then become policy advocates within their own governments. So I think it is very important to hold talks on building capacity."

How should such discussions be structured? Workshop participants exchanged ideas regarding how the format of the current talks could be used to foster fruitful discussions on back-end issues. Several participants suggested that the six-party format serve as an overarching framework that fosters discussions on issues held at the bilateral, trilateral, and multilateral levels. Some discussions, such as those concerning sensitive security matters involving North Korea and the United States, should perhaps be held bilaterally. If an agreement is reached, then the topic could be brought before the six parties for their consideration. One participant said, "I think we should consider the six-party talks as the foundation. But within this general framework, perhaps the United States and North Korea can discuss security issues. If they can achieve progress on these issues, then the bilateral talks can be supplemented with discussions held at the multilateral level involving all six parties. I think bilateral talks between North Korea and the United States are important, and without them I suspect that the six-party talks will not last much longer."

Causality can proceed in the opposite direction as well, since progress on multilateral and trilateral discussions concerning capacity-building may also lead to advances in bilateral discussions. One Korean participant suggested that inter-Korean discussions on confidence-building measures (CBMs) would be given a boost if the six parties could agree on an acceptable security assurance for North Korea. He stated, "Inter-Korean discussions on cooperation and tension reduction can be advanced within the context of the six-party talks. If North Korea decides that it can achieve an acceptable level of security with the security assurances developed through the six-party talks, it will be more likely to implement conventional CBMs developed in discussions with South Korea. The two Koreas can take the initiative with respect to conventional CBMs, and the six-party talks can promote and support the compromise reached between the two Koreas."

According to this individual, this dynamic is not limited to security issues. Trilateral and multilateral economic collaboration could also positively influence inter-Korean economic cooperation. He stated, "An improvement in trilateral and multilateral economic cooperation among the six parties can have a positive effect in terms of promoting inter-Korean economic collaboration. For instance, the two Koreas will cooperate more in terms of linking their respective railroad networks if it is linked with the railroad network in Siberia. Similar bilateral synergies between the two Koreas could also be realized through multilateral cooperation on pipelines, agriculture, and the environment. Multilateral economic cooperation could really lead to breakthroughs in inter-Korean economic relations."

Another participant agreed with the idea that the six-party talks should foster discussion at the bilateral, trilateral, and multilateral levels. But he also noted that coordinating all of these discussions

would be problematic: "How do we coordinate all of the issues discussed at the different levels? There are bilateral, trilateral, and multilateral issues that must be discussed, and whatever committees that are established cannot deal with these issues all at the same time. I recommend that we first focus on the important bilateral issues. But we will soon run into the problem of coordinating these discussions with those held at the trilateral and multilateral levels."

A number of participants shared their opinions regarding which bureaucratic structures within a six-party organization should be established to best facilitate and coordinate discussions on building capacity. One veteran of the four-party talks (held among the United States, South Korea, North Korea and China) of the 1990s recommended that a six-party organization have a rotating chairmanship, which could facilitate greater North Korean participation in the organization. He explained, "This allowed the North Koreans to run meetings, and though we certainly know that they are capable of obstructing progress, during these talks, they were able to manage this function quite responsibly. If given leadership responsibilities, I think the North Koreans can be constructive collaborators in a six-party organization."

This participant also emphasized that a six-party organization should have a permanent secretariat and the authority to resolve disputes on matters pertaining to the implementation of an agreement. One of the drawbacks of the 1994 Agreed Framework, he noted, was that the organization that it created, KEDO, lacked both the authority and the bureaucratic structures to resolve disputes beyond its narrow mandate of providing energy assistance. He stated, "The six-party talks should maintain an institutional existence after an agreement is reached, and it should be given the authority to resolve disputes on whatever implementation issues may arise. The Agreed Framework created KEDO, and the numerous problems associated with the implementation and breakdown of that agreement testifies to the need for a dispute-resolution mechanism within a follow-on organization. The six parties should continue to meet, perhaps every three to six months, after an agreement is reached, and they should establish procedures for resolving disputes."

One potential model for a six-party organization is the Agency for the Prohibition of Nuclear Weapons in Latin America (known as OPANAL, its Spanish acronym).[8] OPANAL was established after the successful conclusion of the negotiations for the Treaty for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (Treaty of Tlatelolco), which established a nuclear-free zone in Latin America. OPANAL comprises three main bodies: the General Conference, which convenes for regular sessions biennially and for special sessions when deemed necessary; the Council, composed of representatives from the five member states, which meets every two months in regular meetings and in special sessions when necessary; and the Secretary General. The General Conference is authorized to resolve disputes, as it considers and decides on all issues as they pertain to the treaty.

Workshop participants also agreed that a six-party organization should establish several working groups, though they differed on how many should be created.[9] One participant suggested the establishment of a verification coordination committee, modeled on a similar committee in NATO that implements the Conventional Armed Forces in Europe Treaty.[10] This new working group could be assigned the task of coordinating the inspection and verification tasks carried out by each of

8 For more information on OPANAL and other security assurance approaches, see the IFPA pre-workshop paper, "Building Multi-Party Capacity for a WMD-Free Korea: Security Assurances," March 2005, http://www.ifpa.org/confwrkshp/Shanghai0305.htm.

9 Overall, most participants recommended as small a number of working groups as possible at the start (perhaps two or three), though the number could gradually grow over time if a six-party institution took root.

10 For more information on NATO's Verification Coordination Committee and other verification models, see the IFPA pre-workshop paper, "Building Multi-Party Capacity for a WMD-Free Korea: Verification, Dismantlement, and Ongoing Monitoring," March 2005, http://www.ifpa.org/confwrkshp/Shanghai0305.htm.

the parties, to prevent the duplication of efforts and ensure maximum coverage.

The same participant added, "I believe that we [also] need to create an economic support committee, which would essentially be a working group that would oversee the implementation of an economic aid package to the North Koreans. The North Koreans should participate in this committee, to ensure that they are not just the recipients of intrusive inspections. Through their participation in this working group, the North Koreans can ensure that they will benefit from an agreement, which should increase their commitment to seeing that it is successfully implemented."

A Japanese colleague agreed that North Korea can play an important role in terms of institution-building. He stated, "I think we should not adopt a one-versus-five principle in our approach to North Korea. Rather than focus on what the five parties can do for North Korea, I think we should adopt a more collaborative approach, in which North Korea participates fully in all of the discussions. We should emphasize that all six parties have gathered together to help create a security and economic infrastructure for the region."

Another Japanese participant suggested that the six parties follow the example set by the Conference for Security and Cooperation in Europe (CSCE) by establishing working groups according to three overarching categories: one for security issues, another for topics concerning aid and development, and a third for diplomatic issues. He stated, "I think we should create three 'baskets,' and each would have its own working group. The first basket would cover security issues, and it could be chaired by the United States and North Korea. The second basket could discuss issues pertaining to economic development, aid and energy cooperation, and it could be led by Russia and South Korea. The third basket could handle diplomatic issues. It could issue joint statements, which normally do not mean anything, but they could at least give the impression that progress is being made. This working group can demonstrate to the outside world that implementation is moving forward, and it could be chaired by both China and Japan."

As this comment suggests, the question of which working groups might be established is closely related to whether or not there should be a division of labor among the five parties with respect to conducting post-agreement negotiations and carrying out implementation activities. Most participants were in favor of dividing up certain responsibilities, not only because it could simplify the organization and play to different countries' strengths, but also because each country's national interests are not equally affected by all of the pertinent issues.

Furthermore, negotiations might proceed more smoothly if certain countries are not involved in some of the discussions. One participant elaborated, "With respect to issues concerning the verification of nuclear facilities, I think that China, the United States, and South Korea should play a much larger role. I do not want to exclude Japan, but I think that North Korea will not want to see Japan involved in these discussions. It may be better if Japan did not participate in these discussions and related activities, and rather played a constructive role in the discussions concerning economic assistance." Whether or not Japan would agree to see its role limited in this way is another question, and such an arrangement overlooks Russia's experience with various fissile material control issues. Deciding how to divide responsibilities could be politically difficult, despite the inherent logic in the idea.

A Chinese participant suggested a two-tiered format for carrying out negotiations and follow-on implementation activities. With respect to discussions and activities concerning strategic issues, all countries should participate. On tactical or less vital issues, only those countries most affected should participate. He said, "I do not believe it is realistic to have every country participate in every discussion and activity for each issue. In discussions that touch upon strategic issues, such as whether we implement a full or partial plutonium freeze, or whether

we also dismantle North Korea's uranium program, on these issues all countries should participate. An agreement obviously cannot be implemented without a unanimous agreement on these issues. But on less important tactical issues, only those countries most affected by the outcome of these discussions should participate."

One participant noted that an institutionalized division of labor already exists among the six parties. Japan, South Korea, and the United States coordinate, to some extent, their policy toward North Korea through what used to be known as the Trilateral Coordination and Oversight Group (TCOG), and perhaps a six-party organization could find some way to accommodate TCOG. This participant stated, "There already exists a small quorum within the six-party talks called TCOG. I believe that the TCOG structure is crucial to ensuring some level of policy coordination between the United States, Japan, and South Korea, and I think this coordination has been a positive factor during the six-party talks." He added, "We also have, on paper anyway, the JNCC (Joint Nuclear Control Commission) between South and North Korea, and you could incorporate that into a six-party format, if you want to."[11]

Not surprisingly, several participants noted that a six-party organization should not be heavily institutionalized, and many emphasized the need for flexibility and starting small. One Japanese participant suggested that "in the beginning we should not burden a six-party organization with too many tasks, and we should not overly institutionalize it. A rotating chairmanship is fine. But to get the ball rolling, I suggest that a six-party organization focus on a few important projects. By slowly learning through experience, a six-party organization can determine which mechanisms and processes are appropriate, and it will allow countries to slowly increase their responsibilities and their commitment to seeing an agreement successfully implemented."

A Korean colleague agreed that a six-party organization should evolve gradually, and that it should initially focus on a few key issues: "I think the best way to build capacity is for a six-party organization to initially focus on a few very specific and important tasks and issues. A follow-on organization should be given a concrete 'roadmap' and procedures for carrying out its tasks. Furthermore, it should become more institutionalized over time. Each of the working groups will initially be assigned certain tasks and responsibilities. But as time goes on, these can be increased, and each of the working groups can develop the necessary rules and procedures for carrying out their expanded duties."

One important task on which a six-party organization could initially focus is holding talks featuring higher-level representation from all of the six parties. One Chinese participant stated, "I think a six-party organization should hold talks at the foreign minister level, and even at the head-of-state level. These talks will be largely symbolic, but I think they could have a large impact. I think every head of state will be more committed to seeing an agreement implemented if they issued a joint statement. Furthermore, without this meeting, implementation issues will simply be handled within the lower levels of each country's foreign policy bureaucracy. Having a meeting of senior officials could help ensure the commitment of top-level officials." Another Korean added that "we could also consider some type of six-party assistant defense ministers' meeting, to talk not only about the nuclear issue but also other remaining military issues."

Several participants also suggested that a six-party organization incorporate the knowledge and capabilities on capacity building already developed by past and present bilateral and international organizations. For instance, one South Korean

11 The JNCC was established in March 1992 by North and South Korea to implement the Joint Declaration of South and North Korea on the Denuclearization of the Korean Peninsula. The purpose of the JNCC was to implement a reciprocal inspection regime in which the two countries would conduct inspections on locations chosen by the other side and mutually agreed upon by both sides. The JNCC held thirteen meetings, but the two countries were unable to reach agreement on a reciprocal inspection regime. It has been stalled since 1993.

Should a six-party organization play a post-agreement role with respect to ensuring DPRK compliance with its negotiated verification and dismantlement obligations?

No – 0%
Yes – 100%

What should this role be?

a. Develop in-house capabilities to carry out inspections and monitoring activities and to oversee North Korea's nuclear disarmament – 20%

b. Outsource the above activities to another organization (e.g., the IAEA or an UNMOVIC -like organization), but assume an oversight and dispute-resolution role – 40%

c. Develop some in-house capabilities, but share the inspection and monitoring activities with an outside organization – 30%

d. Other (please explain) – 10%

Participant Comments

The most important post-agreement role for a six-party organization will be the political guarantee and encouragement for the fullest possible implementation of the agreement by the DPRK and other parties involved.

Some combination of the above options will have to be used. A six-party role in ensuring compliance would probably have to begin as a non-IAEA activity as the North Koreans appear likely to maintain their hostility to that organization. As time goes on, it should be possible to move toward either option b or c.

participant noted that "South Korea has already performed a number of economic studies detailing how we could provide economic support to North Korea were it to eliminate its WMD programs. Some of these studies have not been released. But I think that these studies can be useful in building an implementation roadmap, and in terms of showing the North Koreans the benefits that they would receive if they did disarm."

The same participant also suggested that a six-party organization use the IAEA rather than establish its own verification capability. He stated, "I think a six-party organization should ask the IAEA to carry out inspections and ongoing monitoring activities in the DPRK. I see no reason for a six-party organization to create a new inspection capability to implement an agreement." However, one American participant argued for some form of six-party role in carrying out inspection and verification activities in the DPRK: "I believe that we should move as rapidly as possible to incorporate the IAEA in building capacity for undertaking inspections and the ongoing monitoring of North Korea's WMD programs. I also believe that a six-party organization should play some role. This may take the form of an oversight role, or some of the six parties, individually or collectively, may want to actively implement inspection and ongoing monitoring activities on the peninsula. But I think the IAEA should play a role in a six-party organization, and the latter should at least serve as a setting for resolving disputes related to the implementation of a new inspection regime."

One possible model of a regional verification organization that effectively collaborates with the IAEA is the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials (ABACC).[12] ABACC was established in July 1991 by Argentina and Brazil to implement a full-scope safeguards system to monitor all nuclear materials in both countries. ABACC has the capacity to carry out routine and ad hoc inspections, with the inspectors from one country performing inspections on the facilities of the other. The IAEA does play an oversight role with respect to the safeguards applied by the ABACC. For instance, the latter provides to the IAEA information on the inspection methods it intends to use, and both agencies share

12 For more information on ABACC and other verification models, see the IFPA pre-workshop paper, "Building Multi-Party Capacity for a WMD-Free Korea: Verification, Dismantlement, and Ongoing Monitoring," March 2005, http://www.ifpa.org/confwrkshp/Shanghai0305.htm.

with each other the results of the inspections that they separately carry out.

Several participants suggested that a six-party organization can also play an important role in implementing an economic aid package for North Korea. This role may or may not involve the continued existence of KEDO. One participant stated, "A six-party organization should consider how it could utilize KEDO as it develops a strategy for implementing an economic aid package. However, we may also want to set up an alternative international consortium for implementing an agreement. A new consortium could include representation from the World Bank, the International Monetary Fund, and the Asian Development Bank. Each of the participants could share information and technologies, and perhaps it could also serve as a forum for Chinese technocrats to discuss their country's experience with the reform process." Another participant suggested that a six-party organization establish a development bank for Northeast Asia. He stated, "One potential role for a six-party organization is for it to function as a development bank for the Northeast Asia region. Certainly North Korea would benefit from this arrangement, but China's northeastern provinces, and the Russian Far East, could also see an inflow of development funds."

Throughout the workshop, participants exchanged a wide variety of ideas concerning the possible roles, activities, and organizational structures for a potential six-party organization. One common theme repeated throughout the conference was the desire to see the six-party process eventually evolve into a permanent regional organization. One South Korean participant stated, "I think it is very important for the six-party process to become embedded within a larger institutional framework within the region. A six-party organization should foster ongoing discussions between senior officials from all six countries, and it should certainly focus on overcoming the challenges to implementing an agreement with North Korea. But I think it is very important for all of us to consider how a six-party organization can both institutionalize a regional dialogue on security and economic issues, and foster more cooperative interactions among all countries in Northeast Asia."

Security Assurances

Devising an acceptable security assurance for North Korea is obviously a pivotal issue in the current crisis, and workshop participants shared their ideas in a smaller breakout group regarding how a six-party organization can play a constructive role on this issue. One participant repeated his assertion made during the first session on what he believed were the necessary ingredients for a security assurance deemed acceptable by the North Koreans. "The North Koreans essentially make three demands on the United States when they ask for a security assurance: first, a pledge of 'non-hostile' intent and policies; second, mutual respect for state sovereignty; and third, non-interference in domestic political affairs. The North Koreans believe that the United States has already agreed to each of these requirements through joint statements that were issued in 1993 and 2000, and through the 1994 Agreed Framework. Today, the North Koreans want a senior American official, preferably President Bush or Secretary of State Condoleezza Rice, to publicly reaffirm these three principles. Furthermore, if there followed three months of tranquility, characterized by the absence of verbal sparring between the two countries, then I think the North Koreans would consider the totality of these actions as an acceptable security assurance."

Despite the apparent clarity of the above definition, breakout group participants were unsure of the optimal way in which a six-party organization could put an effective and acceptable security assurance into effect. Does North

Korea require a written, legally binding security assurance, and if so should a six-party organization facilitate its provision? After speaking with a North Korean official, one Russian participant initially thought that the North Koreans indeed required a legally binding document. He noted, "Right after the start of the first Bush administration, I met with a senior North Korean official. He already suspected that the incoming American administration had hostile intentions towards the DPRK, and he claimed that North Korea required a comprehensive security assurance from the United States. I had heard all of this before, but I was surprised when he then insisted that the assurances would have to be legally binding."

One American participant, who had met with the North Koreans on a number of occasions, also mentioned that the North Koreans emphasized to him the necessity that an assurance be legally binding. He stated, "In January 2004, I spoke with North Korean officials over a period of three days, and in particular we addressed the issue of security assurances. I was left with the impression that the North Koreans attach a great deal of importance to the legally binding nature of an assurance. They were disappointed that the political commitments made by the Clinton administration did not bind the incoming Bush administration. They suggested that the U.S.–DPRK joint communiqué of October 2000 or the U.S.-North Korean joint statement from June 1993 represented examples of the United States demonstrating that it had no hostile intent towards the DPRK. They indicated that the United States simply had to provide legal backing to a similar statement."

While the DPRK would ideally like to see the United States offer a legally binding peace treaty, this participant informed his North Korean hosts that the United States Congress was unlikely to pass a bilateral non-aggression treaty. He said, "When I met with DPRK officials, I informed them of the different options available for providing a legally binding commitment to them. As everyone knows, the North Koreans had initially asked for a legally binding peace treaty with the United States. I informed them that all treaties required the approval of the U.S. Senate, and that the president cannot provide a legally binding assurance without the approval of the legislative branch. And I also told them that a treaty was unlikely to receive enough supporting votes in the Senate."

However, this participant continued, "another option for providing an American security assurance to the North Koreans is through a joint resolution of Congress indicating that the United States has no hostile intent towards the DPRK. And a six-party organization can play an important role in this matter. Initially, there would have to be a political statement within the framework of the six-party talks. This statement, essentially a multilateral security assurance, could include each of the three elements previously mentioned that the North Koreans require in a security assurance. This document could then be affirmed by a joint resolution of Congress, which would then be signed by the President. A joint resolution requires a simple majority vote, and in my opinion, if the president asked Congress for it, he would get it."

What role, if any, should a six-party organization assume with respect to providing security assurances to North Korea?

None – 0%

Act as a forum for negotiating a politically or legally binding nonaggression pact or no-first-use of nuclear weapons agreement – 6%

Act as a forum for negotiating confidence- and security-building measures – 18%

Both b and c – 76%

Other (please explain) – 0%

While this option is feasible, the participant did indicate that North Korea would have to pledge to dismantle its nuclear programs in advance of

the passage of a joint resolution. He stated, "Congress would provide a joint resolution only within the context of a denuclearization agreement. If the North Koreans return to the six-party talks and pledge to fully abandon their nuclear weapons ambitions, then I believe that a multilateral security assurance in the form of a joint congressional resolution is attainable."

He added, "I think the legal nature of a joint resolution can be finessed. It will not be a peace treaty, but rather a legally binding joint resolution of Congress that affirms the consensus agreed to within the six-party talks. The joint resolution, affirmed by Congress and signed by the president, would essentially endorse a multilateral security assurance provided through a six-party organization." Whether or not North Korea would consider a joint resolution as an acceptable security assurance would likely depend upon the degree to which it legally restricted the military options at the disposal of the American president for settling the crisis.

If the United States did provide some form of assurance to the North Koreans, an important policy issue would be its effect on the security alliance between the United States and South Korea. One American participant suggested that the acquisition of a legally binding security assurance may be the first step in an effort by North Korea to change the balance of power in the region, since North Korea may then proceed to call for the removal of American troops and influence from the peninsula. He asked, "What are the implications of a legally binding security assurance on the U.S.–ROK mutual defense treaty? I am sure that the North Koreans would eventually want to discuss the presence of American forces in South Korea. Many legislators in Congress suspect that what the North Koreans really want is an American pledge to stay out of Korean affairs, and that the next step following the provision of a security assurance would be a demand for a removal of American forces from South Korea."

This participant noted that Congress would not provide an assurance to the DPRK without consulting South Korea. "I believe that the United States Congress would never provide a security assurance to the DPRK if it had a negative impact on our alliance with South Korea," he said. "The United States would consult with South Korea to ensure that a security assurance to the DPRK made sense within the context of our security alliance."

An alliance, however, is a means toward advancing national interests, and not an end in itself. For the United States, the military alliance with South Korea is one component of a larger Asia security strategy designed to ensure a favorable balance of power, thereby allowing the United States to be seen as the regional arbiter and security guarantor. For South Korea, the alliance is vital to ensuring peace and security on the peninsula, and by providing this benefit the alliance can facilitate the process of inter-Korean reconciliation. The alliance, therefore, is maintained by both parties to the extent that American regional interests overlap with South Korean national interests. If, in the future, Seoul had to choose between a process that eventually culminated in a relatively successful reunification, and the continued presence of American troops on the peninsula, which option would it choose? One Korean participant hinted that South Korea would choose the former. He stated, "It should be made very clear that our alliance with the United States is not an end in itself. South Korea wants to unify with the North, and we also desire peace and security on the peninsula and in Northeast Asia. Our alliance with the United States is vital in achieving each of these goals. But the alliance with the United States cannot interfere with the natural evolution of events on the peninsula."

Other participants suggested that what the North Koreans really want from the United States is diplomatic recognition. The Russian participant who had met with North Korean officials said, "When I started to inquire on the precise nature of a security assurance, my North Korean hosts suggested that

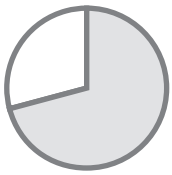
the DPRK needed to establish full diplomatic relations with the United States. The United States is not inclined to provide a bilateral assurance to the DPRK, and the North Koreans know this. A statement issued by the United States within the context of a six-party organization will not be seen as legally binding in the absence of the establishment of diplomatic relations between the two countries."

Normalized diplomatic relations between the United States and North Korea could potentially function as an effective security assurance by providing a material basis to an American commitment to seeing the continuance of the Kim Jong-il regime. A number of economic and political benefits would flow to North Korea in the wake of American diplomatic recognition. American diplomats, businessmen, and aid workers would be in Pyongyang and in the North Korean countryside. Japan might also extend diplomatic recognition to North Korea, which would facilitate the provision of substantial Japanese aid to the DPRK. Furthermore, a six-party organization could also be in a position to help coordinate numerous economic aid programs and assist North Korea in reforming its economy.

Throughout the workshop a number of participants noted that North Korea's insistence on a security assurance is rooted in existential fears that the United States would like to eliminate the current regime in Pyongyang. While regime change can be achieved through non-military means, as recently demonstrated in Kyrgyzstan, one South Korean participant suggested that North Korea feared state death resulting from the unrestrained use of American power. He noted, "North Korea desires a security assurance from the United States because they really fear a nuclear attack from the world's superpower. Anyone who goes to North Korea will see that they are preparing for an American nuclear attack. While many outsiders will regard that contingency as extreme and contrived, for the North Koreans it represents a real fear, and it figures prominently in their threat perceptions."

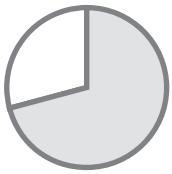
If the United States accurately determines that North Korea is actively selling nuclear materials to third parties:

Will the United States launch surgical military strikes and/or pursue a policy of regime change?



Yes – 71%
No – 29%

Will the United States be able to convince China and South Korea to end their economic support for the DPRK regime?



Yes – 71%
No – 29%

Participant Comment
As long as there remains any room for differing interpretations and assessments of relevant intelligence in this area, the United States will have a hard time persuading China and the ROK to end economic support for North Korea.

One American government official at the conference, however, believed that such threat perceptions were exaggerated and intentionally inflated to accomplish several goals. First, it allows North Korea to continually push into the future the day when it will have to dismantle its nuclear programs, since the latter are needed to deter a mythical threat. He stated, "The United States has never heard from the North Koreans what they specifically want when they ask for a security assurance. We have both agreed that a multilateral security assurance makes sense, but they have not offered their opinions regarding what should be included within that assurance. A six-party organization can provide North Korea with a multilateral security assurance, but North Korea would have to agree beforehand to disarm its nuclear programs. Their reticence on what should be included within a security assurance can lead one to conclude that the DPRK is not interested in

making the concessions that everyone agrees are needed to resolve the crisis."

Second, intentional threat inflation allows the DPRK leadership to build regime legitimacy by rallying the masses against a presumed foreign threat. The same participant stated, "I really do not think the North Koreans should be concerned with a nuclear attack from the United States. We all know that such an act is far-fetched. The North Koreans can say whatever they want. But to the outside world, it appears that the North Korean regime is using the fiction of an imminent American attack to energize their people by rallying them against a foreign threat that is intentionally exaggerated."

Another participant suggested that the North Korean leadership may not be consciously lying when they mobilize their society to prepare for a heightened American threat. Years of intentional threat inflation have resulted in cognitive evolution, since the DPRK leadership has indoctrinated both itself and the broader public to expect an American assault at any moment. He stated, "The North Koreans do believe that they are threatened by the United States, but to some extent they are the victims of their own propaganda, which has been quite effective over the past fifty years. Not only has the populace been indoctrinated to fear the United States, but the leadership has indoctrinated itself."

However, one South Korean participant argued that North Korean threat perceptions were based less on a socially constructed evil American "other" and more on legitimate fears owing to past American and Japanese cruelties inflicted on the North. He stated, "I have conducted a number of interviews with ordinary North Koreans. They were the victims of air raids carried out during the Korean War. Of course there is some indoctrination, but in my opinion their anti-American and anti-Japanese sentiment is authentic, rather than contrived. And the North Koreans will always tell outsiders that American and Japanese pressure will enhance the legitimacy of the Kim Jong-il regime. Foreign pressure will strengthen the position of the military in North Korean society, and it will further consolidate the internal cohesiveness of the North Korean people."

He also suggested that American officials were mistaken to believe that they could construct a more accurate DPRK threat perception than the North Koreans themselves. For this participant, empathy on the part of American officials was important to overcome misunderstandings between the two sides. "Who should define North Korea's threat perceptions?" he asked. "I think it should be North Korea, and not the United States or any other country. That is why the United States should try to see the issue from the perspective of the North Koreans. The threat of nuclear attack may appear exaggerated to American officials in Washington. But if American officials adopted the perspective of the North Korean people, they may not casually dismiss the latter's security concerns."

Regardless of whether or not North Korean fears are exaggerated, they have led to a paranoia on the part of the North Korean leadership, and this paranoia is at the root of North Korea's persistent demand that the United States undertake actions that at least implicitly recognize the legitimacy of the North Korean state and ruling regime. One American participant said, "It is apparent to me that the North Koreans are overwhelmingly concerned with an American validation of their legitimacy. This really goes back to the origins of North Korea, the division of North Korea after World War II, and the absence of a final conclusion to the Korean War. So what North Korea is looking for from the United States is an acknowledgement that North Korea is a legitimate state with a legitimate government. The North Koreans thought they received that acknowledgement with the 1994 Agreed Framework. But while they viewed the agreement as a validation of their continued political existence, the United States viewed it solely as a nuclear agreement."

While a front-end agreement will necessarily involve some form of assurance to North Korea, others suggested that North Korea itself will have to provide an assurance to the other five parties, given its history of latent nuclearization and proliferation. The American government official noted, "Some participants have cited President Bush's 'axis of evil' comment, which was made several years ago. But I want to remind everyone that North Korea's covert uranium enrichment program precedes that comment. This program threatens all of us, both because it is covert and because it will allow North Korea to effectively produce significant quantities of weapons-grade uranium. This program is in violation of the 1992 North-South Denuclearization agreement, the 1994 Agreed Framework, and the NPT. What do these infractions say about North Korea's credibility? Ladies and gentlemen, we are here because North Korea has a covert nuclear enrichment program, which violated the commitments that they made, and which threatens each of the other five parties' security. We are discussing the topic of multilateral security assurances because of this program."

Thus, for the United States, a multilateral security assurance provided within the context of a six-party organization is preferable to a bilateral assurance, since it provides North Korea with an opportunity to reassure the other five parties that it does not intend to contribute to regional and global insecurity. Of course, from the U.S. perspective, the most effective security assurance against WMD proliferation is the complete and verifiable dismantlement of those programs in North Korea, which is the flip side of an assurance for Pyongyang.

Several participants suggested that China should also provide assurances, not because it is contributing to regional insecurity, but rather to assure the North Koreans that it will come to its aid in case it is attacked. One American participant suggested that China could reaffirm the pledge to defend North Korea that Beijing undertook with the 1961 Treaty of Friendship, Cooperation and Mutual Assistance. "Since there already exists a mutual defense treaty between North Korea and China, perhaps China could reconfirm these assurances to North Korea, while the United States could publicly declare that it would respect China's defense commitment to the DPRK." For this participant, an American effort to convince China to play this role would resemble American attempts to convince the Soviet Union in the late 1960s to reconfirm its security assurances to North Vietnam, which the United States would have publicly endorsed as a way to facilitate an American disengagement from the Vietnam conflict. A six-party organization could potentially provide diplomatic cover for a Chinese-American condominium that assures North Korea's survival following the latter's agreement to disarm.

While he did not endorse this option, an American official present at the workshop did suggest that China could play a more helpful role in convincing the North Koreans that their interests were better served through nuclear disarmament. He stated, "I think China can play a more helpful role by convincing the North Korean leadership that nuclear weapons will neither enhance their security nor bring them economic benefits. North Korea can enhance its legitimacy by committing itself to nuclear disarmament, and China, as North Korea's close ally, can support this process. North Korea will be more likely to disarm if China, as opposed to the United States, is telling it that its interests are better served by committing to and implementing a policy of denuclearization."

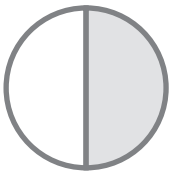
A Chinese reaffirmation of North Korea's security was not a popular option with Chinese participants at the workshop. Several noted that in recent years Chinese officials have deemphasized the military nature of the 1961 treaty. One Chinese participant noted, "In the early 1990s, one Chinese official indicated that China would help North Korea if the South invaded the North. But China would not come to North Korea's aid if it invaded

South Korea. The former contingency is less likely today, especially given that China established diplomatic relations with South Korea in 1992. So the 1961 treaty is no longer seen by China as a military alliance. Rather, it is seen as expressing a political desire for friendship and cooperation between the two countries."

Other Chinese participants suggested that it was the United States, and not China, that had the responsibility to alleviate North Korea's existential fears. One such participant stated, "North Korea is not worried about China. They know that China will not attack it. The United States represents their main security concern. We should focus on how we can convince the United States to provide a security assurance to North Korea, since it is very clear that the United States is unwilling to guarantee North Korea's survival." Another Chinese participant suggested that China's refusal to publicly guarantee North Korea's survival was a diplomatic strategy to get the two main antagonists to reach an agreement between themselves. He said, "China does not want to reinforce North Korea's security because doing so would reduce the need for the United States to provide assurances to the DPRK. Furthermore, Chinese restraint also serves the purpose of forcing the North Koreans to negotiate with the United States. So this strategy is designed to get both parties to negotiate an agreement."

It is very likely that a front-end agreement — if one were reached — would contain vague language, in which North Korea agreed to the complete and irreversible dismantlement of its nuclear programs in return for the United States' agreeing to respect its security and legitimacy. A six-party organization would then have to negotiate the specific components of an agreement, and in particular it would have to manage the tensions that would inevitably arise as one party or another tried to maintain a hedge by structuring the content and timing of concessions to its benefit. One participant criticized the most recent U.S. proposal for ending the crisis (issued during the third round of the six-party talks in June 2004) as being too lopsided in its favor, since the United States would extend diplomatic recognition to the DPRK only well after the latter implemented the complete, verifiable, and irreversible dismantlement (CVID) of its nuclear programs. He stated, "We hear from the American government representatives at the workshop that the United States has extended a step-by-step offer that will provide North Korea with everything that it is seeking as long as it implements the complete and irreversible dismantlement of its nuclear programs.

The following most closely describes my thoughts regarding a practical way to resolve the current impasse between the United States and the DPRK:



Incremental processes stretched out over several years, consisting of step-by-step confidence-building measures, reciprocal movements, and extensive verification, presumably leading to a final settlement – 50%

An upfront, comprehensive package deal, such as a nonaggression treaty (or a promise acceptable to both sides) and diplomatic/economic engagement exchanged for significant progress on North Korea's nuclear dismantlement within a six- to nine-month period – 50%

Participant Comment
We need to combine aspects from both of these options to resolve the impasse. Furthermore, the timeframe for the implementation period for an upfront agreement should be longer than six to nine months.

"But from North Korea's point of view, the June 2004 offer is not substantial, since it does not require the United States to extend diplomatic recognition to the DPRK or to remove it from the list of state sponsors of terrorism after its denuclearization. Rather, under the June 2004

proposal, the United States promises only that it would undertake these actions as long as North Korea complies with other requirements as well, such as curbing its ballistic missile program and improving its human rights record. North Korea believes that it is being asked to make real concessions in return for promises. If the United States wants to resolve the crisis, it needs to put forward a solution that calls for step-by-step, reciprocal concessions by both sides."

An American defended the June 2004 proposal, however, arguing that it did require both sides to make reciprocal concessions. "Our proposal indeed calls for step-by-step concessions. Once North Korea implements a freeze, they will receive heavy fuel oil. When they make a full declaration of their nuclear activities, and if that declaration is consistent with what we know about their nuclear programs, then North Korea will receive provisional security assurances. When the DPRK starts to dismantle, the United States will remove economic sanctions, and as the dismantlement process proceeds successfully, North Korea will get other forms of aid, such as energy assistance. Once dismantlement is complete, they will get enduring security assurances and the beginning of discussions that could lead towards normalized relations. And before relations are fully normalized, the United States can establish a liaison office, which could facilitate business and academic exchanges."

Another American participant suggested that CVID does not have to be fully implemented before the provision of benefits from the American government. He stated, "I think there is misunderstanding regarding the insistence of the United States on the permanent and irreversible dismantlement of North Korea's nuclear programs. I cannot speak for the White House. But several officials from the State Department have noted that CVID does not have to be fully completed before the United States extends benefits to the DPRK. The American proposal does call for step-by-step concessions and benefits. What is not negotiable is a commitment by the DPRK to the complete and irreversible dismantlement of its nuclear programs. This commitment has to be made at the beginning of the implementation process, not in the middle or near the end of the process. The DPRK leadership needs to make that commitment before a six-party organization implements an agreement."

If normalized relations and an American diplomatic presence in Pyongyang do indeed represent an enduring security assurance, the United States may be unwilling to provide such an assurance before North Korea has fully disarmed, since otherwise there exists the possibility of a North Korean defection from an agreement (i.e., a covert nuclear weapons program and calls for the removal of American troops from the peninsula) right at the moment when the United States has accepted potential limits regarding its ability to coerce North Korea.

The key challenge that a six-party organization will face in terms of structuring the timing and content of payoffs and concessions within an agreement is that neither North Korea nor the United States trusts that the other will relinquish cherished hedges during an iterative implementation process. One participant suggested that a six-party organization should not focus so much on the actual content of a security assurance. Rather, he suggested that it should serve as a setting where North Korea and the United States could develop trust in each other's intentions, which perhaps may allow each side to make the decisions that are needed to overcome the current impasse in the negotiations. He stated, "Do we envision a multilateral security assurance as a single, static document pledging non-interference in domestic affairs and the mutual respect for sovereignty? Or do we envision it as the starting point of a capacity-building effort that could facilitate the building of trust over time among all of the six parties? It seems to me that the absence of trust is a key issue in the current stalemate, and trust is something that is built up

through iterative positive interactions. I think a six-party organization should focus on how it could structure repetitive interactions between North Korea and the United States so that both parties could eventually trust the intentions of the other."

Dismantlement & Verification

Perhaps the most significant contribution that a six-party organization can make in terms of ensuring a peaceful resolution to the current crisis is the overseeing or implementing of a viable dismantlement and follow-on inspection regime that verifies North Korea's nuclear disarmament. In doing so, a six-party organization will have to overcome two related challenges. First, it will have to devise an inspection regime that can reduce the risk of latent nuclearization and undetected WMD proliferation by North Korea to an acceptably low level. Second, it will probably have to pursue this objective under significant constraints imposed by the DPRK, which is unlikely to accept the high level of intrusiveness necessary to eliminate all uncertainty involving its nuclear programs. Workshop participants therefore debated what role a six-party organization could play in helping to overcome these challenges.

In addressing the second challenge, several participants noted that North Korea is unlikely to permit the level of access that Iraq was forced to provide after the first Gulf War and before the second. One participant noted, "We should expect North Korea to set limits with respect to a new verification regime. They will not accept the Iraq model, where inspectors had the right to inspect any site within the country, and at a time of their choosing. North Korea may allow intrusive inspections in certain areas, but they will want to control many aspects of the inspection process, such as when inspectors can access a certain site, and how inspections and ongoing monitoring will be implemented. The North Koreans will want to maintain some control over the process in order to either stall or reverse it."

One American participant who has met with the North Koreans on numerous occasions did note that they would probably accept a limited verification regime. He stated, "We should keep in mind that any agreement will be one that North Korea voluntarily agreed to. I have explained to the North Koreans that it would be unacceptable for them following an agreement to maintain a

covert program and then challenge the other five parties to prove that the DPRK is indeed cheating on its disarmament obligations. I think they realize that they would have to commit themselves to ending their nuclear programs. But I do not believe that the North Koreans would give us full access to their country. The North Koreans are not likely to accept anything more than a limited verification regime. While the latter is not our preferred option, I do believe that it can be utilized to verify North Korea's nuclear disarmament. In the late 1990s, we were able to attain access to Kumchang-ri, which we discovered was not a nuclear-related site. But the site did contain sensitive military equipment, and the North Koreans initially did not want us there. But in the end we were able to negotiate access."

This participant suggested that the five parties could perhaps pry greater cooperation from the North Koreans by linking economic benefits to North Korea's commitment to implementing a verification regime. He said, "While North Korea may voluntarily accept an agreement, we cannot assume that the DPRK will be fully committed to its implementation, nor should we expect that it will permit access to every site that we wish to inspect. But I think we can increase North Korea's incentives to cooperate by linking their performance in implementing an agreement to the amount of economic aid and other benefits that they would receive. So the more cooperative they are in facilitating a verification regime, the more they will benefit economically from an agreement."

While aware that a new verification regime would be limited, several participants offered their suggestions regarding what initial steps should be taken to disarm North Korea. One participant suggested that a six-party organization should follow the initial steps laid out in the United States' June 2004 proposal. "The June 2004 proposal is very specific regarding North Korean obligations in the initial phase. Initially, North Korea would present a declaration of all of its nuclear facilities and materials, and the information provided in this declaration would be compared with what each of the other parties know about North Korea's nuclear programs. I think a six-party organization should make a similar demand on North Korea, and also insist that the process would not move forward unless all parties were satisfied that the declaration was complete and accurate."

One American participant noted that "the United States would judge as incomplete any declaration that omitted a reference to North Korea's uranium enrichment program or to the number of nuclear weapons that it has constructed. If a declaration contained information on each of these elements, then it could be a useful starting point. But I think there is a fundamental belief in Washington that a declaration will be neither complete nor accurate, since the United States believes that North Korea would always try to hide some aspect of its nuclear programs."

Other participants suggested that a six-party organization should initially focus on North Korea's plutonium program. By instituting a freeze on this program, one Chinese participant suggested, a six-party organization could thereby apply a normative constraint against the future production of all fissile material by North Korea. He stated, "I think a six-party organization should devise a new framework for verification, and the first step would be to implement a freeze on North Korea's plutonium program. We could do this by asking North Korea to freeze all nuclear activity. Of course there is the likelihood that North Korea will not acknowledge its uranium enrichment program, but accepting an initial freeze solely on its plutonium program will accomplish several objectives. First, North Korea will shut down the Yongbyon reactor and reprocessing center. Second, an agreement will not be derailed in its initial phase, since North Korea will still be reluctant to admit that it has a uranium program. Third, despite its hesitancy to admit the existence of the latter, North Korea may still freeze all uranium enrichment activities, since if it were caught cheating now, it would be violating an agreement reached

with five other countries, including allies, rather than one reached with just the United States."

Several participants emphasized the importance of intelligence sharing among all five parties in order to effectively judge the completeness and accuracy of an initial declaration by the DPRK. One American participant noted, "We will be able to judge North Korean attitudes regarding its intentions to denuclearize based upon their initial declaration. At that point, the other five parties will have to share all of their intelligence on North Korea's programs, in order to develop a common picture. Ideally, if the North Koreans challenge us on our assertions that they are hiding some aspect of their programs, we could then point to Russian or Chinese intelligence on past sales of equipment, or to South Korean intelligence derived from interviews with defectors. So the five parties should be prepared to share intelligence and develop a common picture of North Korea's nuclear programs." One role for a six-party organization, therefore, could be to try to provide a secure setting for China, Russia, the United States, Japan, and South Korea to share their intelligence on North Korea's nuclear programs.

The American participant who discussed the example of Kumchang-ri suggested that intelligence information could allow inspectors to focus on the critical aspects of North Korea's nuclear programs. "I think there should be robust intelligence sharing among the five parties, to allow us to identify the critical nodes of a nuclear program. This will allow a verification organization to minimize its intrusiveness to areas that are only really important, and it may also reduce the need to search the entire country for hidden nuclear facilities." Greater intelligence sharing within the context of a six-party organization may therefore boost the effectiveness of a limited verification regime, and perhaps reduce the impact of North Korean cheating to a tolerable level.

"Robust intelligence sharing" is an attractive idea, but it will be difficult to achieve given the natural instinct to reveal as little as necessary. One participant observed, "My guess is that China has the most complete and accurate information on North Korea's programs. They probably have many operatives within North Korean territory, which would give China first-hand information on North Korea's nuclear activities. And China does not appear to be in a rush to solve the crisis. Why is that the case? Because they have people on the ground who are telling them that North Korea's programs are not very dangerous." However, one Chinese participant disagreed with this assessment. He countered, "I do not agree with you. China believes that North Korea's nuclear programs represent a threat to its security. China would not hesitate to dismantle them. We also do not have the ability to accurately determine North Korea's nuclear capabilities." Perhaps one way that intelligence can be fed into the six-party process is to create a mechanism for sharing information pertinent to a specific dispute, as part of a formal dispute-resolution procedure, and in this way narrow the scope of intelligence sharing and (hopefully) boost compliance when it counts.

Workshop participants also exchanged ideas regarding what role a six-party organization should play with respect to implementing a new verification regime. As several participants noted, the answer to this question is closely related to the role that the IAEA would ultimately assume in monitoring North Korea's nuclear disarmament. One American participant suggested that the IAEA was not the appropriate organization for dismantling North Korea's nuclear weapons programs, since its expertise is in monitoring a peaceful program. Furthermore, he noted that the five declared nuclear powers would fear the spillage of nuclear secrets to non-nuclear countries within the IAEA, if the latter were made responsible for disarming North Korea. He stated, "The IAEA did not have the responsibility for dismantling Libya's nuclear programs because the five declared nuclear powers were concerned that sensitive knowledge would be transferred to non-nuclear powers within the IAEA. Also, the IAEA was created to monitor non-military nuclear programs. It was not created to monitor nuclear weapons pro-

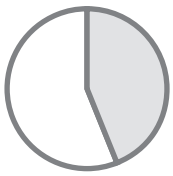
grams, and so it lacks the technical ability to disarm North Korea of its nuclear programs."

One Chinese participant suggested that the IAEA should eventually be given the responsibility for ensuring the absence of undeclared nuclear materials in North Korea, but that during the initial stages of the verification and disarmament process, either the five parties or the five declared nuclear powers should take the lead role in dismantling North Korea's nuclear weapons programs. In his opinion, "There should be a two-part implementation process. During the initial phase, either the five declared nuclear powers, or the other five parties within the six-party process, could assume responsibility for disarming North Korea's nuclear weapons, and perhaps also for sequestering all of the fissile material that North Korea produced. Once these tasks are completed, the IAEA could then assume responsibility for the ongoing monitoring of North Korea."

Several participants noted that it was in the interest of all of the five parties for North Korea to return to the NPT as a non-nuclear power, which presupposes the return of the IAEA to the DPRK to verify its non-nuclear status. North Korea, however, has not disguised its hostility to the IAEA, and one American participant suggested that a six-party organization may have to carry out the initial monitoring activities before the IAEA is eventually allowed back into the peninsula. He stated, "I think as an interim step, a six-party organization could carry out some of the activities that the IAEA normally undertakes. Unfortunately, this will be a time-consuming activity, since it will involve recreating all of the historical data that is maintained by the IAEA. The North Koreans may insist on a 'firewall' between the two organizations, but perhaps it could be a porous firewall. Still, a six-party organization may have to be made responsible for dealing with any discrepancies that may arise in North Korea's initial declaration."

If the five parties, rather than the IAEA, were responsible at least initially for monitoring North Korea's nuclear disarmament, then it makes sense for them, perhaps within the context of a six-party organization, to plan carefully so that all parties are in agreement on the nature of the ongoing verification regime that North Korea is asked to accept. One participant indicated that preliminary technical discussions on a suitable inspection and verification regime would indicate how much of the uncertainty surrounding North Korea's nuclear programs can be eliminated. Political leaders can then determine whether the remaining risks would be tolerable, which in turn would influence their calculations regarding whether a front-end deal is even feasible. He stated, "I think it would be a good idea for technical experts from each of the five parties to discuss amongst themselves the requirements for an acceptable verification regime. They can then advise the politicians and diplomats regarding any technical limitations that would hinder the task of verifying North Korea's nuclear disarmament. The politicians can then decide whether an agreement is even possible, based upon their prevailing appetite for risk."

North Korea is suspected of having enough plutonium for eight or nine bombs. Is the DPRK likely to export its plutonium in the future (either for money or to threaten U.S. interests via a third party)?



Yes – 44%
No – 56%

Yes Comments

If North Korea's economic situation continues to decline, it may sell nuclear materials to a third party.

The DPRK may export plutonium to a third party if it thinks such a transaction can be kept secret.

No Comments

The potential financial benefit of such an action is too small to warrant such a high level of risk for Pyongyang.

This would be a suicidal action for North Korea.

Pyongyang is aware that exporting nuclear materials is crossing a red line and would proceed very cautiously.

Another participant concurred. He stated, "What is the level of confidence that each of the five parties require in the ability of a new verification organization to be able to secure every gram of plutonium, every kilo of highly enriched uranium, and every P2 centrifuge in the DPRK? Each party would prefer perfect security, but this will require a very intrusive inspection regime. Perhaps there is a level of assurance below the level of perfect security that all parties can accept. If so, then we can have a verification regime that is much less intrusive, and it could be adjusted depending on North Korean fulfillment of its obligations."

Some preliminary technical discussions could also include North Korea. An American participant suggested that the five parties could build North Korean trust in a new verification regime if China and Russia first had discussions with the North Koreans on potential inspection formats. He stated, "I think it would be a good idea for China and Russia to hold preliminary technical discussions with the North Koreans about the procedures used to dismantle South Africa's and the Ukraine's nuclear weapons programs. These talks could serve the purpose of educating the North Koreans on the steps involved in the process of dismantling a nuclear weapons program, and of the lessons learned from past disarmament processes that were successfully concluded. These discussions could also build North Korean trust in the verification regime that we might propose to them, since they trust China and Russia more than they do the other members of the six-party process." A six-party organization could therefore play a vital role in devising and implementing a new verification regime by establishing a working group that could serve as a setting for initial discussions on a number of verification topics.

Should North Korean input be considered and perhaps incorporated when devising the rules of the new inspection regime? Several participants expressed concerns that North Korea would simply try to dilute the effectiveness of any verification regime proposed by a six-party organization. However, others argued that the implementation of a verification regime would proceed more effectively if North Korea played an active role in its formulation. One participant stated, "I think we should invite North Korea to join discussions that address the rules and procedures of a new verification regime. We should really try to avoid a repetition of the Iraq example, where international monitoring agencies were continually obstructed in their work, and were finally kicked out of Iraq in 1998. I think North Korea would be more cooperative in implementing a new verification regime if it participated in the initial discussions that addressed the regime's basic characteristics."

Another participant suggested that North Korea be given a role in selecting the initial sites for inspection. Ideally, this activity would allow the DPRK to build trust in a new and flexible verification regime, and perhaps allow inspection and monitoring responsibilities to be transferred over time to the IAEA. He said, "I think we should try to establish a flexible inspection format. Initially North Korea could select five sites to be inspected, while the other five parties select another five. Some sites could be added and others removed as new information is received during the implementation of the verification regime. Ideally, this flexible process will proceed for two years, to the satisfaction of North Korea and the other five parties. After this initial period, we could transfer ongoing monitoring responsibilities to the IAEA."

Workshop participants also suggested other compelling reasons for a North Korean role in overseeing the verification regime. One American who in the past participated in a number of inspection teams noted that the inspection process sometimes generates unwanted externalities, since inspectors are in a position to obtain extraneous information that the target country would rather keep hidden. The inevitable tensions that arise in these situations could perhaps be effectively managed if North Korea were an active participant in, for example, a verification oversight committee established by a six-

party organization. "The verification process can be very tricky," he said, "because those of us who carry out inspections never have enough information. We are always devising new methods to achieve our mission. Sometimes, though, the methods we use to collect information provide us with information on programs not subject to inspection, and which the target country would rather keep hidden. For instance, when the United States and the Soviet Union inspected each other's medium-range missiles, the inspectors from both countries were in a position to access information on separate programs not covered by the inspections. Obviously this situation creates worries in the target country, and if a similar situation arose in the current context, we would want to be able to discuss the matter with the North Koreans."

Another American noted that secrecy permeates North Korean society, and that DPRK officials will be inherently reluctant to allow inspectors access to most parts of the country. Active North Korean participation in a new verification regime may be necessary to avoid any misunderstanding that may arise during the inspection process. He said, "The North Koreans will likely get nervous once we implement the inspection process, given the secretive nature of the regime and the society. I do not believe the North Koreans will deny us access to the Yongbyon facility. But they do not want outsiders to access many of the smaller towns outside of the Yongbyon facility and throughout the countryside. That will present us with a problem, because although North Korea is a small country, they can still hide nuclear material and facilities in a number of places. Their natural lack of openness will breed mistrust in those of us who believe that they will try to hide aspects of their program. At the same time, behavior which appears suspicious to us may instead be quite innocent and be motivated by their reluctance to see foreigners in a particular region in the country."

While some participants noted that North Korean secrecy and obstructionism presented challenges that would have to be overcome, others suggested that a change in attitude by the North Koreans could foster positive feedback for the DPRK. By adopting the Libyan attitude with respect to its disarmament, North Korea could build trust with the other five parties and thereby moderate the intrusiveness of a new verification regime. One participant stated, "To satisfy American and Japanese security demands, we will have to create a very intrusive verification regime. But the level of intrusiveness does not have to remain constant. Libya clearly was also a regime that the United States detested, and yet following Qaddafi's decision to disarm, the United States has developed a great deal of confidence in Libya's willingness to dismantle its nuclear program. In fact, Libya has taken us to places that the United States did not know even existed. So the intrusiveness of the new verification regime, and the risk appetite of the United States and other countries, could be modified by North Korea's attitudes and actions with respect to a new verification regime."

Throughout this session, workshop participants exchanged ideas regarding the different roles that a six-party organization could assume in facilitating the implementation of a new verification regime. But as the above comment demonstrates, the attitudes of the United States and North Korea will be the driving factors determining the success or failure of a new verification regime. The regime's effectiveness will be severely compromised if North Korea decides that it is not in its interest to remove the uncertainty surrounding its nuclear programs by agreeing to CVID. Similarly, the United States and some of the other five countries may refrain from making a front-end agreement, based upon a belief that a new verification organization will be incapable of reducing risks to a sufficiently low level. Perhaps the most effective role that a six-party organization could adopt at this time is to provide a setting where each of the six parties can address their concerns regarding a new verification regime, and, it is hoped, decide to make the necessary sacrifices for reaching a front-end agreement.

Economic Engagement

The breakout group discussion on economic engagement was necessarily diverse and replete with detail, but at the same time it focused on a few specific and pivotal issue areas. The most salient discussion topics included energy development, humanitarian aid, financial assistance, and labor reforms.[13] As with security assurances and dismantlement and verification, there was general agreement that building multi-party capacity for economic engagement with the DPRK is a worthwhile pursuit. One conference participant noted that "we do need an organization, perhaps a six-party organization, that can work out the blueprints for North Korean economic development and then oversee the implementation of those plans." Another participant highlighted the necessity of a "Marshall Plan" for North Korea that would encompass, besides money, an effective strategy for implementing an economic and energy aid package based upon a prioritization of North Korea's needs in these areas. Despite the consensus on the need for such a strategy, there was disagreement on the form and approach that a six-party organization should take in devising and implementing an economic aid package for North Korea.

Several participants suggested that economic engagement with North Korea should have two distinct components. One component (which we call tier one) would be directly linked to the six-party process and specifically tied to negotiations on the nuclear weapons question. The other component (tier two) would be essentially depoliticized, and would involve a set of activities that are not linked to the nuclear issue. Most tier-one projects would be state-led, while tier-two projects would be largely aid- or development oriented and implemented by non-state actors (or under bilateral arrangements involving the DPRK's neighbors).

Several participants noted that these two levels of engagement would not be restricted by any particular topic, and that all members of the six-party process could participate in the discussions for either (or both) tiers. A successful energy development pro-

13 If time had permitted, the discussion would have also included such issues as agricultural initiatives, sustainability, and the environment.

What role should a six-party organization assume with respect to financial assistance for North Korea?

Number represents percentage who selected option; however, participants were allowed to select more than one option.

- None – 0%
- Acquire and maintain its own bank account (perhaps funded by the six-party countries, international organizations, and/or other outside donors) and oversee the distribution of funding – 29%
- Help coordinate the implementation of various assistance packages from governments and international financial institutions – 76%
- Assess the effectiveness of financial assistance to the North and make recommendations – 47%
- Be a forum for dispute resolution – 29%
- Other – 0%

Participant Comment

The political will and negotiating requirements to maintain an independent bank account and oversee funding distribution are well beyond the current capabilities of the parties. There could be an early emphasis on helping to coordinate implementation of various assistance packages, while gradually moving to encompass assessment and dispute resolution.

gram may require initiatives at both levels, involving state and non-state actors that could coordinate with each other (perhaps under the auspices of a six-party organization) to avoid overlap and ensure efficiency. The key differentiating feature is that tier-one projects would be linked to progress made on the nuclear issue. Besides the alleviation of the economic hardships suffered by the North Korean people, they would also have as their purposes the rewarding of North Korean progress in nuclear dismantlement and the maintaining of some degree of North Korean dependency on the outside world (so that a lack of progress can be effectively punished). Tier-two projects would be free from linkage and politicization.

Tier-one projects would likely be implemented over a long period of time, especially if an eventual agreement took an incremental approach to dismantlement-engagement tradeoffs between Pyongyang and the other five parties. These projects would also require significant financial, human, and technological resources, as the DPRK would strive to ensure that it was deriving substantial benefits from its acquiescence to the rollback of its nuclear weapons program. From the perspective of the other five parties, of course, these larger, long-term projects would be one of the primary means of leverage over Pyongyang, and they would be extremely reluctant to proceed without commensurate cooperation on nuclear dismantlement.

On the other hand, conference participants envisioned tier-two endeavors as localized, smaller-scale projects that would be mostly geared toward developing technical expertise in the DPRK workforce. The focus would be on eventually moving from an assistance- or aid-based approach toward a training- and development-based approach to economic engagement. The rationale behind tier-two projects is grounded primarily in humanitarian ideals, in a concern about the consequences of economic collapse in the North, and in the philosophy that an economically isolated, nuclear North Korea does not necessarily serve the interests of the global community any more than an economically strong, nuclear North Korea would. As one conference participant declared, "A six-party organization should take a lead role in overseeing the implementation of a new agreement, and especially the portions pertaining to an economic and energy aid package for the DPRK. In the long run, it would not be in our interest to isolate a nuclear North Korea."

While the economic benefits from one tier can complement those from the other, a participant noted that the two-tiered framework did contain a basic contradiction. He stated, "We want the North Koreans to be more economically self-sufficient, but from a political perspective we also want them to be dependent on the outside world, in order to have leverage over the foreign policy behavior of the Kim Jong-il regime. This contradiction in goals raises two

What role should a six-party organization assume with respect to energy delivery and infrastructure development in North Korea?

None – 0%

Replace KEDO as the coordinator of energy infrastructure development and fuel oil delivery – 21%

Assist and monitor the efforts of a revived KEDO – 53%

Play an oversight role for governments and private companies involved in energy assistance to the North – 21%

Other – 5%

Participant Comment

The issue here is not KEDO's capability, but whether it has become too politically tainted for both North Korea and the United States. It very well may be, and rather than trying to maintain it, efforts would be better spent harvesting its lessons and using them in some new entity.

key questions: To what extent should aid be depoliticized, and have as its primary goals the alleviation of humanitarian concerns in North Korea and the building of economic capacity and independence in the country? Second, to what extent should aid be linked to the nuclear issue, and have as one of its purposes the creation of North Korean dependency on the outside world?" Resolving these questions by finding an appropriate balance will be a fundamental hurdle for a six-party organization.

With these two tiers of engagement in mind, workshop participants proceeded to discuss what types of projects would fall under each tier, and what role a six-party organization could assume in implementing them. While large infrastructure projects would appear to be the natural candidates for inclusion within a tier-one aid program, one participant noted that North Korea lacks the absorptive capacity for accepting energy-generating facilities. A significant portion of tier-one aid, therefore, may have to come in the form of direct grants of coal or heavy fuel oil. This participant noted, "It is not possible at this stage to provide a secondary energy source like electricity, or advanced energy-generating equipment, to North Korea. I think the bulk of the assistance provided under a tier-one program should be in the form of primary energy sources, such as heavy fuel oil and coal, for North Korea to run in their own antiquated power plants. These disbursements would of course be tied to progress on the nuclear weapons issue, and North Korea will become more dependent on the five parties for these primary energy inputs. But over time, as the country develops economically, we could provide North Korea with new power plants, and help build its capacity to generate electricity."

Several participants noted that the KEDO project should be reactivated as a tier-one project. One conference participant stated, "The light-water reactors are actually not very well suited to meeting North Korea's energy needs. But it would be feasible to finish the reactor and export power to South Korea, and the project can be made commercially viable by simply linking the reactors to Russia's and South Korea's energy grid." Another participant noted that KEDO could initially serve as the backbone of a new six-party organization: "We should create an energy commission within a six-party organization, and a KEDO representative should be represented within this commission. KEDO's membership includes representatives from outside of the six-party process, and I think it would be a good idea to initially build a six-party organization around KEDO."

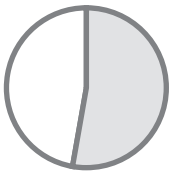
Another participant noted that the benefits from different forms of aid are often interconnected. For instance, the improvements in health derived from food aid may not be realizable without improvements in North Korea's public health services. A six-party organization can potentially play an important role, by implementing or overseeing tier-one public infrastructure projects, which may have a multiplier effect on the benefits that can be derived from an economic aid package. This participant stated, "When devising an aid program, we should keep in mind the state of North Korea's public health infrastructure. Quite often sewage is found in the drinking water in the DPRK, so that whatever food aid we do provide will be ineffectual

given the level of dysentery in the country. In this case, to realize the gains achievable through the provision of food aid, we will have to improve the electricity grid, and increase the supplies of chlorine in the country. In general, if we really want to deal with the humanitarian crisis in North Korea, then we will have to provide technical assistance to improve North Korea's public health infrastructure. Otherwise, certain types of aid may simply reproduce public health crises on a much larger scale."

Workshop participants also discussed the types of projects that a six-party organization could implement under tier-two programs. One participant suggested that the primary thrust of tier-two initiatives should take the form of development and technical assistance, rather than humanitarian aid. He stated, "Humanitarian aid to North Korea should cease since the famine crisis is basically over. Furthermore, by providing food aid, we are encouraging the DPRK to maintain a number of bad habits. Rather than helping North Korea remain a supplicant, a six-party organization should prioritize the provision of development and technical assistance, as well as training in market economics, so that North Korea can build the capacity to effectively feed itself." Another participant echoed this view, saying, "Should we keep North Korea afloat through humanitarian assistance, or should we require North Korea to take an active approach to its economic development? I think North Korea would benefit more from the second approach."

However, one Chinese participant noted that North Korean economic reforms have not progressed to the point where the DPRK can rely on the market, rather than central planning, to carry out the function of food distribution. She said, "The shortage of food is still a very serious problem in North Korea. North Korea's reliance on a state-led food distribution network is an indicator of the persistence of malnutrition in the country. Chinese authorities decided to eliminate the food distribution system in most of the country only when they were confident that most people could acquire the necessary amount of food through the market system. North Korea's reliance on a central food distribution network is indicative of the persistence of famine and malnutrition in the country, and therefore I think food aid should continue to comprise a significant portion of the economic assistance provided to the DPRK."

If an agreement is reached that entails North Korea's disarmament and its greater economic and diplomatic interaction with the outside world, will the regime of Kim Jong-il survive beyond ten years?



Yes – 53%
No – 47%

Yes Comment
If North Korea travels along the path of change, especially in the economic realm where it has already implemented reforms, it may survive beyond ten years.

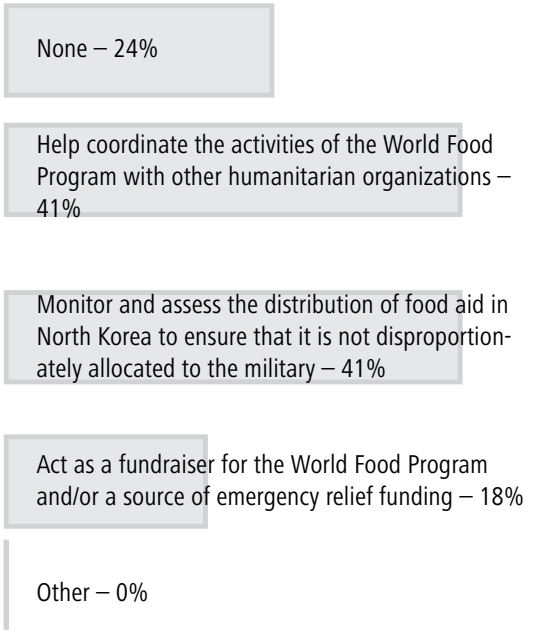
No Comment
It is unlikely that this regime can survive another ten years in almost any case. The challenge is to convince North Korea that the essence of the regime is its independence from South Korea, and that it can open up while maintaining that independence. It is hopeless and wrong to try to convince the North that a real opening to the world would not have a major impact on its economic and civil society. The most one can try to guarantee is that political independence does not have to be compromised.

How could a six-party organization distribute food through a tier-two economic aid program? One participant noted that a six-party organization could adopt the organizational model of the World Food Program (WFP).[14] He stated, "The World Food Program has a collection agency that takes in contributions of food from different countries and organizations, and it negotiates with the DPRK the modalities of access and the monitoring

14 The World Food Program has been operating in North Korea since 1995, and as of mid-2004 it had delivered over 3.6 million tons of food, valued at over $1.5 billion, to North Korea. The WFP monitors food both on its arrival in the country and at distribution points. It currently has access to 85 percent of the DPRK population, and in 2003 it conducted more than sixty-one hundred monitoring visits throughout North Korea.

What role should a six-party organization assume with respect to food aid for North Korea?

Number represents percentage who selected option; however, participants were allowed to select more than one option.



Participant Comment

Fundraising and emergency relief are all that a six-party group could possibly handle at the beginning. North Korea would most likely not agree to a six-party role in monitoring and assessing food aid. The most that could be agreed to would be a statement that the parties would stand ready to help monitor and resolve any problems that develop during aid delivery.

of end-use consumption. A six-party organization may want to adopt a similar model, or it may want to simply outsource the provision of tier-two food aid to the WFP."

One participant synthesized these two viewpoints, by noting that food aid could continue to comprise a significant potion of tier-two aid to North Korea, but that over time, as North Korea's economy (hopefully) improves, it can be phased out in favor of developmental assistance. "A tier-two assistance package can consist of both developmental assistance and food aid," he stated. "But we should devise a package that is dynamic, so that, over a ten- to fifteen-year period, developmental assistance comprises a greater portion of the economic assistance package. Such a transition, though, would be dependent upon the North Korean economy becoming more modernized and integrated with the global economy."

Another participant suggested that North Korean officials would welcome such a transition. "The North Koreans want to shift from food aid to developmental assistance. They have been telling visitors that they are tired of food aid. They have many well-trained people in the area of agriculture, and they are eager to make this shift. However, for developmental programs to work, the North Koreans will have to provide a high level of access to their countryside. Many long-term nongovernmental humanitarian programs have been able to establish a deep and focused presence in isolated pockets of the DPRK countryside. The success of these programs is partly due to this intrusive level of access."

This participant recognized that the North Koreans would be hesitant to provide access to the DPRK countryside, but he noted that access can be attained by emphasizing to the North Koreans that certain projects cannot be completed if they are not implemented according to international standards. He stated, "In 1997, my organization was implementing a village energy project in North Korea, and at one point we had to conduct a random survey of energy use in the village, which was consistent with the World Bank's methodology for such projects. It took two days to obtain permission to conduct this survey. We emphasized to the North Koreans that we were simply following internationally accepted standards for such projects. North Korean engineers told officials from the local party branch that the project could not be completed without the survey, and at that point we were given permission to conduct the survey."

There was not, however, universal agreement about implementing development assistance and technical training programs that were de-linked from the nuclear negotiations. One conference participant observed, "If there is no agreement within the six-party talks on the nuclear problem, then

I do not think we should reward North Korea by providing it with technical assistance. In this case, we should continue to provide solely food and raw materials, but not technical assistance. By providing humanitarian aid, we can begin to change the mentality of the North Korean people. Furthermore, a portion of the humanitarian aid that we provide should be made available only on the condition that North Korea provides some minimum level of access to inspect its nuclear programs."

Workshop participants also discussed which types of projects a six-party organization should promote to improve North Korea's energy infrastructure. One participant did not believe that a six-party organization should emphasize tier-one KEDO-like projects in the future. He stated, "In the past, many of the six parties emphasized the importance of large symbolic projects like KEDO. It may make sense now to finish building the two light-water reactors, but we should remember that not one kilowatt of electricity has been delivered in the ten years since the KEDO project commenced. Energy assistance in the future should focus on supporting smaller, cheaper, and quicker projects that support smaller communities and local enterprises. Furthermore, larger symbolic projects may not be economically rational within the context of a reunified Korean Peninsula, since reunification will bring a number of changes to North Korea's industrial geography. Therefore, perhaps energy aid should not attempt to significantly upgrade North Korea's existing energy infrastructure, and instead should focus on improving the latter's performance on a grass-roots level."

This participant also noted that a six-party organization should not rely primarily on governments to provide energy aid. In his opinion, "The best way to help North Korea is by starting with small niche projects, and slowly building capacity. We cannot rely primarily on governments to deliver this type of energy assistance. Instead, we should expect the private sector and NGOs to play a prominent role in providing energy aid to the DPRK." He added, "We should be talking about precision-guided markets, and not just precision-guided missiles. There are ways to use market economics and nongovernmental organizations to encourage the increasing marketization of the North Korean economy, and to facilitate new forms of dialogue free from state-level direction." In the environment that this participant envisioned, one potential role for a six-party organization is to coordinate energy assistance provided by non-state actors under either a tier one or (more likely) a tier-two program.

Another participant, though, argued that a six-party organization should facilitate in some manner the construction of large, state-funded, infrastructure projects. Smaller, grass-roots energy projects may lose their economic logic if North Korea's infrastructure is upgraded in the future. Furthermore, larger infrastructure projects may facilitate regional economic integration. As he saw it, "A six-party organization should take the lead in implementing both large and small energy projects. Such projects are important for North Korea, they are feasible given the economic and technical resources of the other five parties, and they are not too politically biased. These projects can be integrated within the context of long-range plans for North Korea's energy system. Smaller power plants and windmills may currently make economic sense for North Korea. But will they be economically useful when North Korea's energy system is modernized? Furthermore, Russia will be more likely to extend a pipeline to North and South Korea if the DPRK has the requisite number of thermal power plants in place to support the pipeline. So I think an energy aid program within the context of a six-party organization should sponsor both larger and smaller energy projects."

Workshop participants also discussed what role a six-party organization could assume in terms of improving the skills and technical capabilities of North Korea's economic planners and its labor force. One participant provided the workshop with a notion of the magnitude of the problem by

recounting a conversation he had with the DPRK leader. "I was in Pyongyang with colleagues in July 2002," he said, "and we had dinner with Kim Jong-il. The topic of discussion was economic reform, and I cautioned him that inflation could be a problem during the reform process. He indicated that if inflation was a big problem, then they will simply reverse the reform process. When I mentioned the danger of speculation, he simply stated that North Koreans do not engage in speculation. So it was quite obvious to me that North Korea's top leadership lacks even a rudimentary understanding of the basic principles of market economics."

Several participants offered their suggestions for improving the technical capabilities of North Korea's labor force. One participant suggested, "We should sponsor a program to bring North Korean technocrats out of the DPRK and train them in the economic and legal principles that support a market economy. We need to expose North Korea's elite to the outside world. Building capacity refers not just to infrastructure, but also to increasing the talent available in the North Korean labor force." Another participant suggested using foreign capital to turn North Korea into the Ireland of Northeast Asia, by locating "virtual labor industries," such as labor-intensive back-office operations, to the DPRK. He stated, "Private investment from South Korea could play an important role in building labor capacity in North Korea, by shifting labor intensive information processing activities to the DPRK. These activities could support back-office operations in a number of industries, including the insurance and banking industries. Within a few months it is possible to bring thousands of these types of jobs to North Korea." Perhaps a six-party organization could provide incentives in the form of political risk insurance to stimulate foreign investment in the DPRK.

The discussion during this session illustrated a variety of roles that a six-party organization could play in implementing an economic and energy aid package for North Korea. An obvious question remains: What type of organizational structure should a six-party organization adopt in order to perform these functions effectively? One participant suggested that a six-party organization could pattern its structure on a standard World Bank consultative group. A consultative group is a World Bank-led group of donors that provides public loans and grants to an applicant country. It normally meets once a year, and it functions as a donor coordinator and as a vehicle to work with the applicant country to focus on certain key areas. For instance, the January 2005 meeting of the Consultative Group for Indonesia (CGI) was attended by representatives from over thirty countries, as well as those from a number of multilateral donors, including the International Monetary Fund, the United Nations Development Program, and the Islamic Development Bank. In the past, CGI meetings have included observers from a number of nongovernmental organizations, and much of the work conducted during the January 2005 meeting was conducted within donor working groups, among which were those on health and education; security and development; poverty; and aid effectiveness. Thus, a six-party organization may want to explore the possibility of adopting the consultative group model for implementing an economic and energy aid package for North Korea.

Conclusion: Basic Principles of Multi-Party Capacity Building

The primary objective of the workshop was to test different approaches to six-party capacity building in a multilateral setting and to identify certain core principles upon which the current negotiating process can be strengthened, possibly by establishing a separate dialogue focused on the back-end issues of implementing North Korea's denuclearization. The group of officials and experts gathered in Shanghai provided an extremely well-informed and broad range of views that are representative of the debates in their capitals surrounding the efforts to end North Korea's nuclear programs. Though workshop participants did not reach a clear consensus on a number of issues, some general trends of agreement were established.

The group enthusiastically endorsed the idea that the region would benefit from a new track of dialogue running parallel to the current six-party talks, which would address the key implementation challenges related to North Korea's nuclear disarmament. There was a broad consensus that the six-party process should continue beyond the conclusion of a front-end deal, that it was not just a forum for reaching an agreement, but that it could also play a critical role in implementing that agreement and mediating subsequent disputes. In addition, many participants expressed a hope that such a dialogue could grow over time to deal with a broader range of regional security issues.

Nonetheless, most workshop participants believed that even an extended series of discussions would not significantly raise the likelihood of an agreement if neither North Korea nor the United States is willing to make the political and strategic concessions needed to reach a definitive and peaceful end to the current crisis. In some ways, the North Korean negotiating position has steadily weakened in the past year, as the other five parties increasingly doubt Pyongyang's sincerity when it declares a willingness to dismantle its

nuclear programs under the right circumstances. But the United States has not been able capitalize on this situation, as it has sown its own seeds of doubt in China and South Korea that Washington would deliver completely (and relatively quickly) on promises of non-interference and normalization.

The perception among the other four countries of U.S. and DPRK sincerity and their commitment to the process, therefore, is proving almost as important as the U.S. and North Korean perceptions of each other. Though significant compromise might not be expected from either Washington or Pyongyang, it could perhaps be induced if the six-party process truly took on a five-versus-one dynamic. Here the United States has an advantage, since it is much more likely to line up the other four on its side, even though creating such a dynamic might still require some compromise by Washington if it hopes to truly isolate Pyongyang. Extended discussions, therefore, could be a vehicle not only for building multi-party capacity for the future, but also for developing a workable consensus among the five regarding management of the North Korean nuclear problem. Without some compromise and a five-versus-one situation, the six-party process, as currently configured, may be nearing its end.

As mentioned earlier, the close linkage between front-end and potential back-end discussions on these issues can be useful, since low-profile, working-level talks might help improve the front-end environment. The linkage runs both ways, however, and it can be difficult (at times, impossible) to design an implementing organization without understanding the nature of the front-end agreement. Still, the workshop demonstrated that there are likely many productive avenues of dialogue that can improve the chances for later success and enhance regional security. Given the amount of work that can be done now, there is no need to wait, and IFPA has derived from the workshop a rough proposal for moving forward in the near term and has identified certain basic principles of multi-party capacity building. This proposal for a separate track of dialogue will only become more important if the current six-party talks cannot be resumed.

Whether or not the six-party talks continue, it might be useful to separate out a multilateral dialogue on mutual security assurances and isolate it from other issues of economic engagement or WMD disarmament. The fact is that North Korea is not the only country with security concerns. The potential threat to the United States from North Korean nuclear proliferation is real, and it is just as legitimate as Pyongyang's concerns. The purpose of this separated discussion would be to develop policies, in conjunction with the North Koreans, whose purpose would be the reduction of proliferation risk and increasing the transparency of North Korea's nuclear weapons program. The other four parties also worry about DPRK proliferation to varying degrees, and Japan's unique threat perceptions regarding North Korean missiles and nuclear weapons must also be considered. CVID is Washington's preferred form of security assurance against proliferation, but if that cannot be achieved in the short term, the group will need to address the five parties' proliferation concerns directly, and a dialogue on reciprocal security assurances might be the best way to deal with the issue (while work continues separately on a formula for denuclearization).[15] If such a dialogue does not result in enhancing the transparency of the North's nuclear programs (i.e. if Pyongyang keeps stalling), it may then at least help engender a five-versus-one dynamic, in response to continued DPRK resistance to commonsense precautions against nuclear proliferation.

Of course, all participants agreed that a nuclear-free Korean Peninsula is the ultimate objective, and another "basket" for working-level, capacity-building dialogue is nuclear dismantlement and verification. Workshop participants generally thought that a six-party organization could play

15 The history of Pakistan's nuclear program suggests that a lack of transparency and international engagement on the issue with that country contributed to A.Q. Kahn's ability to establish a clandestine proliferation network, which did more to undermine America's security interests than did the mere existence of nuclear weapons in Pakistan.

an important role in implementing, or at least overseeing, a dismantlement and verification regime for North Korea, in some form of partnership with the IAEA. There are a number of potential topics for discussion, such as determining the overall design of a new dismantlement and verification regime, and developing an appropriate division of responsibilities among the six parties, the IAEA, and possibly the UN Security Council's five permanent members. In addition, talks could commence on the outline of a dispute resolution mechanism, as well as potential funding options or formulae.

On the economic front, the results of the workshop suggest that a two-tiered approach to managing economic engagement with North Korea might be the most appropriate means of implementing an economic aid package for the DPRK. Tier-one assistance would be explicitly linked to progress made in verifying North Korea's dismantlement of its nuclear programs, and it would also seek to maintain some degree of North Korean dependence upon the outside world. Workshop participants generally agreed that KEDO should be maintained, but there was also a belief that tier-one aid should not focus solely on large, state-led symbolic projects (and there was little enthusiasm for building nuclear power plants). An obvious topic for working-level discussion, therefore, could be how to integrate or at least learn from the KEDO experience (and the more recent experience in the Gaesong SEZ) with regard to large-scale project implementation. Moreover, the group could begin planning for (and carrying out) feasibility studies and assessments regarding economic and public health infrastructure development in North Korea, perhaps in collaboration with the World Bank. Some meetings dealing with energy issues have already taken place in bilateral and trilateral formats, which, while helpful, only underscore the ad hoc nature of these discussions and the potential value of further institutionalizing the process.

A multi-party capacity-building effort might also deal with the management of a separate, depoliticized category of aid that is not linked to progress on the nuclear issue. Food aid could initially represent a significant percentage of tier-two aid, which might continue to be managed by the WFP. But workshop participants also favored moving North Korea from food aid to developmental aid and technical assistance in order to build economic capacity within the DPRK. The majority of these projects would likely be initiated and carried out by state, sub-state, and non-state actors, which would not be subject to any formal six-party jurisdiction. A multi-party organization, however, could provide an overarching framework to help coordinate (or at least keep track of) the contributions from different organizations and countries. The Consultative Group for Indonesia, an annual meeting that gathers the Indonesian government with its donors, was suggested as a potential organizational model for a six-party organization, with respect to providing economic aid to North Korea.

In addition to specific ideas regarding how building multi-party capacity might contribute to progress in certain issue areas of the six-party talks, there emerged from the workshop some basic principles to keep in mind when thinking about the broader institutionalization of this process. One of the important principles seems to be starting small and modestly, both in terms of near-term expectations and work load. Tangible institutionalization, in the form of staff, budgets, a secretariat, permanent committees, and the like, were generally discouraged. This is consistent with some of this project's earlier findings, which emphasized a loose (but politically strong) organizing approach, similar to that used by the G-8 members for their annual meetings and affiliated working groups and task forces.[16]

Participants also expressed the belief that DPRK involvement in the capacity-building process was important, despite the fact that North Korea has considerably less experience with building these types of institutions than the other five parties. In

16 Schoff, Perry, and Davis, *Building Six-Party Capacity for a WMD-Free Korea* (Herndon, Virginia: Brassey's, 2005).

particular, North Korea could play an active role in a working group, established within a six-party organization, whose purpose would be to prioritize and implement a tier-one economic assistance package, and it could also play an active role in a dismantlement and verification oversight committee. Ultimately, the potential delays and difficulties stemming from DPRK inclusion were believed to be outweighed by the likely benefit of building North Korean trust in, and a sense of ownership of, the process. As a result, this project will seek to involve North Korean scholars and government officials at the next workshop, in 2006.

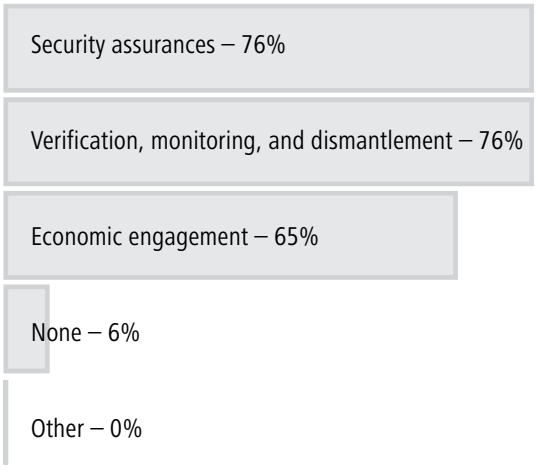
Additionally, workshop participants agreed that at times it would be wise for a six-party organization to encourage a division of labor among the parties on various issues. Procedurally, they did not think that every country needed to be directly involved in every issue. While they did believe that all countries should deliberate and have a say on key strategic issues, such as whether North Korea's uranium program should be included within a freeze, only those countries most affected, or who possess needed capabilities, should participate on less significant, tactical issues. Over time, therefore, the group would have to identify what activities and decisions fall into the category requiring agreement by consensus.

Furthermore, there was a general view that countries with specific expertise should assume a leading role on key niche issues. For instance, China is an expert on rural energy, and it could lead projects that focus on building energy-generating capacity in the North Korean countryside. Furthermore, Russia and the United States have the most experience with securing fissile material, while Japan and South Korea bring needed economic and infrastructure development expertise.

Overall, the workshop demonstrated a strong interest in the potential value of pursuing multiparty capacity building as a way to increase regional dialogue on a variety of issues, including those related to North Korea's nuclear and WMD programs, its economic plight, and the resulting regional security concerns. Ultimately, it matters less exactly what form the capacity-building effort assumes. Instead the most important factor is that collective discussion be initiated and expanded among a wider range of functional activities, and preferably away from media attention and with minimal political interference. A capacity-building dialogue by itself will not fundamentally change the dynamics of the current dispute, as there are larger political and geostrategic factors at play in the region that will require tough decisions within each capital. Any form of expansion and institutionalization of the dialogue, however, can only serve to improve the chances for success when negotiating opportunities do present themselves to the parties in the future, and IFPA and its research partners will continue to work on how such a regional dialogue can be most effectively structured.

Is there a role (at least in the short term) for a five-member subgroup in implementing any of the following with respect to North Korea?

Number represents percentage who selected option; however, participants were allowed to select more than one option.



Participant Comment

Even though this endeavor may need to begin as a five-party effort, the DPRK should be invited to participate from the start. If Pyongyang opts for exclusion, the door should be left open for it to join at any time it desires.

Appendix A

Workshop Agenda

March 16, 2005

12:00	Informal lunch meeting of core group at Café Li on 1st Floor
14:00-16:00	Core group meeting. This is a formal work session to discuss logistical preparations and academic/policy content for the next day's workshop.
18:00-21:00	Workshop reception and dinner

March 17, 2005

7:30-8:30	Continental Breakfast
8:30-8:45	Welcome and Introduction

Plenary Session 1: The Viability of a Capacity-Building Effort

8:45-10:15

We are all aware of the debilitating effect that the lack of trust has upon the effort to denuclearize the Korean Peninsula, and we have witnessed past attempts to rid the peninsula of nuclear weapons collapse under the weight of suspicion, ambivalence, and misunderstandings. There has been a consistent problem getting from "the deal" to "the details" of implementation, but the six-party process could offer a way to help avoid the failures of the past.

Some have argued that the six-party framework might provide a more convincing security assurance for North Korea than previous attempts, and that it could also help convince the United States that the North can be held more accountable for potential shortcomings in compliance with agreements covering nuclear dismantlement and verification. Considering this from the perspective of actual implementation, a key question becomes how the six-party group

can contribute constructively to these (and related) challenges, and what does this imply for the manner in which the six-party group organizes itself?

- Framing the viability question: brief introduction by IFPA moderator, followed by group discussion. Key questions include:
- Overall, what is the most appropriate role for the six-party group during the implementation of an agreement? What is the proper balance between what is desirable and achievable, between being an active designer and manager of the process versus providing more passive oversight and serving as a mechanism for dispute resolution?
- Can a capacity-building effort be launched in such a way that it could win support in the six countries? How are the different country delegations likely to view this idea?
- What is the potential role for the DPRK, and how can it be encouraged to participate in a constructive manner? What incentives and assurances (in terms of the scope and/or limitations of the six-party role) does the DPRK need to view this effort in a positive light?
- What are the general conditions under which this effort has the best chance for success? How can we best dispel or address concerns and foster a positive and optimistic attitude among the other five countries and the DPRK?

10:15-10:30 Tea/Coffee Break

Plenary Session 2: The Basic Approach for a Capacity-Building Effort

10:30-12:00 The proper approach for this effort depends a great deal on the substance of the previous discussion. A very proactive six-party group (think in terms of a KEDO-like organization for verification, economic engagement, and dispute resolution) could require a substantial organization, technical expertise, and a funding stream. A more passive stance might only require oversight committees that receive reports from other entities (e.g., IAEA, WFP, or individual countries) and then step in to help settle disputes or coordinate aid efforts.

- What kind of approach or framework might work best for the six parties? What forms of leadership and oversight might be both acceptable and successful?
- How do you shift from developing a framework to making it operational? Should there be general goals or specific guidelines by which to measure progress and avoid misdirection of effort?
- What are the lessons learned from other organizational approaches in Asia or Europe?
- Should all countries be members of all subcommittees, or is it better to divide up? Are there general roles or specific tasks that certain countries are uniquely qualified to perform? Do all questions require decisions by unanimous consent, or are some issues better left to the decisions of sub-groups (e.g., the U.S., Japan, and South Korea with regard to energy and economic assistance) and even individual countries?

- To what extent are the prospects for North-South reconciliation and reunification, and for development of a new regional security architecture, relevant to the process?

12:15-14:00 **Luncheon / Panel Discussion**

Discussion topic is the current state and near-term prospects of/strategy for continuing the six-party talks. Opening comments by Mr. Li Yang of the PRC Ministry of Foreign Affairs, followed by a panel discussion led by others involved in the talks.

Breakout Sessions: **Small Group Discussions on Key Negotiating Areas**

14:15-15:30 These small groups will allow more focused discussion on the broader themes raised in the morning as they apply specifically to the different negotiating areas. We are looking to identify overarching principles in each area that can help guide future project research, which will develop more specific proposals that can be debated at the next multilateral workshop in 2006.

- Security assurances
- Dismantlement and verification
- Economic engagement

15:30-15:45 Tea/Coffee Break

Plenary Session 3: **Reports from the Breakout Groups and Wrap-up Discussion**

15:45-17:00 A designated reporter for each group will briefly summarize the key points of discussion and agreement in the breakout sessions. We will need to leave time to debate as a group the potential inconsistencies in approach and discuss what the day's events have revealed with regard to a way forward on the capacity-building effort.

Appendix B

Workshop Participants

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AN IFPA WORKSHOP REPORT

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