



NUCLEAR FLEXIBILITY NECESSARY FOR NORTH KOREA'S ECONOMIC DEVELOPMENT

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Although Kim Jong-un's [latest words](#) on New Year's eve are a cause for concern, they seem more for negotiating leverage than indicative of a real change in North Korea's trajectory. The global community needs to encourage the North Korean leader's efforts to improve his country's economy and make it more of a "normal country."

Instead of giving a New Year's speech, as he had previously done annually, Kim delivered a report concluding a four-day Workers' Party Central Committee plenum. About 70% of the report addressed the economy, showing that economic improvement is of paramount importance to Kim. Kim was candid in admitting the economy was in trouble, revealing that a lack of economic progress in the past year was a major source of frustration for him. Kim highlighted areas that needed reform and declared that global sanctions on his country were choking its economic potential.

Indeed, it is the economic damage of sanctions that apparently drove Kim's statements in the national security arena. Alleging that his country has received no economic benefit from dismantling a nuclear testing site and putting a moratorium on nuclear and

long-range missile testing, Kim questioned his country's all-out focus on economic development since the shift from the previous *byungjin* strategy (simultaneous development of the economy and military). Claiming that the United States has not made any concessions in spite of his unilateral concessions on denuclearization, Kim implied that Pyongyang would resume nuclear and long-range missile testing and even unveil a "new strategic weapon" if the sanctions are not lifted.

Although these statements are disconcerting, they are clearly intended to maximize Pyongyang's negotiating leverage, as Kim added that the extent and scope of his military response would depend on Washington's reaction to his statements, making it clear that he was open to further negotiation. Further evidence that Kim is open to negotiations is that he did not name Trump even as he was criticizing the United States and he did not stage any military provocation, despite the [previously threatened "Christmas gift."](#)

The onus is now on both Pyongyang and Washington to work out their differences if they are to avoid a reversion to the days of nuclear brinkmanship and high tension (the days of so-called "fire and fury") before the Pyeongchang Winter Olympics in 2018. Apparently, North Korea has demanded a gradual step-by-step denuclearization, reciprocated by relaxation of sanctions, while Washington has insisted on a comprehensive roadmap starting with defining the final denuclearized state and then spelling out the steps leading to that state. Whatever may have been the exact negotiating positions of the two sides, there was a serious enough difference between the two to cause a breakdown in the talks. This current impasse has led to Pyongyang's demand for a [new approach](#) from Washington and Washington's promise of a new flexibility.

The two sides must now show real flexibility in their actions, not merely in their words. Pyongyang must take more tangible steps for denuclearization beyond the [symbolic dismantling](#) of an old testing site, and Washington must seriously consider partial relaxation of sanctions in response. Perhaps a way to start would be finding a path forward on reconnecting rail and road links between the Koreas without explicitly

violating the sanctions regime. Such an endeavor can help build the mutual confidence necessary for further progress in denuclearization and may eventually lead to building a gas pipeline across North Korea carrying Russian gas into South Korea.

The global community must encourage economic reform in North Korea and help persuade a frustrated Kim Jong-un that though such reform is not easy and may take time, it is necessary and worthwhile. The global community must support negotiations between Pyongyang and Washington by offering creative ideas to build mutual trust and break the impasse. Although the recent proposal by China and Russia at the UN for [partial relaxation](#) of sanctions has gone nowhere, Washington, Seoul, and Tokyo would do well to consult closely with Beijing and Moscow to discuss a common gradual approach to denuclearization accompanied by partial easing of sanctions.

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