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**CENTER FOR NORTHEAST ASIAN POLICY STUDIES**

**“NORTH KOREA’S NUCLEAR AND MISSILE TESTS AND  
THE SIX-PARTY TALKS:  
WHERE DO WE GO FROM HERE?”**

**Testimony before the U.S. House of Representatives  
Subcommittees on Asia, the Pacific and the Global  
Environment and on Terrorism, Nonproliferation and Trade**

Dr. Richard C. Bush  
Senior Fellow and Director  
Center for Northeast Asian Policy Studies

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THE BROOKINGS INSTITUTION  
1775 Massachusetts Avenue, NW  
Washington D.C. 20036-2188  
Tel: (202)797-6000 Fax: (202)797-2485  
<http://www.brookings.edu>

## *The Game Has Changed*

North Korea's tests of a long-range ballistic missile on April 5<sup>th</sup> and a nuclear device on May 25<sup>th</sup> have transformed the policy challenge the international system faces. Since that nuclear weapons program was discovered some twenty years ago, there was hope that through negotiations the international community, particularly the United States, could offer the right combination of incentives and pressure to induce Pyongyang to abandon the nuclear option. That hope has now disappeared.

There was always some question as to whether the Democratic People's Republic of Korea (DPRK) would ever give up its nuclear weapons. After all, it believes that overwhelming American power renders it profoundly insecure and it has nowhere to turn for defense support that is credible. Like Great Britain, France, and China during the Cold War, North Korea decided about thirty years ago to pursue a weapons capability. The efforts to reverse that course through negotiations, while not perfect, were serious and made progress. Despite those efforts and the initial stance of the Obama Administration, which gave the DPRK every reason to continue engagement, Pyongyang had decided to base its security on nuclear weapons and the means to deliver them.

Because Pyongyang is more transparent about its security goals, the Six-Party Talks (6PT) have lost their rationale, for now. The assumption of the 6PT was that North Korea *might* give up its nuclear programs. The only question was how to induce it to do so. The 6PT was a worthwhile venture that showed that although progress was never easy it was still possible. Although the Bush Administration in its second term may have doubted Pyongyang's intentions, it was correct to show seriousness in trying to secure progress, if only to reassure China, South Korea, and Russia about our intentions (and so put the onus on Pyongyang).

The pattern of recent North Korean behavior indicates that the working assumption of the 6PT no longer exists. The Obama Administration correctly rejects the idea of rewarding the DPRK simply for returning to the table. It should, at the same time, remain open to a resumption of the 6PT—on the minimum condition that North Korea reaffirms all past commitments. The reason for doing so, again, is to demonstrate seriousness to the other parties. But for now, the Administration should base policy on the reality that North Korea has destroyed the foundation for a negotiated solution. To paraphrase former Defense Secretary William Perry, we must deal with North Korea as it is, not as we would like it to be.

## *Twin Dangers*

North Korea's choice exacerbates two dangers. The first is that it might transfer nuclear technology, fissile materials, and/or nuclear weapons themselves to countries or parties that are hostile to the United States, thus exacerbating security challenges we already face. The other is that Pyongyang's pursuit of a nuclear deterrent transforms the security situation in Northeast Asia, a region for which the United States has always taken a special responsibility. These two dangers led first the Clinton Administration and then the

Bush Administration to seek a negotiated end to the DPRK's nuclear programs—to no avail.

Both of these dangers are serious. If we were, for example, to stress the proliferation threat and downplay growing instability in the Northeast Asian region, Japan and South Korea would lose confidence in our commitment to their security. China would question whether we will do our part to maintain stability. As dangerous as proliferation is, moreover, there may be limits to which North Korea would engage in proliferation. When it comes to fissile material and nuclear weapons, the DPRK has a security reason to build its own stock and so may be reluctant to share with others. We should, of course, not slack in our counter-proliferation efforts nor weaken our threat to punish Pyongyang for proliferating. But neither should we ignore the importance of Japan's and South Korea's confidence in our defense commitment.

### *China: Historical Context*

Let me turn in detail to China's role in the North Korea issue.

Over the past seven years, since the beginning of the 2002 downturn in U.S. relations with the DPRK, China has generally taken an even-handed approach to the effort of securing the denuclearization of the Korean peninsula. It certainly understood the danger that a nuclear North Korea posed, but it was also anxious about the intentions of the Bush Administration. Until relatively late in the Administration, Beijing disagreed with the way it balanced pressures and inducements. So it regularly called on both Washington and Pyongyang to show flexibility and make concessions. There were exceptions to this rule, particularly Beijing's rhetorical reaction to the October 2006 test. But generally, it concluded that both Pyongyang and Washington were similarly responsible for the slow pace of progress.

Also during the 2002-2008 period, Beijing appears to have assumed that North Korea would ultimately be willing to abandon its nuclear weapons and programs – if an effective, trust-building negotiating process could be constructed, and if the DPRK and the United States negotiated in good faith. So China provided the venue for negotiations: the Six-Party Talks. But it was happy to see the United States and the DPRK engage in productive bilateral discussions that the 6PT in turn could ratify. As negotiations energized in late 2006 after North Korea's first nuclear test, Chinese expectations were met.

At the same time, Beijing was reluctant to use economic sanctions in response to North Korean provocations, such as the 2006 nuclear test. In part, it reflected a view that sanctions would not elicit a positive response. In part, this was to avoid derailing both the negotiating process and tentative (and ultimately aborted) DPRK steps toward economic reform. In part it reflected a Chinese calculation of national interests that ordered priorities differently from the U.S. ordering. Beijing valued domestic stability more than achieving denuclearization. China worried that too much external pressure might cause the collapse of the DPRK regime, producing, among other things, a large flow of

refugees into Northeast China. Beijing may have believed that it was impossible for other actors to calibrate precisely how much pressure would both stimulate positive policy change by the DPRK but avoid political instability.

(To better appreciate the Chinese calculus, imagine, as a rough and very hypothetical analogy, how Washington might react if a group of countries proposed to impose tough economic sanctions on Mexico, thus creating the possibility of a large migration by Mexicans into the United States. We might urge reconsideration of the sanctions proposal.)

### ***China: Today***

This time, China is responding differently to the latest series of North Korean provocations. Although the statement of protest that Beijing issued after the nuclear test on May 25<sup>th</sup> was actually a bit milder than the one in October 2006, in private Beijing has been harsher. Vice-President Xi Jinping reportedly condemned the test strongly in talks with the South Korean minister of national defense. Because Beijing has been the convener of the 6PT, it certainly was offended by North Korea's walkout and its general lack of deference to PRC views.

Moreover, and more importantly, China appears to have drawn a new set of serious conclusions. It believes that the chances of Pyongyang giving up its nuclear weapons are slim to none. It no longer thinks that more engagement by the United States with the DPRK will bring any positive change. It worries that North Korea's nuclear program will undermine China's security in four ways: possibly create a North Korean threat to China; strengthen the U.S. defense posture in East Asia; intensify American efforts on missile defense, which affects China's nuclear deterrent; and lead South Korea and Japan to abandon their non-nuclear stances. Reportedly, Beijing has undertaken a review of its policy towards the DPRK.

Echoing the internal discussion is a vigorous public debate among scholars with expertise on North Korea. A Peking University scholar asserted that "the recent nuclear test by the DPRK is not just a slap in the face of China, but a sobering wake-up call for the Chinese leadership to face up to the malignant nature of their North Korean counterparts." He continued: "Beijing will not offer any protection for the DPRK if the Security Council decides that a tougher policy is what Pyongyang deserves. Kim Jong Il's folly has deprived the North of its last important friend in the international arena and has dramatically brought new unity to Asia." A Shanghai scholar addressed the question of whether North Korea had become a "strategic burden" for China. He concluded that "if Pyongyang continues raising the international stakes, war cannot be ruled out, and North Korea will either continue to be trapped in a Cold War or will swiftly disappear." China, he said, no longer had any excuse not to act against the DPRK. A journalist proclaimed that: "It now appears that the threat from North Korea, a country possessing nuclear weapons and a country with a regime without fundamental rationality, far offsets the benefits it provides as a geopolitical buffer in China's border against the advance of the United States, Japan, and South Korea. North Korea's flip-flops have exhausted China's

goodwill and patience. There is no point endorsing such a ‘friend.’” There are opinions on the other side of the issue, but it is the growing support for the negative view that is significant.

As an aside, the approach that the Obama Administration took towards North Korea probably helped intensify the Chinese reaction. Even before it took office, the Obama team signaled that it was prepared to pick up where the Bush Administration left off in the 6PT and was prepared to negotiate bilaterally within that context. The Administration’s measured response to DPRK provocations has convinced the Chinese that North Korea is responsible for the deteriorating situation.

China’s anger at the DPRK, and its understanding that we are in a new situation, was evidenced in the sanctions the UN Security Council passed on June 12th. This was the most detailed and far-reaching set of sanctions against North Korea ever, and it could not have happened without the cooperation of China (and Russia). The end result was probably less than the United States, Japan, and South Korea wanted but more than China and Russia would accommodate at the outset. True, it does not cover North Korea’s energy and minerals trade, in which China is a major player, but it focuses on the key areas of weapons trade and financial transactions. True, this resolution was an elaboration of Resolution 1718 from October 2006, but it was a robust elaboration. The resolution was not binding in some important respects and left some discretion to member states when it comes to implementation. But with a degree of political will and decent enforcement, particularly on China’s part, North Korea will find it harder to do business. I do not believe that Beijing would have agreed to this text if it planned to treat it as a dead letter.

### ***What Does China Do Next? What Can China Do?***

So it seems clear that China is more angry at North Korea now than at any time in the history of the relationship, and also deeply concerned about the consequence of the DPRK policy direction for its strategic interests. It has greater motivation to “push back” than ever before. Yet what more it should do and for what purpose is another matter.

In this regard, two items of context are important. The first is China-DPRK economic relations. The second is why North Korea has engaged in these provocations in the first place.

*China-DPRK Economic Relations:* China has played a significant and growing role in the North Korean economy. Its exports grew three times over the 2002-2007 period. Energy commodities grew at the same rate and consistently represented 25 to 29 percent of those exports. Exports of crude oil grew almost four times in value between 2002 and 2007, but some of that increase reflected the rising price of oil. Chinese grant aid, of which energy commodities are a part fluctuated during this period but was at \$37 million in 2006. Chinese FDI also increased by as much as ten times during the first five years of this decade. This investment probably comes mainly from Chinese state owned enterprises, particularly those that focus on natural resources. Their primary motivation no doubt was to improve their bottom line, but their investments also fortified Chinese

policy to strengthen the North Korean economy. These various trends are shifting PRC-DPRK economic interaction from aid to trade. The PRC's export of energy products was complicated by the rising cost of energy until last year and North Korea's shortage of foreign exchange.

Evaluating North Korea's dependence on China is complex. One example is crude oil. It represents less than 10 percent of the DPRK's energy mix. On the other hand, oil is a critical commodity for transportation and for military industry and operations. One scholar has concluded that an oil cut-off, if sustained for some period of time, could have a major impact because the military is so important to regime survival. "Pyongyang's growing dependence on China's energy supply could have far-reaching strategic implications beyond merely shifting the balance of economic leverage." In addition, a Chinese cut-off would be a severe psychological blow.

Yet China fears that exerting pressure on the brittle regime that North Korea is will cause it to collapse, with serious consequences for China. Northeast China, which borders North Korea, is not the most prosperous and stable part of the country. It already must cope with large numbers of North Koreans fleeing poverty and persecution. The leadership in Beijing does not wish to risk the tenuous stability of the northeast by causing the collapse of the DPRK's administrative structure and stimulating, as they see it, a refugee flow that is orders of magnitude greater than what they already face.<sup>1</sup>

I actually believe that China has too mechanistic an approach to the linkages between pressure, North Korean stability, and the size of the refugee flow. In my view, low-level sanctions are unlikely to create collapse. Beijing should consider the calibration of pressure in more detail. Yet I am not responsible for ruling China and I am not willing to dismiss its concerns about the effects of collapse as ill-informed or self-serving.

North Korea's dependence on China is in fact a kind of reverse leverage. Pyongyang certainly knows about Beijing's fears, and that gives it a zone for misbehavior without consequences. It is exploiting Beijing's fears to further its own security goals. The tail is wagging the dog.

*Explaining North Korean Behavior:* Second, in assessing what China might do, it is important to assess why North Korea is acting in a provocative way at this time. Because North Korean decision-making is a black box, we really don't know. All we can rely on is informed speculation. Based on that, three factors seem to be at play.

The first concerns negotiating strategy. In negotiating with other countries over several decades, North Korea used brinkmanship and provocation to frame talks on more

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<sup>1</sup> There has been a long-standing belief that China has also feared the collapse of North Korea would lead to unification of the peninsula under the aegis of the Republic of Korea, which would deprive China of its buffer state. Reportedly, that factor is declining in Beijing's calculus, in part because the PRC now regards the DPRK's policies as a threat to its interests, and in part because the long range of modern weapons negates the value of North Korean territory as a shield. Clearly, Beijing would oppose a unified Korea that allowed American troops on its border with China. Presumably, Washington and Seoul would understand that such deployments would do more harm than good.

favorable terms and put its adversaries on the defensive. It probably believes that its missile and nuclear tests in 2006 led the Bush Administration to reduce demands and offer concessions. So, it asks, why not try again? It also seeks to shape the negotiating table in order to drive wedges between natural allies: the U.S. and Japan; the U.S. and South Korea; and the U.S. and China.

Second, North Korea has a technical reason to test both its long-range missiles and its nuclear devices. As noted, it decided long ago to acquire these tools of power projection to deter the hostile action it *believes*—incorrectly, I must stress—that the United States and Japan are threatening. But previous tests have been less than successful, and its “deterrent” is not yet credible. So it must test again.

Third, North Korea is in the middle of a political transition. Kim Jong Il apparently had a stroke last August and must now scramble to cobble together a succession arrangement. Reportedly, he has picked his youngest son, who is around 26 years old and lacking experience. Also he has designated his brother-in-law, a high senior official, to act as a kind of regent and run state affairs after his death until his son is ready to rule. Plausibly, Kim needs the military to support this arrangement, and the military is most interested in proving both its missiles and nuclear weapons. So there may be a bargain at play: Kim supports testing and the military supports his succession plan.

Thus, there are converging and reinforcing reasons for North Korea to engage in its missile test on April 5 and the nuclear test on May 25. Of course, these provocations have had diplomatic consequences. Presumably Pyongyang believes it can ride out any international response. Perhaps it doesn't care.

*Policy Implications:* These considerations have implications for whether, when, and how it might be possible to secure a sufficient reversal of DPRK policy that would give anyone confidence that the original goal of the 6PT—a negotiated denuclearization of the Korean peninsula—is possible.

On the one hand, as noted, Pyongyang has made its choice to guarantee its security through nuclear weapons and, to that end, to accelerate effort to make credible its deterrent. On the other hand, Kim's desire to assure that the succession succeeds means that the first point at which Pyongyang would consider a change in nuclear policy is when a new leadership is firmly in place.<sup>2</sup> Getting a communist regime to change its policy behavior during leadership succession is almost impossible. The odds that the DPRK regime will be willing to reconsider denuclearization while Kim Jong Il is alive and for a while after his death seem low at best.

Consequently, modest amounts of pressure are unlikely to bring about an immediate change in policy of the sort that the United States and the other parties desire. Because the stakes are high for the DPRK, it is likely willing to absorb modest punishment in the

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<sup>2</sup> There is a possibility that once Kim is confident that his arrangements are consolidated, a return to the 6PT is justified, but I consider that to be unlikely.

process (and, perhaps, assume that it can eventually secure a termination of the punishment).<sup>3</sup>

To put it differently, Pyongyang's current military and political course is driven by a fundamental motivation: regime survival. If external pressure is to bring about a change in course, therefore, it must be so robust that it raises the specter of regime failure. And even then it might not be effective.

But robust pressure is a bridge too far for China, which has been reluctant to punish North Korea with sanctions *precisely because* it might cause the collapse of the North Korean regime and a resulting blowback to China (it may doubt that the North Koreans would bend to sanctions). Beijing may have exaggerated the danger that some sanctions pose, but years of trying to persuade it otherwise has not changed its view. In addition, the PRC may also share the view that sanctions may be ineffective in the *short term* if the current provocative policies are partly a function of a succession process that will occur over the *medium term*.<sup>4</sup>

What we need, therefore, is a sophisticated "theory of coercion" that encompasses these factors, one that goes beyond the idea that, in the event of North Korean provocations, the right amount of pressure will force an immediate positive change in DPRK policies. That "theory" would include the following points:

- There *should* be responses to the DPRK's provocations, to ensure that it does not conclude that it may act with impunity.
- The possibility of achieving a significant change in North Korean policy is probably low *now*. But the odds *may* increase when the succession to Kim Jong Il is complete and the new leadership surveys the damage that choosing the nuclear option has wrought. In the interim, regime-survival instincts are likely too strong. (Generally, sanctions are not effective immediately but over a long period of time.)
- In a practical sense, sanctions are more likely to be effective if they are multilateral in scope. And the political impact of a united front can be as important (or more important) as the specific severity of the sanction.
- Pyongyang is likely to carry out more provocations, so it is useful to keep some sanctions in reserve. They should be increased incrementally. Incrementalism makes it easier to gain China's support.

So far, the Obama Administration has done a good job in achieving two different balances. First, is the need to reconcile its desire to demonstrate to Pyongyang that its provocations have consequences *and* the need to ensure a multilateral united front. Second, is balancing actions that are needed in the short term with what is possible in the longer term. This combination of firmness and patience should continue.

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<sup>3</sup> Another factor: a key part of North Koreans' national identity is a conviction they are the victims of outside pressure. So in the interim DPRK leaders might glory in the punishment of sanctions rather submit to them, because they confirm who they are.

<sup>4</sup> Also, China has a general distaste for sanctions in general, having been a target of sanctions itself.

Let me be clear. The end of the Kim dynasty will create the possibility—and only the possibility—of a more favorable DPRK approach. We should be prepared for the possibility that North Korea may never be willing to give up its nuclear weapons. If the new leadership misses that chance to make a fundamental change in course, firmness should take priority over patience. The countries concerned (the U.S., Japan, South Korea, China, and perhaps Russia) will have to consider some form of multilateral containment. There are signs that, under U.S. leadership, the countries concerned are beginning discussions along those lines.

### *Broader Stakes: the Future of U.S.-China Relations*

The North Korean issue has important implications for the future of U.S.-China relations. Our two countries are locked in an interaction that will likely define the character of the international system in this century. China's power has grown rapidly for the last twenty years, and it remains unclear what kind of great power it will be. The United States, more than any other nation, is the guardian of the international system and so bears the greatest responsibility for addressing China's rise. We hope that China's emergence as a great power will strengthen the international system rather than undermine it, but there are prior cases of countries whose rise has been destabilizing. China hopes that the United States will not seek to contain it, but that has happened before as well.

The problem is that neither China nor the United States can know for sure the long-term intentions of the other. One solution to this problem is for each to gauge the other's future intentions based on changes in its capabilities. The danger is an unnecessary arms race. Another way that the United States and China can assess each other's intentions is as a result of their interaction on specific issues. And this is where North Korea comes in, along with issues like Taiwan, Iran, and climate change.

On North Korea, the interests of China and the United States are similar but not identical. In their effort to reach a mutually beneficial goal, disagreements will occur on how to get from here to there. If those disagreements impede a positive outcome, each will draw negative conclusions about the other's intentions, with implications for their broader relationship. If, on the other hand, they can work through those differences and secure a good outcome, then the conclusions will be positive—about both North Korea specifically and our two countries' general potential for cooperation. In the past, both Washington and Beijing have questioned whether the other was doing enough to secure a negotiated solution. Now, North Korea is driving our two countries together and increasing the prospects for successful cooperation, with broader consequences for our future relations. Obviously, the stakes here are high.

### *Broader Stakes: Japan and South Korea*

The new situation also poses a significant challenge for China's relationships with the Republic of Korea and Japan. Anytime there is a major change in the configuration of power in Northeast Asia, America's two allies in the region reassess whether to continue to rely primarily on the United States for their security or to acquire advanced capabilities

of their own. In the current context, therefore, we should not be surprised when some elements of those two democratic societies ask about the nuclear option, a long-range precision strike capability, and a strategy of preemption. These questions, if and when they are asked, pose a challenge to the United States to reaffirm our policy of extended deterrence in newly credible ways. But they also pose a challenge to China. It is not in Beijing's interest for Tokyo or Seoul to engage in a capabilities race because of North Korea. And like the United States, it must find ways to reassure both that China will not contribute to their greater sense of vulnerability.

*A Final Point: Change in North Korea*

As we confront the problem in the foreground—Pyongyang's abandonment of a negotiated solution to the nuclear issue—we should not ignore the challenge looming over the horizon. That is, Kim Jong Il will pass away and change will ensue in North Korea. We have no idea how change will occur: whether it will be incremental and relatively stable or sudden and destabilizing. There could be regime continuity if the regime's various institutions support Kim's "regency" succession arrangement, and the implications for policy are hard to gauge. But we cannot rule out the possibility that the regency solution will foster tensions among the military, the security services, the Korean Workers Party, and the administration—tensions that spin out of control and produce some kind of regime change. No-one can predict what will happen.

The probability of significant destabilization may be relatively low, but the consequences for the countries concerned—the United States, South Korea, Japan, and China—would be very serious. Indeed because these governments are not prepared for a possible collapse, it becomes incumbent on them not to take actions that might trigger that outcome. At the same time, it is imperative that Washington, Beijing, Seoul and Tokyo together a) better understand the discontinuities that may occur; b) assess how various scenarios affect their converging and diverging interests; and c) explore how to jointly conduct crisis management should a crisis occur. These discussions should be addressed in very quiet dialogues between and among the countries concerned. Yet we ignore the dangers of DPRK regime for Northeast Asia at our collective peril.