

The Evolving Sino-American Relationship and the Korea Problem

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Abstract: Distrust between the United States and China continues to grow in Northeast Asia. Among many contributing factors, the North Korea issue is one of the most important, as illustrated by the controversy over the possible deployment of the United States' THAAD missile defense system in South Korea. Thus, resolving or mitigating the Korea problem, a significant goal in its own right to both the United States and China, is also essential to reducing U.S.-PRC strategic distrust. China and the United States share long-term interests vis-à-vis the Korean peninsula. The question is how its resolution might be achieved. U.S. efforts to induce North Korea to abandon its nuclear and missile programs by offering incentives and imposing sanctions have failed, and Chinese attempts to encourage Pyongyang to adopt PRC-style economic reforms have not fared much better. With Washington, Beijing, and Pyongyang unlikely to change their approaches, the hope for any new initiative must rest with Seoul. South Korea's special relationships with the North, the United

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China Quarterly of International Strategic Studies, Vol. 1, No. 2, 223–246
DOI: 10.1142/S2377740015500116

States, and the PRC, along with its status as a dynamic middle power, give it the potential to play a larger leadership role in dealing with North Korea. In doing so, South Korea should consult with the United States and China on a long-term strategy for inter-Korean reconciliation that would, for now, finesse the nuclear issue. Such a strategy would require U.S. and Chinese support of the South Korean leadership in addressing the Korea problem. The process of working together with Seoul to formulate and implement this strategy would allow both powers to ensure that their long-term interests on the peninsula are respected. Although there is no guarantee that such an effort will succeed, the worsening situation on and around the Korean peninsula and the U.S. and PRC's lack of progress all argue for this new approach, as do the potential benefits to the U.S.-PRC relationship.

Keywords: Strategic distrust, nuclear threat, inter-Korean reconciliation, tailored engagement, South Korean leadership.

Despite being a relic of World War II and the Cold War, the "Korea problem" continues to exist, now well into the twenty-first century. The two Korean states are extremely polarized: while the South has become a model of economic and political development for many developing countries, the North maintains perhaps the world's most closed system, and it appears determined to develop a deliverable nuclear arsenal. Meanwhile, the post-Cold War era of good feelings among the major powers in Northeast Asia ended several years ago. Growing strategic distrust characterizes U.S. ties with both China and Russia, as well as Japanese relations with China and South Korea. Together, these developments on and around the Korean peninsula have made the Korea problem arguably more serious and intractable than at any time since the end of the Korean War in 1953.

U.S.-PRC strategic distrust stems from a number of factors, but tensions over the Korean peninsula constitute one of the most important, enduring, and challenging factors. Despite public assurances by officials in both Washington and Beijing of their cooperation on the North Korea nuclear problem, cooperation is in fact distinctly limited by the two capitals' divergent visions of the future of the Korean peninsula. Washington *aims* for an end to the North's nuclear weapons program and *hopes* for the eventual peaceful unification of the peninsula under the South's leadership. Beijing likewise seeks an end to the North's nuclear weapons program, but

is more concerned about instability in the North than about the nuclear issue, making it reluctant to increase sanctions and pressure on Pyongyang to abandon the program. It is also wary of the risks of Korean unification, especially as long as the United States remains a treaty ally of the South.

The broader strategic distrust on the part of Washington and Beijing also complicates their efforts to work together to address the Korea problem. This explains, in part, Beijing's decision not to condemn Pyongyang after its apparent unprovoked sinking of a South Korean naval vessel in 2010, with the loss of 46 lives, and its protest when the United States responded to the attack by dispatching an aircraft carrier to the Yellow Sea (West Sea) in a show of force aimed at Pyongyang. Similarly, Beijing has publicly expressed its strong opposition to South Korea's allowing the United States to deploy a Terminal High-Altitude Area Defense (THAAD) missile defense system in the South, even though the United States insists that it would be directed solely against North Korea's growing missile threat, not against the PRC's missile arsenal.

Mitigating and resolving the North Korean nuclear program and eventually the larger Korea problem would thus not only remove a major concern for both Washington and Beijing but *also* help to reduce the general strategic distrust between the two powers. The conundrum, however, is how all this might be accomplished. U.S. efforts to induce North Korea to abandon its nuclear and missile programs by offering incentives and imposing sanctions have not succeeded, while Chinese efforts to encourage Pyongyang to adopt PRC-style economic reforms have not fared much better. Yet neither Washington nor Beijing shows any willingness to change its approach, and Pyongyang seems even less flexible than usual due to its continuing power transition. While both Tokyo and Moscow also have important interests in the security situation on the Korean peninsula, neither is in a position to serve as a catalyst to change the current trajectory.

We therefore argue that the principal hope for any new initiative must rest with Seoul, specifically an effort to improve inter-Korean relations, which will eventually also serve as a basis to address the nuclear and other peninsular issues. We call this approach "tailored engagement" because it focuses on the utility of enhanced South Korean engagement with the North in a way that is fitted to the real contours of the Korea problem,

politics in the South, and the interests of Korea's neighbors.¹ South Korea's special relationship with the North and its status as a dynamic middle power give it the potential to play a much larger leadership role in dealing with North Korea, especially if it has the cooperation of the PRC and the United States. Beijing and Washington should support the effort because it would allow them to ensure that both their immediate and long-term interests on the Korean peninsula are respected. This is possible because South Korea is friendly with both countries and seeks to maintain close and cooperative relations. It could be counted on to consult closely with China and the United States in the process of formulating and implementing its policy. The success of tailored engagement would not only help to resolve the Korean problem but also reduce U.S.-PRC strategic distrust.

We will begin by examining more closely the current situation on and around the Korean peninsula and, based on that, consider the prospects if the current trajectory is not changed. Next, we will discuss the causes of U.S.-PRC strategic distrust and identify where the nations' interests on the peninsula coincide and how their differences may be bridged. Finally, we will discuss our concept of tailored engagement in more detail. By supporting a South Korea-led effort to improve inter-Korean relations, we believe that the United States and China can eventually help to end the North Korea nuclear weapons program and resolve the Korea problem, while protecting U.S. and Chinese interests on the peninsula and reducing Sino-American strategic distrust in the process.

History and Prospects of the Korean Problem

The period around the end of the Cold War saw a coincidence of developments that raised hopes for a positive resolution of the Korea problem. Many in the West saw the peaceful unification of Germany at that time as a likely model for what would happen on the Korean peninsula. The Republic of Korea, having made rapid economic progress since the early 1960s, had become one of the world's major economic and trading powers,

¹Gi-Wook Shin, David Straub, and Joyce Lee, *Tailored Engagement: Toward an Effective and Sustainable Inter-Korean Relations Policy* (Walter H. Shorenstein Asia-Pacific Research Center Books, 2014), <http://aparc.fsi.stanford.edu/publication/tailored-engagement-toward-effective-and-sustainable-inter-korean-relations-policy>.

while North Korea had insisted on retaining a command-style economy and was suffering economic collapse and a major famine. Succeeding the Soviet Union, the Russian Federation was no longer supportive of North Korea, and the PRC was focused on its own economic development. With Kim Il-sung's death in 1994, many in the West assumed that Korean unification under Seoul's leadership was only a matter of years away. The CIA director, for example, famously predicted in 1996 that the North would collapse "in the next two or three years."² During this period, Moscow and Beijing normalized relations with Seoul, but Washington and Tokyo did not establish full diplomatic relations with Pyongyang.

Soon after the end of the Cold War, the nuclear issue flared up into the so-called first North Korean nuclear crisis. Despite the United States' 1991 withdrawal of all its tactical nuclear weapons from abroad, including from South Korea,³ and an inter-Korean agreement shortly thereafter not to pursue nuclear reprocessing and uranium enrichment,⁴ Pyongyang refused to allow the International Atomic Energy Agency to clarify questions about the extent of its nuclear program. With Pyongyang threatening to leave the Nuclear Nonproliferation Treaty, the United States under the Clinton administration negotiated bilaterally with North Korea to achieve the Agreed Framework of October 21, 1994. Pyongyang promised, in essence, to refrain from nuclear weapons development, and the United States agreed to move toward normalized relations with North Korea and to provide it with energy assistance. Implementation on both sides was slower than hoped, but significant progress was made in carrying out the agreement's provisions.

A few years later, inter-Korean relations also made dramatic progress as the Kim Dae-jung administration in South Korea (1998–2003), with the strong support of the Clinton administration, pursued a determined "sunshine policy" of aiding North Korea and reassuring its leaders of the South's peaceful intentions. This resulted in an unprecedented inter-Korean

²Terry Atlas, "CIA Director Fears N. Korea's Collapse, New War," *Chicago Tribune*, December 12, 1996, http://articles.chicagotribune.com/1996-12-12/news/9612120248.1_north-korea-cia-director-john-deutch-anthony-lake.

³George H.W. Bush, "Address to the Nation on Reducing United States and Soviet Nuclear Weapons," September 27, 1991, <http://www.presidency.ucsb.edu/ws/?pid=20035>.

⁴Joint Declaration of South and North Korea on the Denuclearization of the Korean Peninsula, <http://cns.miis.edu/inventory/pdfs/aptkoreanuc.pdf>.

summit in June 2000 and a number of agreements and exchanges between the two sides. President Kim won the Nobel Peace Prize for his efforts, although the honor was somewhat tarnished when it was later revealed that his government was behind a large cash payment to Pyongyang in advance of the summit.

A decade of apparent progress on the Korea problem ended in U.S.-DPRK confrontation in late 2002 over the North's covert pursuit of a uranium enrichment program.⁵ The George W. Bush administration made it clear it would not engage Pyongyang until it abandoned uranium enrichment. In short order, Pyongyang expelled International Atomic Energy Agency monitors from its declared nuclear facilities and became the only signatory to the Nuclear Nonproliferation Treaty ever to withdraw from it. To address this "second nuclear crisis" involving North Korea, the United States promoted the establishment of Six-Party Talks chaired and hosted by the PRC. The Bush administration felt that North Korea had deceived the United States by pursuing uranium enrichment and believed that the Six-Party Talks would be the best way of leveraging the potential influence of the international community, especially China, to induce Pyongyang to abandon its nuclear weapons program.

Despite the convening of numerous rounds of Six-Party Talks between 2003 and 2008, North Korea did not abandon its nuclear weapons program. While a number of agreements and understandings were reached, most were never implemented, and those that were implemented proved unsustainable. In 2005, Pyongyang declared itself a nuclear power;⁶ in 2006, it tested its first nuclear device. In 2009, shortly after Barack Obama was elected U.S. president on a platform of reaching

⁵Earlier in the year, the Bush administration had concluded, based on intelligence, that Pyongyang was greatly expanding its existing covert nuclear enrichment program. The program clearly violated the letter of the 1992 North-South Korean nuclear agreement as well as at least the spirit of the 1994 U.S.-DPRK Agreed Framework. Many Bush administration leaders, long hostile to the Agreed Framework, seemed to regard the expansion of the covert uranium enrichment program as an opportunity to end the Agreed Framework. Co-author Straub was a member of the U.S. delegation in October 2002 that confronted DPRK officials at meetings in Pyongyang with the fact that the United States had learned about the covert program.

⁶Anthony Faiola, "N. Korea Declares Itself a Nuclear Power," *Washington Post*, February 10, 2005, <http://www.washingtonpost.com/wp-dyn/articles/A12836-2005Feb10.html>.

out to countries with which the United States had long had adversarial relations,⁷ North Korea tested its second nuclear device. No further rounds of Six-Party Talks have been held since. An American effort to negotiate bilaterally with North Korea, however, began in 2011 and resulted in the modest “Leap Day Deal” of February 29, 2012.⁸ Under it, North Korea promised not to conduct nuclear tests and long-range missile launches, in exchange for 240,000 metric tons of American food aid. Within just a matter of weeks, however, the deal spectacularly imploded when North Korea conducted another long-range rocket launch.

Since February 2012, the U.S. has conditioned resumed talks with Pyongyang on the latter’s demonstration of good faith.

Since the failure of the Leap Day Deal, the United States has consistently conditioned a resumption of bilateral negotiations and Six-Party Talks on Pyongyang’s demonstrating its willingness to engage in good-faith negotiations. That is because Pyongyang no longer holds any credibility in Washington, and there is virtually no political support in the United States for offering further concessions to North Korea.⁹ This was underlined by Donald Gregg, a former American ambassador to

South Korea and outspoken advocate of U.S.-North Korean talks, who said in April 2015 that there is “no political support whatsoever” in Washington for taking a new diplomatic initiative toward Pyongyang and

⁷Most notably in a debate with Republican Party presidential nominee John McCain, when Obama said, “I believe that we should have direct talks — not just with our friends, but also with our enemies.” Commission on Presidential Debates, “October 7, 2008 Debate Transcript,” <http://www.debates.org/index.php?page=october-7-2008-debate-transcrip>. As president, Obama has launched major diplomatic initiatives toward Myanmar, Iran, and Cuba, and continues to engage them actively.

⁸The U.S. description of the agreement may be found at <http://www.state.gov/r/pa/prs/ps/2012/02/184869.htm>.

⁹An analysis of the U.S. media shows deep-rooted distrust of the DPRK among Americans. See Chapter 2 in Gi-Wook Shin, *One Alliance, Two Lenses: U.S.-Korea Relations in a New Era* (Stanford, CA: Stanford University Press, 2010).

that no “major changes [are] coming, I regret to say.”¹⁰ By early 2015, President Obama, apparently having given up hope of productive talks with Pyongyang, felt free to publicly predict that “over time you will see a regime like this collapse.”¹¹

Meanwhile, although Beijing advocates an unconditional return to Six-Party Talks, Pyongyang’s behavior, especially since the leadership transition in Pyongyang beginning in December 2011, has apparently resulted in seriously strained bilateral ties. The top leaders of the two capitals have not visited or met since the death of Kim Jong-Il, and the December 2013 execution of Kim Jong-Il’s brother-in-law Jang Sung-taek, an advocate of closer Sino-North Korean ties, was widely regarded as a blow to bilateral relations. In fact, the North Korean statement on Jang’s indictment, without citing China by name, blasted him for making cozy deals with that country for the sale of North Korean minerals and for Chinese investment in North Korean special economic zones. Since then, China-North Korea economic ties appear to have stagnated, and official statistics indicate that China has dramatically reduced supplies of oil to North Korea.

For its part, North Korea under its new leader Kim Jong-un has adopted an even more aggressive posture. Toward the United States, it has repeatedly threatened to launch a preemptive nuclear strike. It has continued to develop and test nuclear devices and missiles, including its third nuclear test on February 12, 2013, and its first successful launch of a satellite on December 12, 2012. Although the North has not tested a nuclear device since 2013, most experts believe that nuclear development continues unabated and that another nuclear device may be tested at any time within weeks of a decision to do so by the political leadership. Meanwhile, Pyongyang greeted the new South Korean administration of President Park Geun-hye not only with the third nuclear test on the eve of her inauguration but also with unilateral steps at the joint industrial park in Kaesong that resulted in its suspension for five months.

¹⁰Cara Anna, “Former Ambassador: Early Idea to Invite Kim to US Rejected,” Associated Press, April 10, 2015, http://hosted.ap.org/dynamic/stories/U/UN_UNITED_NATIONS_NORTH_KOREA?SITE=AP&SECTION=HOME&TEMPLATE=DEFAULT.

¹¹White House, “The YouTube Interview with President Obama,” January 22, 2015, <https://www.youtube.com/watch?v=GbR6iQ62v9k&feature=youtube.gdata>.

To the United States, North Korea's continuing nuclear and missile development, coupled with its threats of preemptive strikes against the United States itself, is becoming alarming. The North Koreans themselves revealed to a visiting Stanford expert, Dr. Siegfried Hecker, in 2010 that they apparently had already developed a full-scale advanced uranium enrichment facility in Yongbyon, despite years of denying the existence of such a program. Moreover, Hecker concluded, based on the speed with which they had built the facility, that North Korea likely had other, covert uranium enrichment facilities outside of Yongbyon.¹² More recently, some American private-sector experts estimate that, in a worst-case scenario, North Korea could have 100 nuclear weapons by 2020, due in significant part to its uranium enrichment program.¹³ The U.S. Under Secretary of State for Political Affairs, Wendy Sherman, implicitly lent credence to that number, if not necessarily the early date for its achievement, when she said in a speech in 2015 that North Korean leaders "hope to follow" the example of Pakistan, "a country whose nuclear program was first protested, then accepted."¹⁴ The commander of U.S. Forces Korea has stated that he must assume that North Korea has been able to miniaturize its nuclear devices for use as warheads.¹⁵ Admiral William Gortney, the head of the U.S. Northern Command, stated flatly on April 7, 2015, "Our assessment is

¹²Siegfried S. Hecker, "A Return Trip to North Korea's Yongbyon Nuclear Complex," Center for International Security and Cooperation, Stanford University, November 20, 2010, <http://iis-db.stanford.edu/pubs/23035/HeckerYongbyon.pdf>.

¹³Joel S. Wit and Sun Young Ahn, "North Korea's Nuclear Futures: Technology and Strategy," 38 North, US-Korea Institute at SAIS, 2015, <http://38north.org/wp-content/uploads/2015/02/NKNF-NK-Nuclear-Futures-Wit-0215.pdf>.

¹⁴Wendy R. Sherman, "Remarks on Northeast Asia," Carnegie Endowment for International Peace, Washington, DC, February 27, 2015, <http://www.state.gov/p/us/rm/2015/238035.htm>. See also the remark by Christopher Hill, a former American negotiator with North Korea: "[The North Koreans] used to tell me, 'Why can't we be India?'" Chang Jaesoon, "Iran Nuclear Deal Good Example for N. Korea: Christopher Hill," Yonhap News Agency, April 6, 2015, <http://www.globalpost.com/article/6507285/2015/04/06/iran-nuclear-deal-good-example-n-korea-christopher-hill>.

¹⁵Commander, U.S. Forces Korea, General Curtis Scaparrotti and Rear Admiral John Kirby, Press Secretary, Department of Defense Press Briefing by General Scaparrotti, Pentagon Briefing Room, October 24, 2014, <http://www.defense.gov/Transcripts/Transcript.aspx?TranscriptID=5525>.

that they [the North Koreans] have the ability to put a nuclear weapon on a KN-08 [road-mobile missile] and shoot it at the [American] homeland.”¹⁶

If current trends continue, Pyongyang will, sooner or later, indeed develop a nuclear and missile arsenal on par with that of Pakistan. Given the unlikelihood that the United States and South Korea will accept such a situation, i.e., ease sanctions and normalize relations with Pyongyang as long as it has nuclear weapons, tensions on and around the Korean peninsula can be expected to rise over time,

Pyongyang will keep developing its nuclear and missile arsenal if current trends continue.

further aggravating the Sino-American relationship. North Korea’s threats to attack the United States with nuclear weapons will be taken increasingly seriously in Washington as its capabilities improve. The risk of accidental conflict on the Korean peninsula, which has never disappeared since the end of the Korean War, may increase, this time possibly again involving other powers and also the use of nuclear weapons. (Pyongyang argues that its possession of nuclear weapons will reduce the risk of war on the peninsula, but we discuss below why this is not likely to be the case.) The United States is currently preoccupied with trying to address Iran’s nuclear program, but with North Korea continuing its nuclear and missile development, sooner or later the United States will focus intently on ending the increasing threat that Pyongyang poses not only to U.S. allies South Korea and Japan, but also to the United States’ homeland itself.

U.S. and Chinese Strategic Distrust and Shared Interests

Despite U.S. and Chinese cooperation to establish and convene the Six-Party Talks on ending North Korea’s nuclear weapons program from 2003, their overall strategic distrust only grew in the following

¹⁶Anthony Capaccio, “North Korea Can Miniaturize a Nuclear Weapon, U.S. Says,” Bloomberg News, April 7, 2015, http://www.bloomberg.com/news/articles/2015-04-07/n-korea-can-mount-miniature-nuclear-weapon-u-s-admiral-says?utm_source=Sailthru&utm_medium=email&utm_term=%2ASituation%20Report&utm_campaign=SitRep04%-2F08.

years.¹⁷ Chinese officials and commentators increasingly seemed convinced that, after decades of assisting the PRC with its economic development, U.S. officials were now aiming to strategically contain or even “strangle” China. In the assessment of a former top U.S. government China intelligence analyst, some Chinese even fear that “war [with the United States] is inevitable because the United States will attack China or, at a minimum, will do everything possible to contain, constrain, and thwart China’s rise.”¹⁸ U.S. officials responded by vehemently denying such intentions while expressing their own concerns about China, citing the steep climb in PRC defense spending, a lack of transparency in military affairs, and PRC policies regarding Taiwan and maritime issues in the East and South China Seas.

U.S. and Chinese strategic mistrust stems from many factors. A Chinese sense of victimization at the hands of great powers, including the United States, during the nineteenth and twentieth centuries, heightens suspicions of others’ intentions. Meanwhile, understandable Chinese pride at their great accomplishments during the past generation, as well as a sense of American decline, especially in the wake of the 2008 Wall Street financial crisis, have made many Chinese feel they need the United States less and have made them less tolerant of perceived American arrogance. Territorial issues linger, and these are among the most sensitive foreign policy and security concerns for most countries. Taiwan is naturally an extremely important and sensitive issue for the PRC, as are maritime disputes. From an American perspective, China’s steeply increasing defense spending fuels concerns that the PRC intends eventually to exclude the United States from the region. Analysts in both countries and elsewhere are concerned about the risks of an unintended military clash as mutual distrust and suspicions increase. Over the long run, many observers fear that the two countries could be caught in a “Thucydides trap” of escalating military competition and possible conflict between an established and a rising power.

¹⁷The literature on this issue is now voluminous. A particularly useful study is one that was done jointly by an American and a Chinese expert, Kenneth Lieberthal and Wang Jisi, “Addressing U.S.-China Strategic Distrust,” Brookings Institution, John L. Thornton China Center Monograph Series, No. 4, Washington, D.C., March 2012, http://www.brookings.edu/~media/research/files/papers/2012/3/30-us-china-lieberthal/0330_china_lieberthal.pdf.

¹⁸Thomas Fingar, “The United States and China: Same Bed, Different Dreams, Shared Destiny,” The Third Annual Nancy Bernkopf Tucker Memorial Lecture on U.S.-East Asia Relations, April 20, 2015, The Wilson Center, Washington, D.C.

At the outset of the Six-Party Talks, the forum gave rise to the hope, voiced by officials in both Beijing and Washington, for closer, more effective U.S.-Chinese cooperation on the Korea problem in particular, and even establishment of a new regional security framework. It soon became apparent, however, that American and Chinese priorities on the Korean peninsula differed in important respects. Chinese officials tended to attribute as much responsibility to the United States as to North Korea for the nuclear problem. They made clear that the United States had to address North Korea's own security concerns before it could expect Pyongyang to resolve the nuclear issue. From an American perspective, however, the United States had no intention of attacking North Korea and thus Pyongyang's nuclear weapons program had no legitimate justification. Moreover, the United States had put a stop to South Korea's nuclear weapons program soon after it began in the 1970s. American officials were hoping that China, as North Korea's main source of foreign support, would similarly use its leverage to help quickly end Pyongyang's nuclear weapons program.

As the Six-Party Talks progressed, it seemed to many Americans that the Chinese were unwilling to apply much pressure on North Korea or even be transparent about the incentives it could offer North Korea to end its nuclear weapons program. This led to the American feeling that the PRC, while clearly not wanting North Korea to have nuclear weapons, was much more concerned about the risks of instability in North Korea. Many Americans believed that the PRC was also concerned that the regime's possible collapse might lead to unification on South Korean terms, which they felt Beijing did not want for fear that unified Korea would remain a U.S. ally. For their part, Chinese officials seem frustrated at the rigidity of the American position, including the United States' unwillingness to be clearer and more detailed in the inducements it was prepared to provide to the North Koreans for denuclearization. North Korea clearly saw these differences and did its best to exploit them.

Thus, despite reaching a number of agreements, the Six-Party Talks did not result in the Americans' intended goal of preventing North Korea from becoming a nuclear power. On the contrary, North Korea used the forum to declare itself a nuclear weapons state and to propagandize its reasons for doing so. During the talks, it conducted its first test of a nuclear device and subsequently of two more, as well as succeeded for the first time in putting a satellite in orbit on one of its rockets. As a result, most U.S. officials

apparently no longer see the utility of Six-Party Talks, despite pro forma statements to the contrary.

Today, Washington declares its willingness to resume Six-Party Talks but only when Pyongyang first gives credible indications of its own willingness to negotiate in good faith. Beijing, on the other hand, calls for an early resumption of the talks and gives the impression that it would be prepared to resume the Six-Party Talks even if Pyongyang took no steps to demonstrate good faith. This is in spite of the fact that senior North Korean officials continue to make public statements such as those by the DPRK's ambassador to the United Nations, who reportedly said in March 2015 that his country was not interested in returning to the Six-Party Talks if their premise was North Korea's denuclearization.¹⁹

Earlier in the Obama administration, top U.S. officials' public statements suggested that they had high hopes that Beijing's attitude toward Pyongyang was evolving to resemble Washington's. More recently, the tone of U.S. officials' language has changed, a likely indication that they have concluded that Beijing's fundamental position has not changed and is unlikely to do so. Indeed, U.S. officials apparently have told their Chinese counterparts that the United States would have to take steps in the region, such as increasing missile defense, to counter North Korea's moves, unless China was able to use its leverage to persuade Pyongyang to change course. Predictably, Beijing's reaction to this U.S. position has been negative.²⁰

¹⁹Elizabeth Shim, "North Korea will Never Give Up Nuclear Weapons, Says Envoy to U.N.," *United Press International*, March 31, 2015, http://www.upi.com/Top_News/World-News/2015/03/31/North-Korea-will-never-give-up-nuclear-weapons-says-envoy-to-UN/6141427854080/.

²⁰For a revealing statement about U.S.-Chinese differences over North Korea, see the exchange between PRC Ambassador to the United States Cui Tiankai and former U.S. National Security Adviser Stephen Hadley. Hadley commented that "North Korea is as potentially divisive of the relationship between the United States and China as Taiwan is, so it's in some sense a ticking time bomb in the relationship." Cui replied: "One thing that worries me ... maybe more than a little bit, is that we're very often told that China has such an influence over DPRK and we should force the DPRK to do this or that. Otherwise the United States would have to do something that will hurt China's security interests. You see, you are giving us a mission impossible. ... [I don't] think that this is very fair, I don't think that this is a constructive way of working with each other." See "U.S.-China Cooperation in Peace and Security with Ambassador Cui Tiankai," video, United States Institute of Peace, April 10, 2014, <http://www.usip.org/events/us-china-cooperation-in-peace-and-security-ambassador-cui-tiankai>.

Thus, while the Six-Party Talks began with hope on both sides not only that the forum would lead to a resolution of the North Korea nuclear issue but also that it would advance bilateral U.S.-PRC coordination and cooperation, the talks achieved neither. From an American perspective, North Korea used the talks as a cover to accelerate its apparent plan to become a nuclear weapons state, and the result was that the talks contributed to an increase in U.S.-Chinese strategic distrust in regard to Korea and more generally.

Still, it should be noted that China and the United States share fundamental long-term interests on the peninsula. U.S. interests on the Korean Peninsula are both more profound and more limited than probably most Chinese policymakers realize. U.S. involvement on the Korean peninsula in 1945 began almost as an afterthought, to prevent the Soviet Union from dominating it. The consensus among American policymakers at the time was that having U.S. forces in Korea represented a strategic risk rather than an advantage, which explains the U.S. decision to withdraw its forces from the peninsula in 1949. Today the United States' security commitment to the Republic of Korea is extremely strong, but it is not in the first instance because of Korea's perceived strategic benefit to the United States. Rather, it is because over 30,000 American soldiers died in the Korean War and thus, politically, no American president can afford to "lose" what they fought and died for.

The domestic political roots of the American commitment to the Republic of Korea do not extend to Korea's forcible unification. Even though the United States does indeed *hope* for unification under Seoul's leadership, it will not risk military confrontation to achieve it. Rather, the United States' basic long-term interest is in the security and success of South Korea within its current borders. Not since President Truman dismissed General MacArthur in 1951 has the United States contemplated the forceful unification of Korea. Indeed, the consistent American instinct in response to

Since the end of the Korean War, both China and the U.S. have been seeking to reduce tensions and risk of military conflict on the Korean Peninsula.

even extreme North Korean provocation since 1951 has been to seek to reduce tensions and the risk of military conflict.²¹

Similarly, China has refused to support Pyongyang's military adventures since the end of the Korean War. Like the United States, the PRC regards war on the Korean peninsula as too risky to its interests to contemplate. Moreover, the PRC has long sought to induce Pyongyang to engage in a process of gradual economic reform and, implicitly, of gradual opening to the outside world. Presumably, this would contribute to the DPRK behaving less provocatively and more responsibly toward its neighbors.

The overlap in the interests of Beijing and Washington also extends to the Republic of Korea. Both benefit from close and cooperative relations with the South, including economic, technological, cultural, and educational exchanges. American officials are sincere in their pronouncements that good relations between Beijing and Seoul are also in American interests. Like Chinese and Americans, most South Koreans absolutely do not want to risk another war on the Korean peninsula. They want Korea to be unified, but only peacefully and under conditions that will allow for the success of the project. Almost certainly, that means that unification will not occur until some considerable time in the future, after a process of increasing cooperation between the two Korean states.

Thus, despite strategic distrust, this overlap in American and Chinese fundamental interests on the Korean peninsula in general and in South Korea in particular means that there is considerable room for the countries to reach an accommodation to help ensure peace, security, and development on the Korean peninsula over the long term. Increased consultation and mutual understanding about this overlap would provide a solid basis for supporting a Seoul-led effort to improve inter-Korean relations as the first step toward eventually resolving the Korea problem writ large.

The Need for a South Korean Initiative

The problem is how to move from the current stalemate to a process that rests on these shared fundamental interests among China, the United

²¹See the United States' Department of State published documentary record of its policy toward the Korean peninsula in the *Foreign Relations of the United States* series, <https://history.state.gov/historicaldocuments>.

States, and South Korea, and offers at least the hope of improving the situation on the peninsula. With North Korea evidently not understanding why it needs to reconsider its current course, and U.S., PRC, and South Korean approaches so far manifestly having not succeeded, clearly, a new approach is needed. But who should take the lead and what should the approach be?

We believe that there is no prospect that the United States or China will take a significantly different approach in the foreseeable future. The Obama administration felt betrayed and disrespected when, after reaching out to the DPRK, following President Obama's first inauguration, it almost immediately proceeded to test a nuclear device.²² The dramatic failure of its Leap Day

Deal with Pyongyang three years later destroyed whatever little credibility Pyongyang retained with American negotiators. For the United States, resuming Six-Party Talks when North Korean officials have made it clear they do not intend to give up nuclear weapons, not only would be useless but would also be tantamount to accepting the North as a nuclear weapons state. While some observers have suggested that the Six-Party Talks might be used to freeze the North's nuclear and missile programs, Americans have little reason to believe that the North would keep such a promise, even if it were willing to make it. Moreover, this also would be widely seen as the United States accommodating itself to the North as a limited nuclear weapons state, something American leaders are not prepared to accept.

Meanwhile, the PRC appears increasingly frustrated with Pyongyang's behavior, including its continuing nuclear and missile development, its attacks against the South, and its unwillingness to engage in serious systemic reform. But the PRC's concern about the risks of instability in the North and on the peninsula as a whole has apparently locked it into a status quo position. It calls on the United States to negotiate with North Korea but

Neither China nor the U.S. is likely to take new initiatives in the foreseeable future.

²²Jeffrey A. Bader, *Obama and China's Rise: An Insider's Account of America's Asia Strategy* (Washington, D.C.: Brookings Institution Press, 2012), pp. 26–39.

without being willing or able to help to ensure that such negotiations might actually result in substantive progress.

Among the four major players on the Korean peninsula, that leaves only South Korea as a country that might take a major new initiative to address the Korea problem. Although South Korea has not done so, we believe that it has both the need and the ability to take on greater leadership in addressing the Korea problem. Apart from North Korea itself, South Korea stands to suffer the most if the current trajectory on the peninsula continues. The risk of a military clash or even war will remain and increase. The North's actions force Seoul to spend an inordinate amount of resources for deterrence and defense. Moreover, the South suffers many opportunity costs due to the current situation, including being cut off by land from Eurasia.

South Korea need not fear to engage the North because it has won the competition with it in all respects, including economically, technologically, and diplomatically. Its conventional military forces are stronger than those of the North, too; it lags behind in nuclear weapons and missile development, but only because it has foresworn those capabilities. Not just in comparison with North Korea but globally as well, South Korea is now a major state. It has the world's 14th largest nominal GDP; it is the 8th leading exporter; and it has the 7th most active-duty military personnel. The Secretary General of the United Nations, Ban Ki-moon, is a South Korean citizen whose selection was supported by both the PRC and the United States.

The reason that the South, with such a need and such resources, has not taken the lead in dealing with the North stems primarily from deep political division at home. Progressives, arguing that the North acts threateningly because it feels insecure, maintain that the South should provide unilateral aid to the North. Conservatives, on the other hand, insist that the North's behavior is due to the domestic insecurity of its leaders and that they will use Southern largesse to strengthen their military, including nuclear weapons. The result is that South Korean administrations have not maintained a consistent policy that might have had a chance over time to induce positive change in North Korea. North Korean leaders use various means to seek to increase the divisions within the South, and their strategy is to wait out conservative leaders, in the hope that they will be succeeded by progressives. Even when the South has been

led by progressive leaders, however, the North has strictly limited its dealings with South Korea, in part because it feels it can obtain benefits without having to reciprocate.

The keys to overcoming this dilemma, as we have outlined in our policy study *Tailored Engagement*, are (1) seeking a consensus policy in the South that can be pursued consistently and (2) obtaining the support of both the PRC and the United States. Overcoming internal polarization in the South over North Korea will certainly not be easy, but we believe it is possible

to the extent that partisans on both sides there increasingly realize that they must compromise with each other if the South is to exercise influence. Public opinion polls clearly show an overwhelming majority in the political middle in the South who would support a principled yet more flexible and bold approach to the North — in other words, a policy that is neither “sunshine” nor “all nuclear-first.” Moreover, as a conservative, President Park has the political space in the South, if she wishes, to pursue such an approach, just as President Nixon, who earlier in his career had been labeled a “red baiter,” was able to forge relations with the PRC in a way that a liberal American president would have found much more difficult to undertake.

Obtaining the support of the PRC and the United States will be equally important in helping Seoul to forge such a domestic consensus and in implementing the new policy. Without the prospect of PRC and U.S. support, partisans in the South will be less inclined to consider forging a compromise approach. And without U.S. and PRC support, the North will feel that it does not have to take the South seriously. Currently, however, instead of working together with the South, the United States and the PRC are increasingly competing against each other in the corridors of power in Seoul. The United States urged Seoul not to join the PRC-led Asian Infrastructure Investment Bank (AIIB), while the PRC has forcefully argued against the South allowing the United States to introduce its THAAD missile defense system there. Such competition is in the long-term interest of none of the three states. Due to proximity and China’s size, South Korea’s primary economic relationship will be with the PRC. But in terms of security, the more threatening the North is and the more discouraging the PRC is of U.S.-South Korean security

Overcoming internal polarization over North Korea is the most imminent task faced by the South.

cooperation, the likelier it is that Southern leaders will feel the need to adhere to the United States for strategic reassurance.

The reality is that Seoul needs and wants very close and cooperative relations with both Beijing and Washington and vice versa. Recently, the South's foreign minister challenged the dominant narrative in the South Korean media that South Korea is "sandwiched" or "trapped" between the United States and China, suggesting instead that both countries see South Korea as increasingly important to them and that this presents opportunities to Seoul.²³ The vice foreign minister also stressed that "the Korea-U.S. alliance and Korea-China relations are not a zero-sum relationship . . . [and that] they are not only compatible, but also carry the potential even to develop into mutually complementary and strengthening relationships depending on Korea's role therein."²⁴

China and the United States should take advantage of this strategic need on Seoul's part to seek to address the fundamental aspects of the Korea problem that threaten both of their long-term interests. By supporting a greater role for the South in dealing with the North, they will make perfectly clear to the North's leaders, for the first time, that it must begin a process of gradual political and economic change. In the process of developing the details of the tailored engagement policy, Beijing and Washington will engage intensively with Seoul and with each other, which will reduce their strategic distrust in regard to the Korean peninsula and also contribute to greater mutual understanding on other strategic issues as well.

Making Tailored Engagement Work

As we have stressed, in addition to the need to obtain the support of the PRC and the United States, tailored engagement can work only if South Koreans achieve a consensus among themselves in favor of the approach. This will require their agreement about the policy parameters of major

²³Foreign Minister Yun Byung-se said, "The current situation in which we are getting 'love calls' from both the United States and China because of our strategic value should not be considered a headache or dilemma. Rather, it is a blessing." Kang Jin-Kyu and Shin Yong-Ho "Foreign Minister Under Fire For 'Blessing' Remark," *JoongAng Daily*, April 1, 2015, <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=3002571>.

²⁴Kim Hyo-jin, "Relations with U.S. and China Are 'Not a Zero-Sum Game,'" *Korea Times*, April 13, 2015, http://www.koreatimes.co.kr/www/news/nation/2015/04/113_177044.html.

issues. These include the policies toward *denuclearization, sanctions, human rights, and unification*. Currently, the main South Korean political parties are deeply divided over all four, and Washington and Beijing also have significant differences over them. We recommend approaches to each that would appeal to large majorities in South Korea and that, taken together, would meet the interests of both Washington and Beijing, certainly more than the current situation benefits either.

North Korea's *denuclearization* is Washington's main concern on the Korean peninsula, following only the maintenance of the South's security, to which the former is increasingly related. It is also a major issue for the PRC and the ROK, but the PRC and South Korean progressives as well believe that Pyongyang is pursuing nuclear weapons and missile development partly out of fear for its own security. The latter thus support not only U.S.-North Korean bilateral and multilateral negotiations but also much more active South Korean engagement of and aid to the North. The United States and South Korean conservatives, on the other hand, feel that as much pressure as possible should increasingly be brought to bear on Pyongyang to make it realize that nuclear weapons will bring it neither security nor prosperity.

At the same time, Americans understand that the South has a special relationship to the North, and the United States will thus not oppose South Korean efforts to engage the North that do not undermine international efforts to induce the North to denuclearize.²⁵ A prime example of this is Washington's tolerance of the Kaesong inter-Korean industrial park, even though it is a major source of hard currency for the North. We thus advocate that the South begin by pursuing engagement with the North in the humanitarian, educational, and cultural areas, which will not undercut international efforts to persuade the North to denuclearize. Progress in inter-Korean efforts based on such efforts could contribute to a resumption of Six-Party Talks, at which the South and other countries could offer economic cooperation, including infrastructure aid, as part of a package deal for the North's denuclearization. Such an approach would appeal to a great majority of South Koreans and also be consistent with fundamental Chinese and American interests.

²⁵See, for example, the statement by Under Secretary of State Wendy Sherman: "We fully support President Park's initiative to have bilateral discussions with North Korea." U.S. Department of State, February 27, 2015, <http://www.state.gov/p/us/rm/2015/238035.htm>.

The division within South Korea between conservatives and progressives and between the United States and the PRC over the issue of *sanctions* is similar to the division over denuclearization. South Korean progressives and the PRC are reluctant to increase sanctions, while South Korean conservatives and the United States support a toughening of sanctions in response to North Korean actions. Some sanctions are inevitable in view of the North's behavior, but the threat of sanctions is often more effective than their actual application. Moreover, once imposed, they are politically difficult to remove, especially if they are multilateral, even though there is wide recognition that they may foreclose more promising avenues of action. In this regard, South Korea needs to consider easing or bypassing the May 24 sanctions it unilaterally imposed on the North after the sinking of the *Cheonan* in 2010. This is something that the ROK can do on its own, though politically challenging, and it would enable it to begin pursuing tailored engagement. Meanwhile, most international sanctions would remain in place until the North began to show sincerity about resolving the nuclear issue, an approach that would satisfy basic U.S. concerns.

**The ROK can repeal
its unilateral
sanctions on the
North as a first step.**

On the *human rights* issue, the main South Korean political parties have been divided between the conservatives, who want to emulate the United States' own North Korean human rights law, and progressives, who want to focus instead on humanitarian assistance such as providing food and medicine to

ordinary North Koreans. A large majority of South Koreans, however, support the approach of criticizing the extreme aspects of Pyongyang's behavior toward its own people whilst helping ordinary North Koreans with basic material needs. South Korea may not need to take the lead internationally on the North Korean human rights issue, which could be seen as self-serving as well as pose an obstacle to talks with the North, but should quietly support European and other international efforts to highlight the need for Pyongyang to follow basic international human rights practices. This would be acceptable to the United States and would not be worse for the PRC than the current situation.

Finally, with regards to the four major issues, *unification* is the source of major misunderstandings and disagreement among and within the ROK, PRC, and the United States. South Korean progressives accuse their conservative

countrymen of supporting “unification by absorption” along German lines. They criticize its advocates for assuming that the Pyongyang regime will collapse or, worse, for supporting active measures to weaken Pyongyang and hurry along its collapse. For progressives, such “collapsist” attitudes are, at best, an example of wishful thinking and, at worst, reflect an irresponsible, even “warmongering” approach to the complex and delicate Korea problem. Conservatives counter that Pyongyang’s own policies and rigidity will, sooner or later, bring about dramatic change in the North. Many conservatives also counter that they are not pursuing unification by absorption but believe that it would be imprudent if the South were not prepared for such a contingency.

President Park has stressed the need for Korean unification — and its benefits for all concerned, both on and around the Korean peninsula — but she is not pursuing a policy of achieving unification by force. Rather, she seems to be focusing on laying the groundwork for eventual peaceful unification by stressing its benefits to Korea’s neighbors and especially to the younger generation in the South, the members of which express little interest at all in the North, much less for unification.

Although the Obama administration officially supports Korean unification, such support is rhetorical rather than real.²⁶ The United States’ chief concern on the Korean peninsula is to maintain the South’s security. Since there is no clear way that the United States could bring about unification under the current circumstances without risking war on the Korean peninsula, the United States is not actively pursuing it. As noted above, President Obama did refer publicly to Pyongyang’s eventual collapse, but it is clear that he did so as a prediction rather than as an expression of policy.

It should thus be possible for South Koreans to reach agreement on a policy that supports the concept of peaceful unification in the long term while pursuing inter-Korean reconciliation for the time being. Such an approach would also help to reassure Pyongyang about the South’s

**China and the U.S.
should support South
Korea’s reconciliation
approach to the
North.**

²⁶“Joint Vision for the Alliance of the United States of America and the Republic of Korea,” The White House Office of the Press Secretary, June 16, 2009, https://www.whitehouse.gov/the_press_office/Joint-vision-for-the-alliance-of-the-United-States-of-America-and-the-Republic-of-Korea/.

intentions and would meet with no opposition from either the PRC or the United States.

Even though a large majority of the South Korean public would support the approach outlined above, it will not be easy to mobilize political support for such a consensus due to the partisan nature of policymaking and the deep divisions between the main conservative and progressive parties. Even after achieving such a consensus, implementing tailored engagement and negotiating with the North will present major challenges. We thus recommend that the South Korean president appoint a senior figure with bipartisan support to serve as her top assistant on North Korean matters. This would be similar to President Clinton's appointment of former Secretary of Defense William Perry to head his North Korea policy review and to engage with the North Koreans in 1998–1999. This "South Korean Bill Perry" could help the president to develop a political consensus in support of tailored engagement, manage the manifold elements of the bureaucracy involved in North Korean affairs, coordinate with the United States and China, and lead or direct negotiations with Pyongyang at the sub-summit level.

Conclusion

The situation on and around the Korean peninsula is becoming increasingly complicated and threatening to the interests of all concerned. Under its new leadership, North Korea appears to have doubled down on its *byeongjin* or "parallel" policy of seeking to develop nuclear weapons while growing its economy. Pyongyang's leaders continue to believe that if they continue on their current course, above all the development of nuclear weapons and missile capabilities, they will eventually achieve their external and internal security aims without taking the risks of even gradual and limited political and economic reforms. Clearly, this will not succeed because the international community will not ease sanctions against it as long as it maintains nuclear weapons and because the North's leaders feel they need not engage in reform if they have what they term a nuclear "deterrent." This is illustrated by the fact that, even under the most optimistic estimates of North Korean economic growth, the much larger South Korean economy grows

by a larger *margin* each year than the size of the entire North Korean economy.²⁷ Meanwhile, for reasons of strategic distrust and perceived divergent interests on the Korean peninsula, the United States and China are not effectively cooperating about Korea for the sake of their long-term interests.

This increasingly serious situation warrants that Beijing and Washington review their policies and take a long-term approach to the very complex and difficult Korea problem. Their fundamental long-term interests basically overlap, but due to strategic distrust, they have not consulted with one another and cooperated as closely as they need to do to deal with the problem. Both could maximize chances of the achievement of their interests by cooperating intensively in support of a new North Korea strategy in which the South takes the lead and puts the initial focus where it should be, on inter-Korean reconciliation. While we recognize the difficulties, we believe that the risks of the alternative argue for making a concerted effort in this direction. If successful, such an approach will both help to ensure peace and stability on the Korean peninsula and contribute to reducing strategic distrust between the two powers in Northeast Asia.

²⁷ Assuming the South's GDP is forty times larger than that of the North and that it is growing at a rate of 2.5 percent per year, the South's annual margin of growth alone would still be larger than the North's entire GDP.