



## Challenges of Building a Korean Peace Process

*The following is summary of the key points of a June 1998 U.S. Institute of Peace Special Report by Scott Snyder. Copies of the full report are available from USIP ([www.usip.org](http://www.usip.org)).*

### Key Points

- Political and economic transitions in both South and North Korea have dramatically changed the context and prospects for initiating a Korean Peace process. The South Korean financial crisis and the election of Kim Dae Jung have led to a more conciliatory South Korean policy toward North Korea, while North Korea's economic distress and the extended process of political transition from Kim Il Sung to his son, Kim Jong Il, have increased North Korea's dependence on international negotiations to gain resources necessary for the regime to survive.
- Resolving South Korea's financial crisis and restoring economic stability will take priority for the time being over improving relations with North Korea. The financial crisis has broadened public support in South Korea for a policy of gradual integration with North Korea while dampening desires for near-term reunification. All parties surrounding Korea support the near-term perpetuation of the status quo rather than facing the potentially destabilizing changes and financial and political burdens that would likely accompany early reunification.
- Current developments on the peninsula will require closer policy coordination between the US and Republic of Korea (ROK) on a broader range of issues than has previously existed. President Kim Dae Jung has shown his ability to take the lead in mapping out a strategic vision for reducing tension on the peninsula through expanded dialogue, exchange, and cooperation with Pyongyang. Because he faces considerable domestic economic and political constraints, his policy is unlikely to succeed without full backing from the United States. The US and the ROK should implement parallel policies designed to encourage economic and political cooperation with the Democratic People's Republic of Korea (DPRK) in order to gradually integrate the DPRK into the international community. Such a policy might require eliminating certain economic sanctions and supporting U.S.-ROK cooperation in joint economic ventures with the DPRK. In addition, the United States and South Korea should begin to develop a joint policy regarding the long-term future of U.S.-ROK security relations.
- With deepened U.S.-ROK security coordination as the foundation for managing policy toward the DPRK, the United States should expand consultations with other regional partners and neighbors in Asia -- including Japan and China -- regarding cooperation to reduce tensions on the Korean peninsula. Such consultations might enhance understanding of the roles and objectives of U.S. troops in the Asia-Pacific region as a stabilizing force that may help to dampen the emergence of regional rivalries following Korean reunification.
- As an exercise in multilateral cooperation to implement the terms of the Geneva Agreed Framework and as an institution that helps prevent proliferation of weapons of mass destruction, the Korean Peninsula Energy Development Organization (KEDO) has proved itself an effective organization with a positive track record in its dealings with the DPRK. To maintain the credibility of U.S. commitments under the Geneva Agreed Framework, the U.S. Congress should authorize funding for heavy fuel oil delivered through KEDO, particularly since Japan and the ROK are committed to funding the costs of construction of light water reactors in the DPRK, the lion's share of the project. Congress should also be willing to invest in a Korean peace process through financial support for inter-Korean tension reduction measures on the model of the Nunn-Lugar initiative to support Russian nuclear drawdowns.
- While the initiative for driving the reconciliation process has shifted increasingly to the two Koreas themselves, assistance from international financial institutions will be necessary to provide political and financial support for economic integration, reconstruction, and reduction of military tensions, particularly if any sudden changes occur that destabilize the status quo. It is necessary to define and coordinate the respective roles and subjects of the various channels of dialogue with the DPRK, including the relationship between inter-Korean dialogue, U.S.-DPRK talks, Japan-DPRK dialogue on normalization of relations, and the Four Party Talks.
- The South Korean financial crisis has provided psychological balance to the atmosphere surrounding inter-Korean negotiations by diluting to a degree feelings of superiority by Seoul over Pyongyang while broadening South Korean public support for a policy of gradual integration with North Korea. President Kim Dae Jung's domestic political position and policy toward North Korea remain constrained in the absence of practical North Korean steps toward conciliation in response to Kim Dae Jung's "Sunshine Policy" of reconciliation.
- North Korea's economic distress has increased its dependence on China and the international community; however, its political structure -- and the power of Kim Jong Il as its ultimate authority -- remains intact in spite of the emergence of public differences among its bureaucratic organs and the rise of corruption among North Korean cadres at the highest levels. North Korea's

food crisis has allowed the spread of private black markets at the expense of the central government's public distribution system.

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