



## **Potential Crisis with the Geneva Agreed Framework between the U.S. and the DPRK** by L. Gordon Flake

Despite assurances to the contrary from Washington and Seoul, the Geneva Agreed Framework currently faces its greatest threat since its inception in 1994.

Frustrated with what it perceives to be a lack of progress in the U.S. implementation of the Agreed Framework, the DPRK has halted the process of canning the spent nuclear fuel rods at its Yongbyon site and has threatened to reprocess the few remaining rods and debris in the pond as well as some of the already canned rods that are "leaking." This accompanies "maintenance" activities at the Yongbyon reprocessing site and more recent threats to lift the seals and conduct further "maintenance" on the reactor. Such threats alone warrant concern.

Although efforts are being made to restart governmental contacts, there is a current across-the-board stalemate in ties with North Korea amid political weakness in Seoul, Washington, and Tokyo. With the DPRK's propensity to invoke a crisis to advance its interests, the corner into which North Korea has painted itself with such threats is cause for serious concern.

### **In the Corner Again**

While such DPRK threats may be a bluff and are likely intended as a political message that the DPRK retains a nuclear option, they should not be dismissed. It is not in the U.S. interest to call the North Korean bluff by letting the issue come to a head and risking the collapse of the Agreed Framework. Through the process of making demands and threats the DPRK is increasingly painting itself into a corner. Absent some face-saving way to back down from its increasingly strident warnings, the DPRK may feel compelled to carry out its threats.

Given the DPRK penchant for using crisis as a tool of negotiation, particularly in times when they are displeased with the pace of events, it should be of concern that the DPRK is now more isolated than at any time since 1994. The spent fuel rod canning process has been halted. The Four-Party talks are dead in the water. Missile and MIA talks are not taking place. Liaison offices have been all but dismissed. Japan-DPRK normalization talks have been cut-off and the visits of the Japanese wives of North Koreans have been stopped. Inter-Korean dialogue is at a low point following the collapse of the April 1998 Beijing fertilizer talks and the most recent submarine and frogman incidents have placed Kim Dae Jung's "sunshine policy" on the defensive. Even the recently re-opened General Officer talks at the DMZ have been suspended. These are precisely the conditions that should set off alarm bells.

The danger is that the DPRK may feel unable to back down from such repeated threats absent some plausible response to its concerns. Dealing from a position of weakness, much of the DPRK's remaining strength relies upon the viability of its threats. For the DPRK not to follow through could be seen in Pyongyang as an unacceptable risk. Pyongyang is likely depending on the U.S. to provide the necessary window for escape. The cost of not providing such a release valve is likely higher than the cost of responding to DPRK demands, particularly since DPRK concerns over U.S. commitment to the Agreed Framework are not unfounded.

### **DPRK Priorities**

Some in Washington and Seoul characterize the DPRK concern as one that can be resolved by simply providing the heavy fuel oil that the U.S. promised under the agreed framework. Unfortunately, there is ample reason to question whether progress on that front alone—which is by no means guaranteed—will be sufficient to deter the DPRK from its current path. While media attention to the DPRK threats has focussed on the issue of heavy fuel oil, with each threat and warning the DPRK has actually made three core demands; first, easing of U.S. sanctions, second, progress in construction of the LWR project, and third, on-time delivery of heavy fuel oil.

### **Embargo/ Sanctions**

Since the conclusion of the 1994 agreed framework, the most common DPRK refrain has been a call for the U.S. to "lift the embargo." This is actually a more complex issue than a simple DPRK delusion that lifting the U.S. embargo will "save" its economy. There is a growing gulf in DPRK and U.S. perceptions of the Agreed Framework. For the DPRK, the most important aspect of the agreement is that it is a "framework" that will lead to eased economic sanctions, normalized relations, and a "guarantee" of the DPRK's continued existence. From a North Korean perspective, economic sanctions are an important gauge of U.S. commitment to the Agreed Framework and U.S. intentions toward the DPRK. Recent events seem to indicate that the U.S. mandate for the Geneva Framework Agreement has been narrowed. Some U.S. officials have recently referred to the agreement as the "Geneva Nuclear Freeze Agreement." As the crisis of 1994 faded, so to did the high level attention given within the Administration to the Agreed Framework. Since the departure of Ambassador Robert Gallucci, the U.S. has been in a "maintenance mode"—working primarily to preserve the nuclear freeze, but unable to advance the broader framework.

The question of sanctions lifting is now hostage to the negotiating process. While there was a narrow window of opportunity during which the U.S. might have eased sanctions

following the conclusion of the Agreed Framework in October 1994, the subsequent election of a more hostile Congress and the December 1994 helicopter incident resulted in a scaled back and essentially meaningless package of sanctions easing on January 20, 1995. There has been no significant further easing of sanctions since that time. Instead, sanctions policy has become the primary U.S. bargaining chip in negotiations with the DPRK.

Some observers believe that the Clinton Administration wanted to use sanctions more freely as a tool of its engagement policy with North Korea but has been prevented from doing so by the Congress. That view is no longer correct. It appears that there is now considerable resistance to sanctions easing within the Administration as well.

### **LWR Project**

While the KEDO Executive Board Members (ROK, Japan, the United States, and the European Union) have finally reached a burden sharing agreement (yet to be approved by respective national legislatures) on funding for the prime contract of the Light Water Nuclear Reactor project, the more immediate question of who will provide the first year funding is still under negotiation. The U.S. is at least partially responsible for the difficulty of this process as its tin cup diplomacy in Japan and Korea during a time of economic crisis has hardened public opinion and complicated the politics of an agreement. Whether or not the funding question can be fully resolved in time to factor into the current crisis is clearly in doubt.

Presumably there remain in North Korea many who are suspicious of the KEDO "Trojan Horse." North Koreans are undoubtedly aware of South Korea's reputation for speedy construction and are vocally dissatisfied with the progress to date in Shinpo. Such delays give credence to possible suspicions in the DPRK that the West does not actually intend to carry out the Agreed Framework and is instead merely stringing the DPRK along.

### **Heavy Fuel Oil**

The Administration appears confident that it will be able to secure funding for the provision of heavy fuel oil and for KEDO's outstanding debt. The testimony of Deputy Assistant Secretary Rust Deming before a July 14 hearing of the Senate Foreign Relations Committee was likely a positive step in obtaining Congressional support.

What is less certain, however, is whether the provision of heavy fuel alone will be timely enough, or sufficient to deter the DPRK from its current path. What the DPRK is seeking is not the immediate delivery of oil, but some kind of assurance—perhaps in the form of a delivery schedule—that the U.S. remains committed to the Agreed Framework and will live up to its side of the deal. Such an assurance can be delivered only when Congress and the Administration work together and when KEDO is freed from the process of begging and creative financing through which it has funded the heavy fuel oil to date.

### **Next Steps**

The U.S. should give serious consideration to the implications of a North Korean decision to reprocess. To begin with, the role of the International Atomic Energy Agency (IAEA) and the UN Security Council complicate matters. Should the North Koreans carry out their threat, a chain of events from IAEA reporting to the resumption of UN Security Council actions suspended in June of 1994 could initiate a sequence of events that quickly escalate a crisis. Clearly, contingency plans are in order.

In responding to this most recent threat to the Geneva Agreed Framework, the U.S. must not lose sight of core U.S. interests on the peninsula, namely, the prevention of war and the maintenance of the freeze on North Korea's nuclear program. Not only should the U.S. keep its side of the bargain simply because we are a nation that believes in living up to the letter of our agreements, but in the current situation the Agreed Framework likely remains the "least bad" option on the peninsula. This does not imply that the U.S. must respond to every DPRK demand. However, the U.S. should realize that the DPRK bottom line is not heavy fuel oil, sanctions lifting, or even LWRs. Rather, the DPRK's first priority is regime survival. They have their backs to the wall and are playing for keeps.

In recent weeks Administration officials have repeatedly issued public assurances that the U.S. will live up to its commitments under the Agreed Framework and that they expect the DPRK will do the same. South Korean officials are confident that the DPRK will not risk the fate of the Agreed Framework, international aid, and inter-Korean economic cooperation, especially just prior to the expected assumption of the presidency by Kim Jong-Il. Clearly for North Korea to actually carry out its threat would not be in its own best interest. However, the DPRK has demonstrated a propensity to take actions that may appear illogical and detrimental to its national interests in the defense of regime stability. The last thing the U.S. and the ROK should want to do is place the fate of the Agreed Framework on the North Korean's ability to make a "logical" decision.

One conceivable interim measure the DPRK may take would be to officially declare the Agreed Framework breached by the United States and therefore null and void, but take no specific actions—much in the same way that they declared their withdrawal from the NPT. This could likely be followed by a call for a high level meeting to "save" the agreement without precipitating an immediate crisis. Such a scenario would also require the U.S. to stretch beyond mere maintenance of the nuclear freeze, and move toward real progress on the broader Agreed Framework.

Even should the provision of heavy fuel oil prove sufficient to deter the DPRK from its threats and an immediate crisis be avoided, the fundamental disagreement between the U.S. and the DPRK on the progress on the Agreed framework, particularly the embargo and the LWR project, will remain unresolved. A lasting resolution of the current crisis will require the Administration and the Congress to work together to ensure that the U.S. lives up to its international agreements,

that U.S. support for the Agreed Framework is made certain, and our core interests on the peninsula are preserved.

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