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# Peace on the Korean Peninsula

What can the EU contribute to  
the Six-party process?

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## Summary

After the North Korean test of seven medium and long range missiles on July 4, 2006 and the partially successful test of a nuclear explosive on October 9, 2006, the international community acted with unity and strength by way of UN resolutions 1695 and 1718 to prevent further tests of missiles, as well as a second nuclear test of the Democratic People's Republic of Korea (DPRK). On the one hand, the new international sanctions were designed to punish North Korea for its provocative acts; yet on the other, the door should be kept open to bring them back to the Six-party Talks. For this reason, civil goods were excluded from sanctions. The European Union condemned these tests immediately and participated in the sanctions of the UN.

The EU is not a major protagonist in countering the proliferation efforts of the leadership in Pyongyang. On the contrary, with the end of the Korean Peninsula Energy Development Organization (KEDO) in May 2006, Brussels had lost its last instrument of influence regarding the nuclear ambitions of North Korea directly. Keeping in mind that the DPRK has become the greatest threat to global proliferation through its retreat from the Non-proliferation Treaty in 2003 and through its declaration to enter the status of a nuclear weapon state in February 2005, the inactivity of the EU comes as a surprise. In 2003 Brussels developed, as an alternative answer to the U.S. invasion of Iraq, its own multilateral strategy to fight the proliferation of weapons of mass destruction, mainly by means of diplomacy. In spite of the fact that it has become highly engaged in nuclear non-proliferation efforts in the region, it lacks a comprehensive engagement strategy to counter the nuclear efforts of the North Korean leadership.

This report describes Brussels' relations towards Pyongyang in three areas that were most important for both sides since 1995:

1. Support of American non-proliferation efforts towards North Korea.
2. Humanitarian aid for the North Korean people and
3. Development of economic trade relations with Pyongyang.

Compared to other major protagonists in the region, the EU offered only minor financial assistance to the U.S. led KEDO program with a two percent share. Nearly three times higher, the absolute financial value of its humanitarian food assistance for North Korea was also surpassed by several other countries (e.g. USA, Republic of Korea). Trade relations with North Korea are not important for the EU and can be easily replaced because the DPRK has no goods of strategic value, like crude oil in the case of Iran. For Pyongyang, trade relations with the EU are more important, because it shared 12 percent of its total trade with the European Union. Here the EU has some leverage. As a consequence of the nuclear crisis the EU has reduced its financial support and bilateral economic relations since 2004.

Because the outcome of the present nuclear crisis is difficult to predict, two different scenarios are discussed: The best outcome would be the "complete nuclear disarmament" of the DPRK. A less optimal but still constructive outcome would be a "constrained nuclear arms race" in the region. An unconstrained arms competition seems unlikely, be-

cause North Korea alone, even if nuclear armed, appears too weak to justify such an effort for major protagonists in the region.

Europe has some unique advantages for a greater engagement in order to support the regulation of the nuclear crisis. It was not involved in the Korean war from 1950-53 and has no strategic interests at stake. In contrast to major parts of the Bush administration, it rejects a strategy for regime change. Since 2001 the EU and its member states have increased their diplomatic presence in Pyongyang and therefore, compared to other countries like the USA and Japan, have better access to information about the North Korean leadership. This can be used cautiously in order to increase the leverage of Brussels.

But a greater engagement of the European Union also faces some serious hurdles. First and foremost, the EU is more interested in U.S. cooperation in order to regulate the nuclear crisis with Iran. Therefore, Brussels has subordinated its non-proliferation policy regarding the DPRK to this goal and has avoided challenging the conservative U.S. government with its alternative non-proliferation strategy. Secondly, the EU members are split about the right strategy to engage North Korea for structural reasons. Some members of the EU (France, UK) possess nuclear weapons; others (Germany, Italy, Greece) are interested in the nuclear commitment of the USA; and others (Sweden, Ireland, Austria) reject the possession of nuclear weapons. Thirdly, the lack of transparency in the North Korean economy and the strong influence of the North Korean military in the economy, which is at present a major obstacle for economic reform in this country, complicates any serious engagement of the European Union.

Under these circumstances, the EU can contribute better when multilateral cooperation works between all parties of the Six-party Talks and the DPRK is ready for nuclear disarmament. Political measures to strengthen multilateralism and to support the non-proliferation regime convincingly, can help to create a more conducive environment for negotiations and reduce tensions between the USA and China. EU assistance with economic reforms in the DPRK can increase the political flexibility of the North Korean leadership. In this regard, Brussels can broaden the economic, commercial and social activities of its Chamber of Commerce in Korea; develop a follow-up strategy for its first EU-DPRK country strategy of 2001; negotiate new development programs with Pyongyang; enhance economic transparency for foreign investments in special economic areas; support membership of Pyongyang in the World Bank; and accept negotiations for a Free Trade Agreement with South Korea, including the special North Korean Kaesong area. Furthermore, measures to support the North Korean nuclear disarmament should strengthen the norms of international non-proliferation, help Pyongyang, and reduce the costs for the five members of the Six-party process. In this regard the EU can try to regain a leading role in the follow-up organization of KEDO; contribute to the delivery of energy and/or revival of the light water reactor program; offer financial and technical assistance for the dismantlement of nuclear facilities and equipment; expand these efforts to other categories of WMD (chemical, biological weapons); contribute to a negative security assurance through France and the United Kingdom; and offer seminars on the transfer of European experience with military transparency and confidence building measures.

This list of possible measures shows that the EU has many tools to support the six-party process. Because the present status of a North Korean uranium enrichment program is uncertain, it does not seem to be an immediate threat to proliferation. There is still time to resolve it. A compromise on the North Korea plutonium program can pave the way and build the necessary confidence to facilitate a regulation afterwards.

If the Six-party process fails and North Korea deploys a rudimentary nuclear deterrence force, compensatory security measures are essential to secure the control of these weapons and to reduce the risk of their inadvertent use, and to prevent a 'use or lose' position for reasons of stability. Some kind of predictability and accountability together with transparency (although limited), seems necessary to preserve essential cooperation in the region. Here again, the European Union can assist in linking further economic incentives to the DPRK through the fulfillment of certain minimum standards of military confidence and security building measures. It can supplement this with offers by certain member countries to host seminars on military confidence-building. The DPRK has no resources or capabilities for a quick nuclear build-up and, because the option of unification (and then a fast nuclear disarmament) is always possible, Japan and South Korea should not overreact to a nuclear capable North Korea. The European Union should help the international community to convince Tokyo and Seoul that they should further stay in the Non-proliferation Treaty.

However, the EU has only limited means to support the six-party process and it lacks the capability to force the main parties back to the negotiating table. It can use persuasion and offer limited incentives, but without a strategic change in its approach to the Six-party Talks by one or both of the main protagonists, success seems less likely. And without a better outlook for these negotiations, Europe will be unable to develop a new consensus for the necessary engagement measures.



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## 1. Introduction<sup>1</sup>

The unannounced test of seven North Korean long range missiles on July 4, 2006 and the announcement of North Korea to conduct an underground nuclear test on October 3, and the nuclear test on October 9 against the strong warnings of the international community has weakened the international efforts for non-proliferation and the Non-proliferation Treaty (NPT) itself and decreased the security and stability on the Korean peninsula, in North East Asia and beyond. The European Union (EU) has strongly condemned these provocative acts and has fully supported the two UN Security Council (UNSC) resolutions 1695 of July 15, 2006 and 1718 of October 14, 2006.<sup>2</sup> The EU and its members will comply with the UN sanctions, in particular with regard to Resolution 1718. The EU Council urges the DPRK to return immediately to the Six-party Talks between USA, Russia, China, Japan, North and South Korea, to implement the Joint Statement<sup>3</sup> of Septem-

- 1 The first version of this paper was presented under the title "Possible EU contributions to a solution of the Six-party Talks after the end of KEDO" before the International Seminar on the European Union Policy towards North Korea and its Role in the Northeast Asia in Daegu, Korea, June 23, 2006 organized by the National Unification Research Institute of the Yeungnam University. I thank Oliver Linnenkohl, Soohyun Kim, Yong-Pyo Hong, Sangtu Ko and John Sagar for helpful comments. A revised version was published in: *The Journal of Unification Studies*, Vol. 28, 2006, Special Issue: The European Union Policy towards North Korea and its Role in the Northeast Asia, pp. 159-211.
- 2 See Declaration by the Presidency on behalf of the EU on missile tests by DPRK, Press release 216/2006, July 5, 2006, in: [www.eu2006.fi/news\\_and\\_documents/cfsp\\_statements/vko27/en\\_GB/1152098594098](http://www.eu2006.fi/news_and_documents/cfsp_statements/vko27/en_GB/1152098594098). The EU Presidency has issued a statement on the carrying out of a nuclear test by the Democratic People's Republic of Korea, October 9, 2006, in: [www.eu2006.fi/news\\_and\\_documents/front\\_page\\_news/vko41/en\\_GB/1160383986280](http://www.eu2006.fi/news_and_documents/front_page_news/vko41/en_GB/1160383986280). For the details of the two UN resolutions see: Council condemns Democratic People's Republic of Korea's missile launches, Unanimously adopted resolution 1695, Security Council SC 8778, July 15, 2006, in: [www.un.org/News/Press/docs//2006/sc8778.doc.htm](http://www.un.org/News/Press/docs//2006/sc8778.doc.htm) and Security Council condemns nuclear test by Democratic People's Republic of Korea, unanimously adopted resolution 1718, Security Council SC 8853, October 14, 2006, in: [www.un.org/News/Press/docs/2006/sc8853.doc.htm](http://www.un.org/News/Press/docs/2006/sc8853.doc.htm). In UN resolution 1695 the UNSC did not determine a breach of regional peace and security but has prohibited further tests and the export of North Korean long range missiles. But its sanction clause is very vague and unspecified. In UN resolution 1718 the UNSC has determined a breach of regional peace and security. It prohibits further North Korean nuclear tests and contents a more detailed sanction clause which prohibits the import and export of equipment, which can be utilized for the production of nuclear weapons and of major conventional weapon systems.
- 3 The Joint Statement was the first common document of the Six-party Talks, which have been conducted since August 2003. It should regulate the main goal, the denuclearization of the Korean peninsula. The DPRK commits the complete and verifiable abandonment of all its nuclear weapons and present nuclear programs and will return at an early date to the NPT and to IAEA safeguards. The U.S. confirmed that it has no intention to attack or invade the DPRK. Seoul reaffirmed its denuclearized status. Pyongyang stated its right for the peaceful use of nuclear energy and the other State parties are willing to discuss at an appropriate time, the subject of the provision of light water reactor to the DPRK. Additional measures should facilitate this process, such as normalization of relations and energy assistance together with negotiations on a permanent peace regime. The agreement bridged with the formulations like "at an early date" and "at an appropriate time" the principle differences between the main

ber 19, expeditiously, to comply with its obligations under the NPT, sign and ratify the Comprehensive Test Ban Treaty and refrain from any further nuclear testing and tests of long range missiles.<sup>4</sup> As a first positive result of the UN resolution, North Korea has come back to the Six-party Talks.<sup>5</sup>

So far the European Union has not been directly involved in the solution of the two nuclear crises on the Korean Peninsula, neither in the 1990s, nor since 2002. With the escalation of the second North Korean nuclear crisis in October 2002, and then the withdrawal of Pyongyang from the Non-proliferation Treaty in January 2003, a discussion arose within the U.S. State Department on the framework of the future multilateral negotiations to address the DPRK nuclear issue. Initially, EU participation was suggested as a possibility, but when some major EU member states dissented on the American engagement in Iraq, the conservatives within the U.S. government decided to exclude the Europeans from further talks. Subsequently, EU representatives have discussed this issue informally with China and North Korea. However, neither of these two countries promoted an enlargement of the Six-party Talks by including the EU.

Currently, the role of the EU (EU3+3)<sup>6</sup> may increase for several reasons: Firstly, in the case of the greater isolation of North Korea, the missions of the EU and its member countries in Pyongyang will be of growing importance because, compared to the United States and Japan, they have access to better and more reliable information about the current situation there. Secondly, its mediating role in the case of Iran has increased after it persuaded the US government to accept a more flexible approach towards Tehran.<sup>7</sup> It is expected that a new multilateral framework will be established, with the direct participation of the USA and Iran together with the European Union and perhaps Russia and China, with regards to the Korean nuclear crisis. Because the development of both nuclear crises are interconnected to some degree and cannot be fully separated from each other, the political role and function of the EU could grow by providing elements for a possible solution to the nuclear issue in Northeast Asia too.<sup>8</sup> Thirdly, after the midterm elections of

antagonists but has not solved it. The sequence of the measures and their timing is still controversial. See for all details, Joint Statement of the Fourth Round of the Six-Party Talks Beijing, September 19, 2005, in: [www.state.gov/r/pa/prs/ps/2005/53490.htm](http://www.state.gov/r/pa/prs/ps/2005/53490.htm).

- 4 See EU Council, 2756th External Relations Council meeting, Luxembourg, October 16-17, 2006, Council Conclusions on North Korea.
- 5 See Spokesman for DPRK Foreign Ministry on Resumption of Six-Party Talks, KCNA, November 1, 2006, in: [www.kcna.co.jp/item/2006/200611/news11/02.htm#1](http://www.kcna.co.jp/item/2006/200611/news11/02.htm#1).
- 6 The acronym "EU3" stands for France, United Kingdom and Germany who have mediated on behalf of the EU between the USA and Iran the nuclear crisis. Since the group has been joined by the U.S., Russia, and China, the acronym EU3+3 is being used.
- 7 See Henry A. Kissinger, A Nuclear Test for Diplomacy, in: *The Washington Post*, May 16, 2006, p. A17 and Joseph S. Nye, Should the Iran be attacked by the U.S.?, in: *The Korea Times*, May 16, 2006, in: [www.koreaherald.co.kr/archives/result\\_contents.asp?id=200605160030&query=Nye](http://www.koreaherald.co.kr/archives/result_contents.asp?id=200605160030&query=Nye)
- 8 An example is the increased political pressure of influential members of the U.S. Congress for a more cooperative attitude of the Bush administration. See Foster Klug, Sen. Calls for direct talks with North Korea, in: *The Washington Post*, June 25, 2006, in: [www.washingtonpost.com/wp-dyn/content/article/2006/06/25/AR2006062500240.html](http://www.washingtonpost.com/wp-dyn/content/article/2006/06/25/AR2006062500240.html).

the new U.S. Congress, a more cooperative North American government may also seek greater political support from Europe to denuclearize North Korea. Fourthly, after conclusion of the Initial Phase Agreement of the Joint Statement in Beijing at February 13, 2007, Christopher Hill, the head of the U.S. delegation, has asked for additional international assistance to get it implemented.<sup>9</sup> And Javier Solana, the EU High Representative for Common Foreign and Security Policy (CSFP), has announced that the EU is willing to assist in the implementation of the agreement at the same day in Brussels and the EU Presidency is considering sending the EU Troika to Pyongyang.<sup>10</sup>

Therefore, the EU should rethink its efforts in order to develop a new strategy for its future relationship with North Korea. To get a better idea of what the possible capabilities of the EU are with regard to its past non-proliferation efforts, humanitarian assistance and trade relations towards Pyongyang will be described and analyzed first. Then the new non-proliferation strategy of the EU, some of its structural constraints and other structural problems will be outlined. Because the outcome of the present nuclear crisis is not predictable, four different political scenarios will be discussed to present a wide spectrum of possible European options. The first two scenarios are positively orientated. They are called “Nuclear Freeze” and “Nuclear Disarmament” and will discuss steps and incentives for the revival of the current negotiating process. As future talks can also fail, the consequences of such an event are discussed in two other scenarios, called “Constrained Nuclear Arms Race” and “Unconstrained Nuclear Arms Race”. Finally, based on the above scenarios, likely outcomes and possible recommendations will be developed for a European policy approach towards North Korea.

9 See Christopher Hill, Evening Walkthrough with Reporters at the Six-party Talks in Beijing at February 13, 2007 in: [www.state.gov/p/eaop/rls/rm/2007/80499.htm](http://www.state.gov/p/eaop/rls/rm/2007/80499.htm).

10 See Javier Solana, the EU High Representative for CSFP, Comments on the agreement at the Six-party Talks on the DPRK nuclear issue, Brussels, February 13, 2007; S054/07, in: [www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressdata/EN/declarations/92764.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/EN/declarations/92764.pdf) and the declaration by the EU Presidency, Declaration by the Presidency on behalf of the European Union on the Six-party Talks, Brussels, February 14, 2007, 6359/07 (Presse28), P10/07.

## 2. EU Assistance to the DPRK from 1995 to 2005

In spite of the fact that the European Union is primarily an economic community, there was no thought about a coherent economic or financial development strategy in dealing with the underdeveloped DPRK until 1999-2000. After the start of a political dialogue with Pyongyang in December 1998, the Commission began developing initial guidelines for its policy towards North Korea. Looking at the overall contributions of the European Union to North Korea since 1995, one can see that the first five years were determined by two main goals: first, to support the U.S. non-proliferation policy towards Pyongyang through the Korean Peninsula Energy Development Organization (KEDO)<sup>11</sup> and secondly, to contribute to the international humanitarian food assistance of the poverty-stricken North Korean people. At the third Asia Europe Meeting (ASEM) in Seoul in 2000, Brussels welcomed the Sunshine Policy of Kim Dae-jung that recalled its own successful experience with detente and was willing to participate in an engagement policy towards North Korea.<sup>12</sup> In this context, Brussels developed its first and so far only “Country Strategy Paper 2001 – 2004”<sup>13</sup> (CSP) and the complementary National Indicative Program 2002-2004 (NIP adopted by the Commission on February 19, 2002) to foster its relationship with the DPRK. It established regular diplomatic relations with Pyongyang in May 2001 and tried to enhance its strategic dialogue on six main topics: human rights; non-proliferation; security policy; progress in inter-Korean reconciliation; economic-structural reforms; and social development.

The objective of the economic assistance, which was in accordance with that strategy, was not so much humanitarian but more technical aid, providing assistance worth a total of 35 million Euros<sup>14</sup> to initiate a sustainable development through the transfer of basic knowledge of market economies and basic skills, and to manage key infrastructural systems of energy, transport and agricultural rehabilitation. Its first experience with the implementation of the country strategy was rather mixed. Certainly it is no surprise that the human rights dialogue has never really worked, but in the fields of security policy and non-proliferation Kim Jong-il conceded to a visiting high ranking EU-delegation in May 2001 to prolong the missile test moratorium to 2003 and launched his economic (price) reform program in August 2002. Up to now, there are some contacts between DPRK offi-

11 See for further details chapter 2.1.

12 See Seoul declaration for Peace on the Korean Peninsula at the third ASEM meeting in Seoul on October 21, 2000, in: [http://ec.europa.eu/comm/external\\_relations/asem/asem\\_summits/decl\\_peace.htm](http://ec.europa.eu/comm/external_relations/asem/asem_summits/decl_peace.htm).

13 See The EC-Democratic Peoples Republic of Korea (DPRK) Country Strategy Paper 2001-2004, Brussels 2001, in: [http://ec.europa.eu/comm/external\\_relations/north\\_korea/csp/01\\_04\\_en.pdf](http://ec.europa.eu/comm/external_relations/north_korea/csp/01_04_en.pdf).

14 See Axel Berkofsky, EU’s Policy Towards the DPRK – Engagement or Standstill, European Institute for Asian Studies, Brussels 2003, p. 23.

cials and representatives of the European Union about the ongoing economic reform process in North Korea.<sup>15</sup>

However, a month after the escalation of the DPRK nuclear crisis in October 2002, the European Union initiated a comprehensive review of its relationship with Pyongyang. In April 2003, after North Korea had expelled the IAEA inspectors in December 2002 and left the NPT in January 2003, Brussels suspended its economic and technical assistance programs with the exception of humanitarian aid.

Also as a consequence of this crisis, in December 2003, Brussels adopted within its Common Foreign Security Policy (CFSP) its first non-proliferation strategy, which included a new 'carrot and stick' approach.<sup>16</sup> But despite the North Korean nuclear ambitions and despite its non-proliferation efforts with China, all ASEAN members and other countries in the region, it has neither tried to apply this strategy in a comprehensive and systematic way in its relationship towards the DPRK nor developed a coherent non-proliferation strategy on its own. Keeping its strained relationship to the United States in mind, the European Council decided at the end of 2003:

“...that enhancing the EU's cooperation with the DPRK will be possible only when the DPRK fully complies with its international non-proliferation obligations. In this context, the EU recalls its unequivocal commitment to maintaining the authority and the integrity of the NPT.”<sup>17</sup>

Therefore, contrary to the EU initial goal to review the DPRK country strategy to further development and economic reforms there, and contrary to its own new non-proliferation strategy, it has not designed any comprehensive follow-up strategy. Compared to its other economic and non-proliferation efforts in the region this is a remarkable exception. The EU was not interested in a second conflict in its already difficult relationship with the United States after the critique of major EU members (France, Germany) against the Iraq invasion, after the bad experience in its first attempt to lift its arms embargo against China, and in its goal to get more support from the U.S. administration for a greater flexibility towards Iran.

Of course, the European Union welcomed the Six-party Talks and the Joint Statement of September 19, 2005 as its first positive outcome.<sup>18</sup> France and the United Kingdom

15 See for further details: EU-DPRK relations. Economy/Trade, in: [www.delkor.cec.eu.int/home/relations/dprkrelations/economytrade.html](http://www.delkor.cec.eu.int/home/relations/dprkrelations/economytrade.html).

16 See Council of the European Union: “EU Strategy against the Proliferation of Weapons of Mass Destruction”, adopted by the European Council, Brussels, December 12, 2003 and Clara Portela, “The role of the EU in the non-proliferation of nuclear weapons”, PRIF-Report No. 65, Frankfurt/Main 2003. See for more details of this strategy chapter 4 of this report.

17 See Council of the European Union (ed.), Presidency conclusions of the Brussels European Council (December 12-13, 2003), Brussels, February 5, 2004, 5381/04, p. 22.

18 See Javier Solana, EU High Representative for the CFSP, welcomes today's agreement on North Korea's nuclear program, Brussels, September 19, 2005, S302/05 and Anonymous, North Korea: Ferrero-Waldner meets North Korean Minister for Foreign Affairs in the margins of the UN Summit – New York, September 19, 2005, in: [http://ec.europa.eu/comm/external\\_relations/north\\_korea/intro/ip05\\_19-09-05.htm](http://ec.europa.eu/comm/external_relations/north_korea/intro/ip05_19-09-05.htm).

played an important role in bridging the differences between Japan and the USA on the one side and China and Russia on the other. This led to the UN Security Council Resolution 1695, which has prohibited further tests of North Korean long-range missiles after its un-notified launch of seven missiles in July 2006.<sup>19</sup> Furthermore, Brussels supported the negotiations of UN resolution 1718 and its implementation after the first North Korean test of a nuclear explosive.

However, the above are clearly insufficient steps given the available resources of the European Union. The North Korean misconduct and its negative effect on the stability and security in the region of Northeast Asia has increased the necessity of dialogue and negotiations and therefore the responsibility of powerful, global players like the EU to strengthen its efforts for non-proliferation and nuclear disarmament in the case of the DPRK. Brussels' activities in this direction could be of particular value because it has no strong historically based power interests in the region and no colonial legacy (compared with Japan<sup>20</sup>, which supports the South Korean detente policy yet has not adopted a strategy of regime change even in its critical human rights policy approach towards Pyongyang).<sup>21</sup> And compared with other powers, the EU still has the greatest influence on American foreign policy. It could use all these advantages to promote a more constructive policy for this region if the foreign policy approach of the U.S. administration were to change after the midterm elections of the U.S. Congress in November 2006.

Before these possibilities are further elaborated, it is worthwhile to look in more detail at the past efforts of the EU towards North Korea in three main areas: 1. Non-proliferation (KEDO), 2. Humanitarian aid, and 3. Trade relations. The experience of the EU in these areas should give us a better idea of what is and can be the leverage of Brussels in its future relationship with Pyongyang.

## 2.1 Korean Peninsula Energy Development Organization (KEDO)

Brussels was asked by the U.S. government to support the multilateral assistance for the Geneva Agreed Framework (AF) of October 1994 by entering KEDO<sup>22</sup> to reduce American costs and the growing influence of a critical conservative majority in the U.S. Congress on the implementation of the Agreed Framework. KEDO was established by the United States, South Korea and Japan in 1995 in order to implement the Agreed Framework by replacing North Korea's nuclear facilities with two more proliferation-resistant light-

19 See Yoshikazu Shirakawa/Takaharu Yoshiyama, France, U.K. key deal brokers, in: Yomiuri Online July 17, 2006, in: [www.yomiuri.co.jp/dy/world/20060717TDY03005.htm](http://www.yomiuri.co.jp/dy/world/20060717TDY03005.htm).

20 Axel Berkofsky 2003, see above (footnote 14), p. 3.

21 See Herbert Wulf, Nordkoreas Griff zur Bombe, Möglichkeiten und Strategien zum Stopp des Nuklearprogramms unter europäischer Beteiligung. SWP-Studie, S 14, June 2006 Berlin, pp. 28-29.

22 KEDO had initially consisted of USA, South Korea and Japan. Later on, the EU, New Zealand, Australia, Canada, Indonesia, Chile, Argentina, Poland, Czech Republic and Uzbekistan attended the organization. See [www.kedo.org/au\\_members.asp](http://www.kedo.org/au_members.asp).

water reactors (LWRs) under the supervision of the International Atomic Energy Agency (IAEA). It organized the shipment of 500,000t U.S. of heavy fuel oil per year for free as an interim solution before the delivery of the core elements of one LWR. From 1996 to 1997, the EU negotiated its membership with KEDO. In 1997, Brussels became with EURATOM<sup>23</sup> a participant of the Korean Peninsula Energy Development Organization (KEDO) and more importantly, the fourth member of its Executive Board.

The European Union contributed a total amount of 75 million Euros until 2001.<sup>24</sup> In 2001 the KEDO-EU agreement was extended for another five year period and the yearly financial contribution was increased by one third from 15 to 20 million Euros. In spite of this major increase, the EU, with nearly 120 million Euros (excluding additional donations from individual member states), only accounted for roughly two percent of the total costs of 4,6 billion USD to build the two LWRs in the DPRK. It is marginal compared to the 70 percent stake of South Korea and 20 percent stake of Japan. The small, more symbolic contribution was nevertheless politically important because it helped to reduce the difficulties that the Clinton administration faced at home during the late 1990s to pay for the heavy fuel oil shipments of the DPRK. Therefore EURATOM was less involved in the LWR program itself but supported the U.S. President in overcoming resistance from a reluctant Congress by assisting his heavy fuel oil commitments.

KEDO stopped all heavy fuel oil deliveries by December 2002, after the second nuclear crisis in October 2002, and then suspended the construction of the two LWRs a year later. Following this two-year suspension (2003-2005) of the project, the KEDO Executive Board agreed to terminate it altogether in November 2005, leaving the financial mechanism for liquidation undecided. Pending a financial decision, in December 2005 the EU decided to extend its membership in KEDO for another year and to continue with its share of the administrative budget (1 million Euro per year) for that period. On May 31, 2006, following the KEDO Board's decision to terminate the LWR project, the Korean Electric Power Corporation (KEPCO), as the prime contractor for the project, was entrusted with the responsibility to oversee the termination process.<sup>25</sup> Two potential ways of liquidating are to sell all the component parts of the project on the international market, or to hope for the resumption of the project. So far, it remains ambiguous as to which option KEPCO will find more feasible. If the prospects for the Six-party Talks improve, it is worthwhile to consider resuming the currently defunct LWR project, as sales of most of

23 Since 1965, EURATOM is a part of the European Union. Its main task is the promotion of the development of civil nuclear energy within the Union. It guarantees, through mutual cooperative control, the peaceful civil use of nuclear material and equipment between EU member states.

24 See The EC-Democratic Peoples Republic of Korea (DPRK) Country Strategy Paper 2001-2004, Brussels 2001, p. 4 and 25, in: [http://ec.europa.eu/comm/external\\_relations/north\\_korea/Ccsp/01\\_04\\_en.pdf](http://ec.europa.eu/comm/external_relations/north_korea/Ccsp/01_04_en.pdf); The total amount reached 88 million Euros for KEDO until 2001 including the additional individual contributions of EU member states.

25 See Recycling materials from KEDO light-water reactors no easy task: expert, in: Yonhap News, June 4, 2006, in: <http://english.yna.co.kr>.

the equipment may prove to be difficult. Because North Korean experts are not able to maintain the equipment there, the timeframe for reviving the program will be no longer than approximately one year.<sup>26</sup> After the nuclear test of Pyongyang the likelihood looks rather dim for a timely revival of the LWR project. And regulation of this issue will become more complicated because KEDO has demanded 1.9 billion USD from the DPRK as compensation for ending the LWR project.<sup>27</sup>

## 2.2 Humanitarian aid

Between 1995 and 2005, the European Union spent approximately 560 million USD (incl. KEDO fees) as donations to North Korea. Washington gave nearly 1,110 million USD (incl. KEDO fees)<sup>28</sup> from 1995 until 2005 and Seoul gave nearly 2 billion USD (incl. KEDO fees)<sup>29</sup> from 1995 until 2005 as grants to Pyongyang. This clearly shows that Brussels is a major donor, but not the greatest donor. With the exception of the World for Food Program (WFP), the EU figure does not include the additional, individual grants of its member states. Excluding KEDO fees, the EU donated approximately 438 million USD as food assistance and humanitarian aid to North Korea between 1995 and 2005. Two thirds were for food assistance, food security and for support of agricultural rehabilitation and nearly one third was for humanitarian aid and technical assistance.<sup>30</sup> In sharp contrast to the U.S. and South Korea, the EU grants for North Korea accounted for only 15 percent of its commercial trade with Pyongyang.<sup>31</sup> The grants included contributions for multilateral institutions like KEDO (122 million USD), the European Community Humanitarian Aid

26 Information from an Korean KEDO expert.

27 See KEDO demands \$1.9 billion from N. Korea for defunct reactor project, in: Yonhap News, January 16, 2007, in: <http://english.yna.co.kr/Engnews/20070116/63000000020070116113356E4.html>.

28 Sources: U.S. AID, U.S. Department of Agriculture, KEDO, see also Marc. E. Manyin, U.S. Assistance to North Korea: Fact Sheet. CRS Report for Congress, Washington D.C., January 31, 2006, p. 2. The U.S. government has spent 404 million dollar for KEDO from 1995 until 2003.

29 Source: Ministry of Unification (ed.), Peace and Prosperity, White Paper on Korean Unification 2005, Seoul, p. 56.

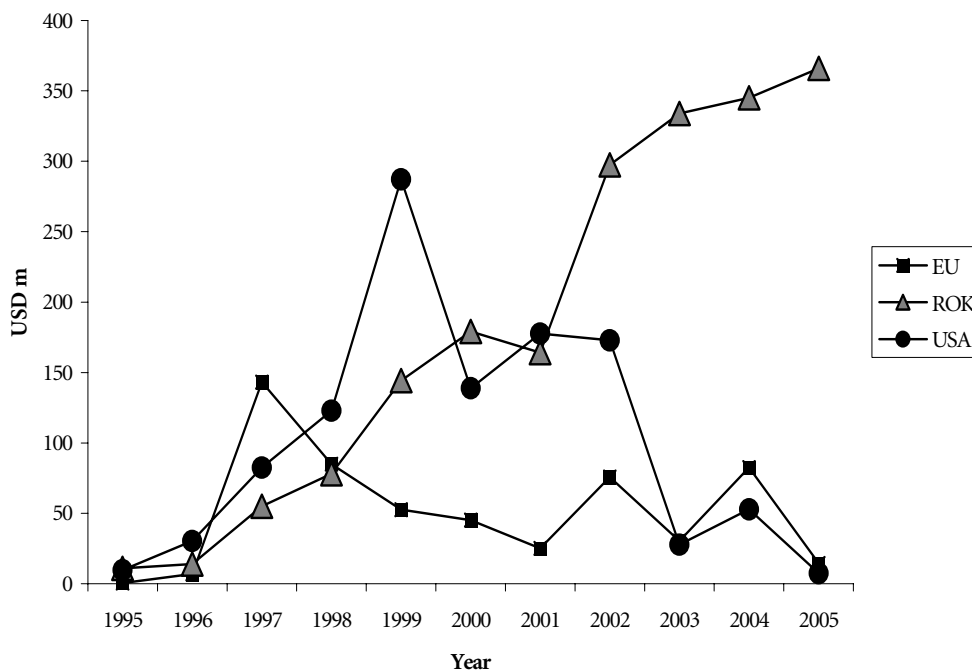
30 So John Sagar, member of Delegation of the EU Commission in Korea, in an Email to the author July 11, 2006. See also EU relations with the Democratic People's Republic of Korea, Overview, in: [http://ec.europa.eu/comm/external\\_relations/north\\_korea/intro/index.htm](http://ec.europa.eu/comm/external_relations/north_korea/intro/index.htm).

31 ROK gave from 1998-2004 73,2 percent of its exports as grants and the U.S. between 1995 and 2005 even more than 90 percent of its exports as grants. Sources: Korea Economic Institute, North Korea's Economy – Economic Data, Washington D.C. April 2004 and calculations on U.S. Data from Marc. E. Manyin, U.S. Assistance to North Korea, see above (footnote 28), p. 2.



department ECHO<sup>32</sup> (93 million Euros) and for the World Food Program (WFP) (126 million USD).<sup>33</sup>

**Graph 1:<sup>34</sup> Grants for the DPRK by Major Donators 1995-2005**



The progress of EU donations in Graph 1 shows that they peaked in 1997 (143 M USD) and 2004 (82 M USD).<sup>35</sup> The first peak was in response to the natural disasters of the late

32 See Chris Dammers/Patrick Fox/Michelle Jimenez, Report for the evaluation of ECHO'S actions in the Democratic People's Republic of Korea 2001-4, Aqua Consult, Brussels January 2005, p. 4.

33 Compiled by data the author received from Martin Buettner, German office of WFP in Berlin for the DPRK from 1997-2006 on May 29, 2006. Excluding individual member contributions the EU spent approximately 50 percent of the amount.

34 Sources: Compiled data from: The Delegation of the European Commission to the Republic of Korea, Humanitarian Assistance (to the DPRK), in: [www.delkor.cec.eu.int/home/relations/dprkrelations/humanitarian.html](http://www.delkor.cec.eu.int/home/relations/dprkrelations/humanitarian.html). The figure for the year 2005 was extracted from, North Korea: Commission approves more than 10 million in humanitarian aid, IP/05/797 – Brussels, June 27, 2005, in: [http://ec.europa.eu/comm/external\\_relations/north\\_korea/intro/ip05\\_797.htm](http://ec.europa.eu/comm/external_relations/north_korea/intro/ip05_797.htm). KEDO data from Sangto Ko, How Common is the EU's Foreign Policy towards North Korea, Table 1, p. 7. US data from: Marc. E. Manyin, U.S. Assistance to North Korea: see above (footnote 28), p. 2. ROK-Data from: Ministry of Unification (ed.), Peace and Prosperity, White Paper on Korean Unification 2005, Seoul, p. 56.

35 The peak of 2002 is a consequence of the doubled KEDO fees of the EU for the years 2001 and 2002 together with the prolongation of the KEDO agreement in 2001.

1990s and the second was caused by high North Korean food demands in 2004. The graph proves that EU humanitarian aid was not similarly shortened by the nuclear crisis, as was the case with the United States, in spite of a sharp decline in commercial EU exports since 2002. It is also worthwhile to mention that the EU office of ECHO in Pyongyang was one institution which, due to its strong resistance, had not been closed at the end of 2005, when the North Korean Foreign Ministry forced nearly all humanitarian organizations to leave the country. This indicates that the EU has some leverage with its humanitarian and food assistance towards Pyongyang.

### 2.3 Trade<sup>36</sup>

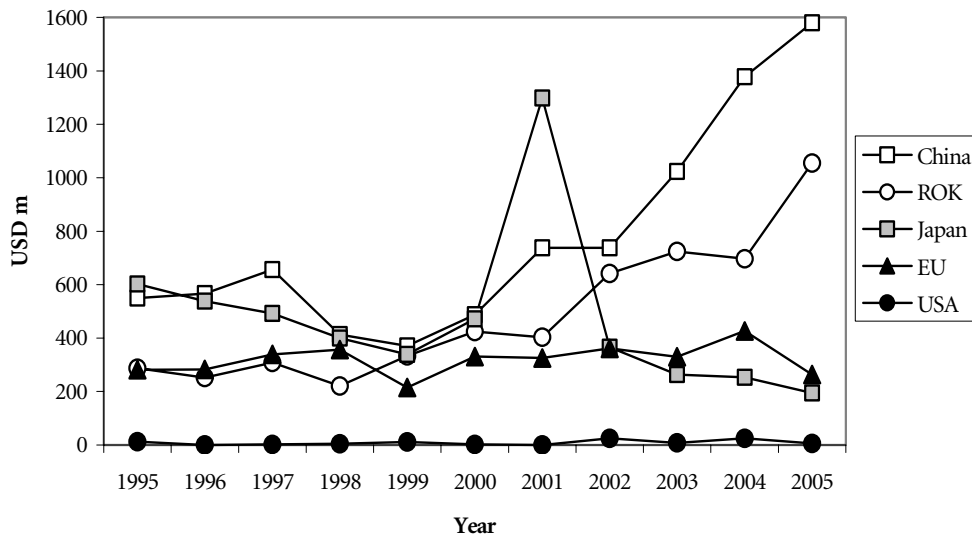
As shown below in Graph 2, Brussels was and is not the most important trading partner for Pyongyang compared with North Korea's other major trading partners, China, Japan and the Republic of Korea (ROK). Between 1995 and 2005 the EU shared an average of 12 percent or 3,5 billion USD of the total foreign trade<sup>37</sup> with the DPRK. It was – after China, ROK, and Thailand – only the fourth largest trading partner in 2005.<sup>38</sup>

Nevertheless, the above mentioned average 12 percent share has some significance for North Korea. The trade share of the European Union with North Korea is fluctuating between 200 and 400 million USD per year. After the Asian crisis in 1998, the total trade volume with Pyongyang increased only slightly until 2004 and then went down significantly in 2005 with 20 million USD below the lowest figure of 263 million USD in 1995. Whereas EU trade with North Korea went down after the second nuclear crisis, it went up with China and the Republic of Korea. This contradictory fact can be explained by the strong competition between China and the Republic of Korea to increase their influence in the domestic affairs of North Korea.

36 The following EU trade figures always count on EU25 according to Eurostat criteria.

37 Here total trade figures do not include trade with military goods. The secret services estimate the amount of this kind of trade between several hundred million and over one Billion USD per year. See also Donald Kirk, North Korea means business over missiles, in: Asia Times, June 24, 2006, in: [www.atimes.com/atimes/Korea/HF24Dg02.html](http://www.atimes.com/atimes/Korea/HF24Dg02.html).

38 It should be noted that domestic trade between both Koreas has been treated like the trade between foreign states in this Graph. Therefore, the data is not comparable with usual South Korean data like e.g. from KOTRA or from the Ministry of Unification, which excludes inter-Korean trade figures.

**Graph 2:<sup>39</sup> DPRK trade with Selective Trade Partners 1995-2005**

The EU-DPRK bilateral export-import differential suggests a favorable trade balance for the European Union. During the examined timeframe, the EU exported goods worth 2.5 billion USD to North Korea, whereas Pyongyang exported only goods with a value of nearly one billion USD to the European Union. The EU export exceeded the DPRK export by 44 percent, accounting for 72 percent of the total EU trade with North Korea. With the exception of the years affected by the Asian Crisis, the trade balance has been fluctuating slightly above 100 million dollars annually, in favor of the European Union. Only in the period 2001-2003, did the trade balance record increase substantially, as a consequence of the European Commission's support of South Korea's engagement policy. However, the DPRK nuclear crisis in 2002 reduced European exports to North Korea by half, from 306 million Euros in 2002 to 165 million Euros in 2005. Among other reasons, the decline can be explained by the suspension of the above mentioned technical assistance program and the introduction of the EU's non-proliferation strategy, which came into force in 2003 in accordance with the NPT clause.<sup>40</sup> Since then, the EU and its member countries are forced

39 Source: compiled data based on National Bureau of Statistics of China: [www.stats.gov.cn/english](http://www.stats.gov.cn/english), Statistical Bureau of the Federal Republic of Germany: [www.destatis.de](http://www.destatis.de), Statistics Bureau of Japan: [www.stat.go.jp/english/index.htm](http://www.stat.go.jp/english/index.htm), Bank of Korea: [www.bok.or.kr/index.jsp](http://www.bok.or.kr/index.jsp), Korea Economic Institute: [www.keia.com](http://www.keia.com), Ministry of Unification (ROK): [www.unikorea.go.kr/index.jsp](http://www.unikorea.go.kr/index.jsp), U.S. Census Bureau: [www.census.gov/foreign-trade](http://www.census.gov/foreign-trade), U.S. Overseas Loans and Grants (Greenbook): <http://qesdb.cdie.org/gbk/index.html>, European Statistics (Eurostat): [http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1090,30070682,1090\\_33076576&\\_dad=portal&\\_schema=PORTAL](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1090,30070682,1090_33076576&_dad=portal&_schema=PORTAL).

40 See: Council of the European Union, Fight against the proliferation of weapons of mass destruction – EU strategy against proliferation of Weapons of Mass Destruction, Brussels, De-

to add a special obligation to their trade agreements in which trade partners agree to comply with the provisions of the NPT and other agreements mentioned there. Therefore, it is unrealistic to expect a substantial increase in the bilateral economic exchanges between Brussels and Pyongyang in the near future unless there is significant progress in the Six-party Talks. North Korea compensated the shrinking exports of the European Union through rising trade activities with other countries like Thailand, Russia, and Brazil.<sup>41</sup> However, western companies are unwilling to increase their trade with or increase their direct investments in the DPRK as long as there is not a stable international environment and a more accountable domestic situation; and as long as the UN sanctions of the UNSC resolution 1718 are not lifted.

If the nuclear stand-off can be resolved, the European Union is ready to restart and adapt its technical assistance program and to use its shelved commercial support office in Pyongyang (Dependence of European Union Chamber of Commerce in Korea = EUCCCK). This will allow for better market access possibilities to the EU and support economic modernization efforts and social developments.<sup>42</sup> Because labor costs in China are increasing, a cheaper North Korean workforce could be of growing importance for EU and South Korean enterprises. This would be of particular value if North Korea opens up, develops and integrates its civil economy and its train network into the region. It could also fully utilize its comparative advantage as an important transit country for energy from Russia to South Korea, as well as for goods from ROK towards China and Russia.<sup>43</sup>

Compared with the total European trade volume of nearly 2,450 billion USD in 2004, EU trade with the DPRK is well below one percent and almost irrelevant.<sup>44</sup> And because the DPRK has no goods of strategic value for the EU, its small exports can easily be replaced by goods from other countries. Whereas the EU is not dependent on trade with North Korea, this is not true for Pyongyang through its 12 percent trade share.

ember 10, 2003, p. 13, in: <http://ue.eu.int/uedocs/cmsUpload/st15708.en03.pdf>. and GAERC conclusions of November 17, 2003, in: [http://ec.europa.eu/comm/external\\_relations/cfsp/intro/gac.htm#cfsp171103a](http://ec.europa.eu/comm/external_relations/cfsp/intro/gac.htm#cfsp171103a). The NPT Clause, as one instrument of the EU WMD strategy, is an additional measure in a trade agreement between the EU and other countries to comply with the non-proliferation obligations of the NPT and other multilateral agreements mentioned in this regard. Up to June 2006 the EU has such agreements negotiated with Albania, Tajikistan, Syria, the Africa Caribbean and Pacific countries (Lomè Convention) and the Gulf Cooperation Countries. See Council of the European Union (ed.), Six-monthly Progress Report on the implementation of the EU Strategy against the Proliferation of Weapons of Mass Destruction (2006/I), Brussels, June 14, 2006, p. 10.

41 See DG Trade Statistics (ed.), Korea, North, EU bilateral trade and trade with the world, Brussels May 18, 2006, p. 4, see also Bertil Lintner, North Korea's creepy-crawly capitalism, in: Asia Times, May 25, 2006, in: [www.atimes.com/atimes/Korea/HE26Dg02.html](http://www.atimes.com/atimes/Korea/HE26Dg02.html).

42 See EU relations with the Democratic People's Republic of Korea, Overview, in: [http://ec.europa.eu/comm/external\\_relations/north\\_korea/intro/index.htm](http://ec.europa.eu/comm/external_relations/north_korea/intro/index.htm), see also [www.eucck.org](http://www.eucck.org).

43 See for more details, Trans-Asia railway get shot in the arm, in: Choson Ilbo, November 6, 2006, in: <http://english.chosun.com/cgi-bin/printNews?id=200611060008>.

44 DG Trade Statistics (ed.), Korea, North, EU, see above (footnote 41), p. 3.

What does past experience with the DPRK mean for a future engagement with the EU? With the end of KEDO, the EU has lost its last instrument of influence in the nuclear conflict with North Korea, more or less directly. What makes things worse, in the case of a future regulation of the nuclear conflict, is that it seems less likely that the EU will again become a leading participant in a KEDO follow-up organization.<sup>45</sup> The six parties will then determine who will direct this organization, and the entrance fee for a leading participant could be higher than in the past. So here it seems the EU has lost some of its value. In the case of humanitarian aid and trade, on which North Korea has some dependency, the situation looks better. However, past experience has shown that North Korea, in spite of its high dependency on foreign assistance and trade, is relatively immune to foreign pressure in this regard. So it seems questionable how far the higher dependency of the DPRK in the area of humanitarian aid and trade can be utilized by the EU. Keeping this in mind, Brussels can try to use it cautiously as a tool to open up the country, to support economic reforms and to develop the food and light industries in North Korea, thereby reducing the impact of the military on the economy. This could indirectly support the six-party process.

### 3. Possible Constraints through Structural Problems

The EU faces four different structural problems in developing its non-proliferation policy towards the DPRK. One problem when formulating the non-proliferation policy, is that the European Union consists of groups that have different interests. Two members, France and the United Kingdom, are nuclear weapon states, and therefore have unique interests. Some NATO members, like Germany, Netherlands, Belgium and Italy have no nuclear arms, but have American nuclear weapons situated on their territory. Together with others, they are under the nuclear umbrella of the United States. A third group of countries are neither nuclear-armed nor alliance members and traditionally are more oriented towards a neutral way of political thinking – like Sweden, Finland, Ireland and Austria.<sup>46</sup> This structural difference is a serious challenge to develop a common non-proliferation and engagement strategy towards a distant and less important North Korea.<sup>47</sup>

45 At present, the new structure of a KEDO follow-up organization is in discussion only. In Comparison to the previous organization China and Russia will be most likely a part of it.

46 See Clara Portela, *The Role of the EU in the Non-Proliferation of Nuclear Weapons*, Frankfurt (Peace Research Institute Frankfurt, PRIF-Report 65), 2004, p. 4.

47 Here the EU behavior is different compared to the case of Iran. Iran is in vicinity of the European Union and has a common border with Turkey, a possible future member of the EU. Therefore, the Iranian nuclear ambitions were far more threatening to the EU, in particular in combination with the situation in Iraq and the Israeli-Palestinian conflict in the neighborhood and therefore a response was urgent. These were the major reasons why the EU3 took the lead in trying to solve this conflict on behalf of all EU members. Other Union members were forced to put back their differences by this approach of the EU3.

Secondly, the failed ratification of the EU constitution in the Netherlands and France has put the process of EU integration and enlargement, together with the process towards an European identity, in a serious crisis. Europe has become larger, but is still forced to decide on too many questions by consensus. The development towards a more streamlined leadership with more political flexibility is therefore blocked for an indefinite time. Of course, there are efforts now to solve that problem (in a timeframe of two to three years), but the outcome remains uncertain. Now, with the enlargement of the EU, there is a broader diversification of views within the decisive EU bodies about the future policy towards Pyongyang. On the one hand, some member countries favor the support of the engagement policy of South Korea; on the other hand others favor a more hard-line approach towards the DPRK. To overcome this internal division within Europe, it seems necessary that Washington develops a more flexible policy agenda towards Pyongyang. Then China, Russia, Japan, USA and ROK can agree on a more coherent negotiating position in the Six-party Talks. However, the present crisis after the North Korean missile and nuclear test has narrowed the differences between these countries and increased the opportunity to develop a more common approach. This should also facilitate a common approach with the EU.

The third problem is the risk of escalation in the North Korean nuclear issue and the spill over effect of possible countermeasures in similar cases. The EU3, which has mediated the nuclear issue with Iran, has now been extended to six members (EU3+3 = Germany, France, the United Kingdom, USA, Russia, China) and could be faced with the decision process of the UN Security Council as well as activities and measures of five of the six parties, which could have a growing impact on the Iran case too.<sup>48</sup> In particular, sanctions against North Korea could also have a growing impact on Iran both directly and indirectly, and could thereby possibly reduce the freedom of maneuver of the EU or may even contradict its policy goals. Therefore the EU has a growing interest in preventing a further escalation of the North Korean nuclear crisis.

The fourth question is the outlook of economic reform in the North, because many observers expect that successful reform can increase the political flexibility of Pyongyang with regard to a solution of the nuclear issue. Will the North Korean government, in principle, follow the Chinese way of economic modernization or look for its own way? Since 2002, the North Korean officials have often explained their willingness for economic reform but at the same time clarified that they want to do it in their own way.<sup>49</sup> What this means in reality is not very clear. Keeping past experience in mind, it appears questionable to expect a predictable reform process for different reasons. Firstly, the conservative

48 In the case of UNSC resolution 1695 the impact was low, because the sanction clause was very vague, but in the UN resolution 1718, para 8c determines, to send back North Korean experts who are related to missile or WMD efforts. This may affect the Iran too. See UN Security Council, SC/8853, Security Council condemns the nuclear test by the Democratic People's Republic of Korea, Unanimously adopted resolution 1718 (2006), New York October 14, 2006, p. 8, in: [www.un.org/News/Press/docs/2006/sc8853.doc.htm](http://www.un.org/News/Press/docs/2006/sc8853.doc.htm).

49 So DPRK officials to the author at several meetings in 2004 and 2005.

North Korean military has concerns about the economic reform process.<sup>50</sup> They fear it could undermine the stability of their regime. The outcome of the last military bilateral contacts with the South on military confidence building measures<sup>51</sup>, together with the results of the last bilateral Ministerial on economic cooperation and the nuclear test at October 9, 2006, have underlined this.

The North Korean military have presented stronger demands for a change to the North-South sea border (UN determined Northern Limit Line = NLL)<sup>52</sup> to their advantage, they have stopped the tests of the North-South train line between Pyongyang and Seoul and criticized the form and frequency of direct contacts and exchanges between South and North Korean people at the Kaesong and the Mount Kumgang areas. Secondly, as long as the Songun policy ('army first' policy) determines the domestic economic debate and the North Korean military will not promote the economic reform process, its outcome remains questionable and unpredictable. More than 30 percent of the North Korean economy is directly run by the military; their economic and political influence seems strong enough to seriously hamper any economic reform process. This is different from China, where the military was committed to its economic reforms and did not interfere negatively. These ups and downs in the reform process have created a heavy obstacle for a greater economic engagement from outside and have made it difficult to support the economic reformers in Pyongyang.

UN sanctions could be a double-edged sword in this context. They can weaken the Songun policy and the military hardliners through successfully blocking the export and import of North Korean weapons equipment and related materials, to earn enough hard currency for the demands of the 'army first' policy.<sup>53</sup> UN resolution 1718 goes in that direction, but this can only work if China and Russia support the implementation of the sanctions in a sufficient way. However, especially in the case of China this seems doubtful, because regulations of the central government in Beijing will not be fully observed in other cities and districts of the country. Additionally, corruption is high in Russia and China and the leadership in Pyongyang will surely exploit it. And with the notable exception of luxury goods, which will hit the reformers and the hardliners in Pyongyang in the

50 See Jung Sung-ki, Inter-Korean military talks break down, in *The Korea Times*, May 18, 2006 and Lee Joo-hee, Inter-Korean agreement hinges on railway test-run, in: *The Korea Herald*, June 6, 2006.

51 See Jung Sung-ki/Seo Dong-shin, Inter-Korean military talks open but go nowhere, in: *The Korea Times*, May 16, 2006. Also Jin Dae-Woong, No break through at military talks, in: *The Korea Herald*, October 1, 2006.

52 This provisional border line is based on the Armistice Agreement of 1953 between North Korea, China, USA and South Korea, which has been not signed by Seoul.

53 Para 8 of UNSC resolution 1718 contains the sanction clause that only covers the sale, import or export, or transfer of major conventional weapons systems, missiles and their related equipment and WMD related equipment, the stop of all financial contributions related to them and the prevention of the use or transfer of manpower in this regard. UN Security Council, SC/8853, Resolution 1718, see above (footnote 48), pp. 8-9, in: [www.un.org/News/Press/docs/2006/sc8853.doc.htm](http://www.un.org/News/Press/docs/2006/sc8853.doc.htm).

same way, UN sanctions will not establish many new measures that have a deep impact on the North Korean economy. The DPRK lacks the financial resources to buy major conventional weapon systems and the export of dual use goods and materials for the production of weapons of mass destruction is in nearly every case still constrained by the different export lists of the Wassenaar Agreement, Missile Technology Control Regime, the export regulations of the Nuclear Suppliers Group and other multilateral agreements. So the UN resolution prohibits only the export of major North Korean conventional weapons and missile systems with their related equipment and material. To enforce these sanctions the international community can inspect the cargo of North Korean ships in international waters but the resolution creates no legal obligation to do so.<sup>54</sup> The ongoing discussion in Japan, the USA and other states to utilize the Proliferation Security Initiative (PSI) in this direction is more a show of force. And South Korea is not an active part of this initiative – it claimed the status of a passive observer only. Keeping this in mind, one should not expect too much from the present UN sanctions in the case of the DPRK.

On the other hand the UN sanctions could also weaken the economic reformers in the DPRK, if goods of the civil economy are included. With the exception of luxury goods, the UN-Resolution 1718 doesn't follow these lines and excludes humanitarian aid and usual goods for the civil economy of North Korea from restraints. But some further clarifications are needed.<sup>55</sup> And the unilateral sanctions of Japan go beyond the obligations of Resolution 1718.<sup>56</sup> At present, growing economic trade and economic reforms are the most important instruments to open and to transform the North Korean society gradually, thereby reducing the influence of the military hardliners. A further escalation of the nuclear stand-off could enhance economic and financial sanctions in such a manner that a shrinking economic exchange would follow, seriously hurting these goals by isolating Pyongyang and reducing communication with and information about the leadership in Pyongyang. So much depends on an intelligent mixture of sanctions and incentives that

54 See *Ibid*, p. 1 “Through its decision, the Council prohibited the provision of large-scale arms, nuclear technology and related training to the Democratic People’s Republic of Korea, as well as luxury goods, calling upon all States to take cooperative action, including through inspection of cargo, in accordance with their respective national laws. The Council stressed that such inspections should aim to prevent illicit trafficking in nuclear, chemical or biological weapons, as well as their means of delivery and related materials.”

55 The European Business Association (EBA) in Pyongyang seeks further clarification of the sanctions because of the “number of materials in many civilian products, such as simple household items could be used to build bombs. Certain products used as weedkillers, for example, could also be used as rocket fuel; or aluminum used for bicycles could also be used for rocket tubes. Computers that are normally used at home and in shops, schools and offices of civilian enterprises could also be used in the production of rockets. Chemicals usually needed in the production of pharmaceuticals and in mining operations could also be used for weapons”; cited in: EBA Press Release 18.10.2006, in: [www.eba-pyongyang.org/index.php?useful\\_info](http://www.eba-pyongyang.org/index.php?useful_info). The EBA requests therefore that civil materials and goods should not be sanctioned across the board.

56 So Japan, for example, stopped after the nuclear test the import of North Korean mushrooms. Because civil imports and exports are not a part of the sanction clause of UN resolution 1718, this Japanese behavior is not justified by international law.



could contribute to a social and political transformation in Pyongyang. But this can only work if Russia and China participate and if the crisis does not escalate further.

#### **4. The New EU Strategy against the Proliferation of Weapons of Mass Destruction in North Korea**

At Tesseloniki the European Council adopted a “Declaration on Proliferation of Weapons of Mass Destruction” (WMD), which was further developed to a new “Strategy against the Proliferation of WMD” by the member states until the end of 2003.<sup>57</sup> This strategy stresses the importance of the multilateral approach and the contribution of multilateral arms control and disarmament regimes like the NPT and others “to slow the spread of WMD”, thereby enhancing international peace and security. The cooperation with USA, Japan, Canada and the Russian Federation, the UN and NATO has been emphasized in this context. The major reasons behind the formulation of this new strategy are: the growing ambitions of several states to become nuclear; the increasing threat after 9/11/2001 that terrorists could have access to these weapons, related material, equipment and know-how; together with the not-mentioned concerns of the possible negative international consequences of the unilateral invasion of Iraq by the U.S..

To promote the implementation of this strategy, it has been combined with an action plan and a regular reporting and supervision mechanism. The action plan, which is based on the measures of chapter III<sup>58</sup> of the strategy, should use all the instruments of the European Union to prevent, deter, halt and if possible, eliminate concerned proliferation programs. The Commission and the Office of the Personal Representative for non-proliferation of WMD are obliged to publish a bi-annual progress report about their finalized, ongoing and planned programs, activities and measures. These measures include the full spectrum of political and diplomatic actions, either to assist in or to persuade other states who comply with the global goal of non-proliferation or support coercive measures and actions, if compliance has failed permanently. Priority is given to peaceful means. In strong contrast to the U.S. invasion in Iraq, all possible coercive measures should be based on the UN Charter and a decision of the UN Security Council to strengthen the role of the United Nations.<sup>59</sup> Therefore the announcement of the EU strategy offers an alternative approach to non-proliferation and limits the international damage of it, compared with the unilateral behavior of the Bush administration.<sup>60</sup>

57 See Council of the European Union: “EU Strategy”, see above (footnote 16), p. 1.

58 See Ibid (footnote 16), pp. 8-13.

59 See Ibid (footnote 16), p. 5, No. 15 and p. 8, No. 29.

60 See Harald Müller: *Nukleare Krisen und transatlantischer Dissens. Amerikanische und europäische Antworten auf aktuelle Probleme der Weiterverbreitung von Kernwaffen*, Frankfurt, (Hessische Stiftung Friedens- und Konfliktforschung, HSFK-Report, No. 9), 2003.

The policy measure of Chapter III should not only cover non-proliferation problems but also the underlying roots and causes of possible wrong behavior of states and other parties. The instruments available include “multilateral treaties and verification mechanisms; national and internationally-coordinated export controls; cooperative threat reduction programs; political and economic levers (including trade and development policies); interdiction of illegal procurement activities and, as a last resort, coercive measures.”<sup>61</sup>

A detailed analysis of the progress reports shows that the EU is committed to implementing its new strategy and is taking it seriously.<sup>62</sup> And as mentioned before, it is also committed in North and Southeast Asia in this field. But in spite of the fact that North Korea is becoming a growing threat to regional and global non-proliferation, and in spite of the fact that the EU strategy offers a global alternative to the unilateral non-proliferation policy of the Bush administration, the EU has never tried to engage North Korea, it is simply omitted from this strategy. This is surely a severe failure in the present EU non-proliferation policy. The reasons for this are described above.<sup>63</sup> However, this failure raises the question of what the European Union could do to overcome it, at least partially.

## 5. Possible EU Contributions for a Solution to the Nuclear Crisis

The following chapter attempts to show what the EU can do rather than what it will do. While there is a consensus on the goal of non-proliferation and that the EU will comply with the sanctions of UN resolution 1718, there is no consensus on how to engage Pyongyang. Due to growing instability in the Middle East, the nuclear ambitions of Iran and the ongoing Israeli-Palestinian conflict, Europe seeks more cooperation with its North American partner on issues concerning this region than on issues related to Northeast Asia. In addition, after its bad experience with Washington in lifting the arms embargo on China, Brussels has been cautious to challenge the US with the DPRK issue. Also, Europe’s firm stance within the UN on the human rights situation in the DPRK has contributed to reducing the rift between the U.S. government and the EU in order to increase bilateral co-operation towards Iran.

The outcome of the midterm elections in the United States in November 2006 could facilitate the adoption of a new approach in two directions: Firstly, the democratic majority in the U.S. Congress can force the Bush administration to increase its political flexibility towards Pyongyang and secondly, it can support efforts to revive an American nuclear

61 See Council of the European Union: “EU Strategy”, see above (footnote 16), p. 8, No 29.

62 See for further details the first six semi-annual progress reports about the implementation of the EU WMD strategy in: [www.consilium.europa.eu/cms3\\_fo/showPage.asp?id=718&lang=en#order](http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=718&lang=en#order).

63 See pp. 5-6.

arms control and non-proliferation policy. Here the European Union could also be supportive if it strengthens its push for the ratification of the Comprehensive Test-Ban Treaty, for non-proliferation and for the revival of strategic nuclear arms control and arms reductions between Moscow and Washington. Serious negotiations in these areas can enhance confidence between Washington and Pyongyang too. The resignation of Donald Rumsfeld, U.S. Secretary of Defense, and the retirement of John Bolton, U.S. ambassador at the United Nations, in January 2007 could be very helpful to support both more political flexibility towards North Korea and more nuclear arms control. Rumsfeld and Bolton had major reservations against a dialogue with Pyongyang and the revival of arms control.

On the part of the DPRK leadership, no clear priority has been given to initiate economic reforms to date. The system lacks the necessary economic and financial transparency for foreign investments. This goes in line with the North Korean 'army-first' policy, which uses major economic and financial resources for the military industrial network in the DPRK. As long as this policy is not gradually changed, a credible nuclear disarmament strategy seems questionable. And for the leadership, the security of the regime is of utmost importance even in its relations with China.<sup>64</sup> These caveats should be borne in mind when the following four scenarios are developed in greater detail.

However, a new engagement policy from the EU will only be effective if there is more political flexibility on both sides – the United States and the DPRK. A new offer from the U.S. side at the Six-party talks in December 2006 and the constructive reaction of North Korea at the Berlin meetings between Christopher Hill and Kim Gye-gwan in January 2007 could be a first step in this direction.<sup>65</sup> This gives a sign of hope, but even after the successful negotiations of the UN resolution 1695 and 1718 it is still questionable whether the Bush administration will be inclined to change its policy toward Pyongyang immediately.

### 5.1 Scenario 1: Nuclear freeze

At present, a nuclear freeze may be an initial positive step to stop the further development of the North Korean nuclear programs but is not in itself very stable. It is an open question that nuclear programs and activities will be covered by a freeze.<sup>66</sup> In the case of the

64 See as example the new North Korean efforts to regiment visits of Chinese visitors.

65 See for more details Anonymous, Six-Party Talks Extended Till Friday as Gap Narrows, in: *The Chosun Ilbo*, December 21, 2006, in: <http://english.chosun.com/w21data/html/news/200612/200612210014.html>. Anonymous, N.Korea 'Ready to Suspend Nuclear Activities', in: *The Chosun Ilbo*, January 22, 2007, in: <http://english.chosun.com/w21data/html/news/200701/200701220011.html>.

66 In the second part of the fifth round of the Six-party Talks from December 18-23, 2006 in Beijing the United States demanded four first steps from the DPRK as an "early phase" (to avoid the term freeze) towards nuclear disarmament: 1. Suspension of the 5 MW reactor. 2. Closure of its nuclear test site. 3. Disclosure of its nuclear plans. 4. Inspections by the IAEA.

DPRK, this means a halt to the activities in the plutonium program at the 5 MW graphite reactor because it can be used to produce weapon grade plutonium. It also means the closure of facilities where weapon grade plutonium can be extracted from fuel rods and cleaned and where nuclear explosives can be built. Test facilities should be closed for these explosives and the build-up of storages should be stopped. A nuclear freeze can only enhance confidence and security if it is combined with effective verification measures. Effective verification measures need a reliable data exchange about all of these facilities in advance. A comprehensive freeze should also include all North Korean research facilities in the uranium enrichment program. But this element of the North Korean nuclear program can be included later, because at present the plutonium program is the most dangerous part. The nuclear freeze can be a pretext for a decision either towards disarmament or nuclear build-up. Thus, it is understandable why the U.S. government in particular is not satisfied with it and tries to keep the phase of a freeze as short as possible.<sup>67</sup> So if a freeze is accepted, the choice should be clear – the option of disarmament should follow as fast as possible.

For the DPRK leadership a freeze is very important because it helps to keep the final decision between nuclear disarmament and nuclear build-up open as long as the desired price for its nuclear disarmament is not negotiated and paid. And after its bad experience with the Bush administration and the high level of mistrust, it seems questionable that it will forego this step. In the Joint Statement of September 19, 2005,<sup>68</sup> the freeze is not mentioned. Washington has welcomed this, but in principle, the freeze will reappear. North Korea does not seem ready to adopt the so called “frontloaded disarmament” concept of the United States, where it should start with disarmament first and then would be rewarded at a later date. Its nuclear capabilities and technologies are the only means by which to keep the price high and to get the requested price. Giving it up at a time when they have not yet received the requested returns seems senseless from a North Korean point of view. In its demand for the light water reactors, the option of a freeze is still present and will be resurfacing at the negotiating table very soon. And after the nuclear test the U.S. government should also have a growing interest in it.

In principle, the U.S. approach to shorten the phase of a freeze in order to start as early as possible with nuclear disarmament is right. But under the North Korean principle of “simultaneous action” it means, that in return, the price must be paid much faster than under the Agreed Framework (AF) of 1994. Moreover, if Washington and others want more assurance about the decision following the freeze, they can combine it with initial steps or even a process of nuclear disarmament. This would increase the difference between the AF and a new resolution. In the case where Kim Jong-il does possess nuclear

See Lee Joo-hee, Nuclear talks set to resume in the week of December 18, in: *The Korea Herald*, December 11, 2006.

67 But in the new proposal for the resolution of the nuclear crisis with Iran, Washington demands a freeze of the Iranian uranium-enrichment program as a precondition to participate in the envisaged multilateral forum.

68 See Joint Statement of the Fourth Round of the Six-Party Talks, Beijing September 19, 2005, in: [www.fmprc.gov.cn/eng/zxxx/t212707.htm](http://www.fmprc.gov.cn/eng/zxxx/t212707.htm).

explosive devices, he could dismantle one or two as a symbolic gesture. This could strengthen his credibility about the final decision towards disarmament. Also, other steps are possible (e.g. stop of long range missile production, missile tests or a reduction of missile numbers) to get a similar result.

What can the European Union do to support the shortening of a freeze? Its assistance will be rather limited because it is not a direct member of the negotiating process. However, it has the opportunity to offer additional incentives to shorten the period of a freeze and increase North Korea's willingness to start the first steps of disarmament during a freeze. Brussels would surely carefully examine what the other members of the Six-party Talks are willing to spend for a shortened timeframe of the freeze before it will determine its own contribution. There are three directions where the EU could assist. First it could increase its financial assistance to shorten the timeframe of a freeze through helping to pay the price for the nuclear disarmament of DPRK as fast as possible. A second contribution could be an offer of additional technical and financial assistance to support the confidence building disarmament steps of Pyongyang during the freeze. A third contribution could be to assist in initial verification measures of North Korean nuclear facilities and equipment. This would be preferably within the IAEA framework, because inspectors and experts from certain EU member countries might be more welcome than their American counterparts and are more reliable than inspectors from Russia and China only. Because North Korea possesses nuclear weapon devices and related equipment now, usual IAEA inspections alone may be not sufficient. They cover only civil nuclear equipment and materials. This problem can be solved either by additional nuclear weapons experts from the P-5 States, who can be temporary hired by the IAEA for this purpose as in the case of Iraq, or a declaration by the DPRK that it has become nuclear disarmed after the dismantlement of its nuclear weapon devices. Then the IAEA can register these parts for further agreed disarmament measures. Similar procedures were used in the cases of South Africa and Libya.<sup>69</sup>

However, because of its instability, the scenario of a freeze is only a transitory element for a possible regulation of the nuclear issue and it should lead towards nuclear disarmament.

## 5.2 Scenario II: Nuclear disarmament

The nuclear disarmament scenario is discussed along the lines of the Joint Statement from September 19, 2005.<sup>70</sup> After the North Korean missiles launch of July 4, 2006 and the test of a nuclear device on October 9, 2006, it becomes doubtful as to how well this option will work. But there is still a chance for nuclear disarmament of North Korea. So far, it is a

69 Harald Müller, *Multilateralisierung des Brennstoffkreislaufs: Ein Ausweg aus den Nuklarkrisen*, Frankfurt, (Hessische Stiftung Friedens- und Konfliktforschung, HSFK-Report, No. 10), 2006.

70 See for more details of the Joint Statement, see above (footnote 3).

political, nuclear power only, which possesses weapon grade plutonium for approximately 6 to 8 nuclear devices. And with the 5 MW reactor in Yongbyon, North Korea can produce weapon grade plutonium for one bomb per year. If it wants to get a true military nuclear capability it must test to minimize the design of its nuclear bombs. But then the weapons grade plutonium production capability is a major problem. Only with the redesign of the 50 MW reactor, will it get the necessary capability to produce plutonium for 10 to 11 nuclear bombs per year and therefore build up a credible military nuclear option. But here the DPRK leadership faces some technical-industrial difficulties that delay reconstruction of this reactor for several years. It has finished the planning for the redesign but has not begun with reconstruction. Consequently, the DPRK can try to get true military nuclear capability in perhaps 3 to 5 years, if it starts reconstruction of the 50 MW reactor now.

The U.S. still does not seem to be very willing to negotiate a nuclear disarmament agreement on an equal basis. They want the subordination of Pyongyang to its “comprehensive approach”, which means irreversible nuclear disarmament first and possible compensations later.<sup>71</sup> Therefore, American negotiators use the unilateral disarmament of Libyan WMD equipment as their shining example.<sup>72</sup> North Korea should give up all of its civil nuclear facilities and technologies as well. This is not negotiable for the DPRK leadership and has resulted in North Korea being compelled to upgrade its nuclear and long-range missile capabilities and has contributed to the unnotified missile test and a first test of a nuclear device, as mentioned above. As the decision process of the UNSC resolution 1695 and 1718<sup>73</sup> has shown, the Bush administration has used this disproportionate, escalating behavior of the DPRK military to create a new coalition against North Korea with China, Russia and its allies Japan, ROK and other countries. Under these resolutions Pyongyang is not allowed to test long range missiles or nuclear devices further and if it does not comply it will face additional sanctions.

The unilateral financial sanctions of the US Treasury Department since September 20, 2005<sup>74</sup> and the sanctions of the UNSC resolution 1718 will complicate further negotia-

71 Cf. Bush Statement on Undertaking Talks with North Korea, June 6, 2001, in: [www.whitehouse.gov/news/releases/2001/06/20010611-4.html](http://www.whitehouse.gov/news/releases/2001/06/20010611-4.html).

72 In contrast to North Korea Libya is a major supplier of crude oil and gas and therefore much better suited for such an approach. See for a more comprehensive discussion of this option Harald Müller, *Libyens Selbstentwaffnung – Ein Modellfall?*, Frankfurt (Hessische Stiftung Friedens- und Konfliktforschung, HSEK-Report 6/2006), 2006.

73 See for the details of the UN resolution: Security Council condemns Democratic People's Republic of Korea's missile launches, unanimously adopted resolution 1695, Security Council SC 8778, July 15, 2006, in: [www.un.org/News/Press/docs//2006/sc8778.doc.htm](http://www.un.org/News/Press/docs//2006/sc8778.doc.htm).

74 In the negotiations of the Joint Statement, the U.S. side was willing to decouple the North Korean human rights issue from the nuclear issue. Therefore human rights can no longer be used as an obstacle for the progress of the Six-party Talks. So the conservative hardliners in Washington looked for another instrument they could use to get a similar result on the six-party process: They found it in the Treasury Department, which has prohibited all financial transactions for American companies and banks with the Banco Delta Asia in Macao since September 20, 2005, because 24 million USD of North Korea there were used for illicit finan-

tions. Pyongyang will demand that the United States should drop their unilateral sanctions as fast as possible because of their broad effect on the North Korean economy.<sup>75</sup> The lifting of the UNSC sanctions will be more difficult because all five permanent members must agree to it. Washington will accept the lifting only if Pyongyang presents and accepts a credible disarmament proposal of its nuclear weapons and its related nuclear programs, together with its return into the NPT. Negotiations in this direction need time, so there will be no immediate lifting of the UN sanctions.

The problem with this approach is that it can strengthen the hardliners in Pyongyang, and supports the accompanying elements of the so-called military industrial system.<sup>76</sup> This can increase the difficulties and the price of a possible solution. More importantly, it forces the leadership of the DPRK to seek greater assistance from China and Russia and thereby deepen its dependency on Beijing and Moscow. Particularly, the North Korean hardliners might hope for a stronger China that can better defend the interests of Pyongyang in the six-party process. This is not advantageous for Seoul, as it will reduce its influence on North Korea and increase the political price for unification. China could have greater influence in a future unification process, especially if it participates in joint ventures with a critical number of North Korean companies in the northern part of the DPRK. So much depends on an early regulation for the lifting of the unilateral U.S. financial sanctions to get the Six-party Talks on track.

Every possible solution based on the Joint Statement of September 19, 2005 will depend on a compromise for the abovementioned provision of light water reactors, including access to the accompanied technology and knowledge. Another pre-condition must be that the U.S. government should suspend its hidden efforts for regime change. Otherwise, mistrust will remain at a very high level and is going to disrupt any serious negotiating approach. Likewise, the delivery of electricity and/or heavy fuel oil must be discussed again as a possible interim solution together with other mentioned mechanisms, e.g. a permanent, peaceful regime in order to bridge differences.

The EU could contribute to the negotiations and to an agreement regarding the Six-party Talks in several ways. First, on the political level, it could help to increase the politi-

cial activities. The local Chinese authorities immediately forced the bank to stop all financial activities with North Korea as long as this problem is not commonly solved between both countries. In December 2005 the DPRK leadership decided to link this separate sanction to the Six-party Talks after first disappointing contacts about this issue with the U.S. government. Since then further progress was blocked till November 2006.

75 When the North Korean Foreign Ministry announced the return to Six-party Talks it mentioned the lifting of these sanctions as the major goal. See Spokesman for DPRK Foreign Ministry on Resumption of Six-Party Talks, KCNA, November 1, 2006, in: [www.kcna.co.jp/item/2006/200611/news11/02.htm#1](http://www.kcna.co.jp/item/2006/200611/news11/02.htm#1). For the effect of the sanctions see Selig S. Harrison, Did the U.S. provoke North Korea?, in: *Newsweek International*, October 16, 2006, in: [www.eba-pyongyang.org/index.php?useful\\_info](http://www.eba-pyongyang.org/index.php?useful_info).

76 In its announcement of a nuclear test the north Korean leadership described the UN resolution 1695 as an American de facto "declaration of war", See DPRK Foreign Ministry Clarifies Stand on New Measure to Bolster War Deterrent, in: [www.kcna.co.jp/item/2006/200610/news10/04.htm](http://www.kcna.co.jp/item/2006/200610/news10/04.htm).

cal flexibility of the U.S. through its engagement in the Iranian nuclear crisis. Interestingly enough, Washington demands a freeze of the Iranian uranium enrichment program, while playing down the option of a freeze vis-à-vis North Korea. Many hoped that the proposals<sup>77</sup> of the independent Iraq Study Group would initiate a policy change in Washington in particular towards Iran. But so far Bush has rejected the proposals made by the independent Iraq Study Group to establish direct contacts and talks with Iran and other countries in the region. This will limit European flexibility for some time. But America's policy change towards Iran and other countries in the region will sooner or later occur as a consequence of the Iraq debacle. How far such a change could be an additional stimulus for rethinking a more flexible stance towards Pyongyang remains to be seen. Much will then depend on the progress of the multilateral talks with Iran.

Furthermore, the EU could support the economic reform process in North Korea through diverse economic incentives and thereby possibly increase the political flexibility of the DPRK leadership for the six-party process. But efforts in this direction will depend on the lifting of the UNSC sanctions and more regular negotiations ensuring corresponding progress. Secondly, the European Union would be ready to pay, as in the past, for a follow-up organization to KEDO, a substantial amount in the form of either additional energy supplies and/or delivery of civil nuclear energy equipment to Pyongyang if the DPRK returns to the NPT regime and accepts the necessary verification measures. Here again, the EU can offer its assistance in verification measures. Thirdly, based on its new non-proliferation strategy of 2003, the EU could provide technical assistance in the implementation of disarmament measures of nuclear facilities and/or medium and long range missiles, together with their launch equipment.

In spite of the fact that the European Union could not actually be a part of the solution to the so called security issue for North Korea, it could contribute to it in several ways. Firstly, all EU policy goals towards the DPRK, even the issue of human rights, are not based on regime change – in contrast to the Bush administration's human rights policy. Secondly, the European Union, or more precisely the individual member states with nuclear weapons, could also contribute to a negative security assurance against a nuclear attack through unilateral declarations and thereby enhance the security of North Korea. Surely such a step will not enhance the security for the North Korean leadership very much, but could be used as an incentive for other nuclear weapons states to follow and could, under certain political circumstances, be a positive sign for Iran. Thirdly, the EU could strengthen its efforts towards non-proliferation by trying to persuade Russia and the USA to follow up their strategic arms reduction treaties, which will end in 2009 (START I) and 2012 (SORT), and through enhanced efforts for the ratification of the

77 The independent Iraq Study Group, under the bipartisan leadership of James Baker (former Secretary of State under President Bush senior) and Lee H. Hamilton, has proposed direct talks with Iran and Syria to seek a comprehensive regulation for Iraq. These talks also tackle the nuclear issue with Iran, presumably. See Ben Feller, Bush, Team to meet with the Iran Study Group, in: *The Washington Post*, November 12, 2006, in: [www.washingtonpost.com/wp-dyn/content/article/2006/11/12/AR2006111200250.html](http://www.washingtonpost.com/wp-dyn/content/article/2006/11/12/AR2006111200250.html).



Comprehensive Test-Ban Treaty. These measures, if successful, could create a more co-operative international environment for non-proliferation, because the nuclear powers themselves contribute to nuclear disarmament.

At a later date the European Union can also contribute to a resolution of the uranium enrichment problem. At least after the public announcement by Pakistani President Musharraf that North Korea had received centrifuges and other related equipment through the Khan network, it seems clear that the DPRK has a uranium enrichment program for research purposes even if it has not admitted it publicly.<sup>78</sup> But it does not seem very likely that it possesses the capability to generate weapons-grade enriched uranium in sufficient quantities for the production of nuclear warheads in the near future. At present, estimates vary from two to ten years before North Korea could acquire such a capability. So, in contrast to the imminent danger of North Korea's plutonium program, there is some time to discuss and to solve this additional and more complex problem. The last U.S. proposal at the Six-party Talks showed that Washington may have a similar view on the problem.<sup>79</sup>

Washington uses the six-party process as a test-bed for China's non-proliferation policy. In this context, China has been treated not as an equal but as a junior partner – called “stakeholder”<sup>80</sup> – of the United States. Therefore the Bush administration uses the term “senior dialogue” for its bilateral strategic talks with Beijing only, whereas China calls them a “strategic dialogue”.<sup>81</sup> The Chinese term demonstrates the wish of Beijing to become an equal partner of Washington. China uses the six-party process to realize this goal as much as possible. Behind this obvious difference is also the systemic conflict between the communist regime and the democratic system. This unsolved conflict, amidst of the Six-party Talks, contributes to the nuclear ambitions of North Korea. Kim Jong-il does not like to be used as a political football in a developing systemic superpower conflict between Beijing and Washington.

Here, the European Union – in its traditional role as a peaceful civil trading power and with its experience in détente policy of its member states – could help to reduce the ten-

78 See statement of Pakistan's president Musharraf in Salman Masood and David Rode, Pakistan Now Says Scientist Did Send Koreans Nuclear Gear in: *The New York Times*, August 25, 2005, p. 3.

79 The U.S. proposal for a check of the electricity network of the DPRK in order to determine American assistance has the function of getting better information about the likely place(s) of the North Korean enrichment facilities. See for more details the Prepared Statement of James A. Kelly, Assistant Secretary of State for East Asian and Pacific Affairs, before the Senate Foreign Relations Committee, “Dealing With North Korea's Nuclear Programs”, July 15, 2004, in: <http://usinfo.state.gov/eap/Archive/2004/Jul/19-624845.html>.

80 See for more details: U.S. Wants Deeper Cooperation With China, State's Zoellick Says, in: <http://usinfo.state.gov/eap/Archive/2005/Aug/03-241723.html> and Senior Dialogue Examines Framework of U.S.-China Relationship, in: <http://usinfo.state.gov/eap/Archive/2005/Dec/08-125799.html>.

81 See Anonymous, China appreciates Zoellick's contribution to Sino-US ties, *Xinhua*, June 20, 2006, in: [http://news3.xinhuanet.com/english/2006-06/20/content\\_4722825.htm](http://news3.xinhuanet.com/english/2006-06/20/content_4722825.htm).

sions between the two major antagonists and could thereby contribute to a more conducive environment for the Six-party Talks in the future. Possible steps in this direction are discussed in the final chapter.

### 5.3 Scenario III: Constrained nuclear arms race

Even if the Six-party Talks fail, it does not mean the end of a cooperative security policy in the region and beyond. The mutual dependence and incentives to go ahead with cooperation in the economic, financial, environmental and social areas are so strong that the likelihood for a new cold war does not seem high, although it cannot be excluded. Even the DPRK has a growing interest in keeping the economic cooperation stable to create better conditions for the success of its economic reforms and to attract foreign investors in its special economic zones. Therefore measures that enhance confidence and predictability of the nuclear forces and their activities should come into play to maintain a cooperative spirit in essential areas.

At present, only the United States and Russia have bilateral nuclear arms control agreements, namely the Strategic Arms Reductions Treaty (START I), the Treaty on Strategic Offensive Reductions (SORT) and the Intermediate Range Nuclear Force Treaty (INF). But the forced termination of the bilateral ABM Treaty by the U.S. in 2002 and the unilateral Russian withdrawal from the START II Treaty in response show that nuclear arms control is having difficulties and may deteriorate further over time. START I, with its verification regime, will expire in 2009 and SORT, which does not contain any verification measures, will end in 2012. Only the INF Treaty is of unlimited duration. So if there is no bilateral political decision to prolong the application of START I, strategic nuclear arms control could disappear at the beginning of the next decade and increase global problems for non-proliferation. Therefore the Russian proposals to restart strategic nuclear arms control should be supported.<sup>82</sup>

However China (together with India, Israel and Pakistan), with its growing nuclear capabilities, is not party to nuclear arms control. It is, in principle, ready to participate in nuclear arms control but only under the condition that Washington accepts negotiations on a new outer space treaty, which should keep outer space free of weapons. The Bush administration rejects such an agreement in order to guard its military superiority, and a

82 See Anonymous, Putin calls for new U.S. arms treaty, in: *The Washington Times*, June 29, 2006, in: [www.washingtontimes.com/upi/20060628-105814-3865r.htm](http://www.washingtontimes.com/upi/20060628-105814-3865r.htm). During the G8 Summit in St. Petersburg July 17, 2006 Bush and Putin agreed to begin with preliminary talks about it. Similar demands can be find in: "Two Sides of the Same Coin: Nuclear Non-proliferation and Nuclear Disarmament"— joint article by Federal Minister Steinmeier and his Norwegian counterpart Støre in the *Frankfurter Rundschau*, November 11, 2006, in: [www.auswaertigesamt.de/diplo/en/Infoservice/Presse/Interview/2006/061111NamensartikelD-NOR.html](http://www.auswaertigesamt.de/diplo/en/Infoservice/Presse/Interview/2006/061111NamensartikelD-NOR.html): See also: George P. Schultz/William J. Perry/Henry A. Kissinger/Sam Nunn, A World free of nuclear weapons, in: *The Wall Street Journal*, January 4, 2007.

failure of the Six-party Talks could strengthen such American reaction. So, risks for a new nuclear arms race could worsen under this scenario.

The DPRK is in the process of having nuclear power status. Its current operational nuclear capabilities appear rather limited. Camouflaging is the most important way of protecting its potential nuclear forces against an external attack. But with growing operational capabilities, camouflage will become less effective. Then, additional stability measures could be necessary to prevent misunderstandings and a very dangerous 'use or lose' military posture for the small nuclear forces of the leadership in Pyongyang.

Therefore, ways and measures must be explored to increase predictability, stability and security. Necessary security functions could be generated by: hot line agreements, advance notification of tests of long range missiles, voluntary information exchanges on the number of major nuclear capable systems, regular military contacts to check and update these measures, mutual exchanges of observers for big maneuvers and a common understanding not to transfer nuclear knowledge, technology or weapons to international terrorists or weak and failed states.

Measures of this kind would help to reduce the risk of accidental use of nuclear arms and decrease the danger of other countries in the region and beyond becoming nuclear. However the threat posed by a nuclear North Korea should not be overestimated. Nuclear weapons will not help to stabilize the domestic situation in the DPRK. The option of unification with the South is always a possibility yet a peaceful unification could only be guaranteed under a cooperative security environment.<sup>83</sup> As long as ROK will be a reliable member of the NPT, the nuclear capability can be dismantled shortly after unification with the North. This is an important difference when compared with the nuclear conflict in Iran. But this option only has a chance if the tensions in the region do not grow too much and essential political, economic and security cooperation are preserved, even with a nuclear-armed DPRK.

What can the European Union contribute to enhancing regional stability and security under such circumstances? On a political level, the EU should strengthen its efforts for non-proliferation and strategic nuclear arms control. Otherwise the Non-proliferation Treaty will be further weakened.<sup>84</sup> In this context, the next review conference of the NPT in 2010 will be very critical. And because of its positive historical experience with détente policy and its support of multilateral arms control together with its role as a peaceful civil trading power, Brussels could be a highly credible contributor to reducing global tensions, to demonstrating good governance and to preserving and helping to re-establish some form of strategic nuclear arms control.

83 See for possible problems under a less cooperative security environment Scott Snyder, Have a plan for regime failure in Pyongyang, in: JoongAng Daily, June 28, 2006, in: <http://joongangdaily.joins.com/200606/28/200606282129333879900090109012.html>.

84 Harald Müller, The 2005 NPT Review Conference: Reasons and Consequences of Failure and Options for Repair, Stockholm, Weapons of Mass destruction Commission, No 31/2005.

Member states of the European Union share a long history of negotiating and implementing military confidence-building measures, so they could offer relevant seminars to the DPRK and can further encourage its participation in such activities held in Europe. Germany, for example, had initiated such a process with the North and the South in 2001 but stopped it later because of inappropriate demands from the North Korean military and growing tensions between the USA and the DPRK in 2002.<sup>85</sup> Additionally, the European Union can formulate certain minimum standards of military confidence and security-building under which it will be able to offer new economic, financial or other incentives for cooperation, particularly for the DPRK – to enhance regional stability and security under such a scenario. But for a move in this direction the UNSC sanctions must be lifted first. The principal goal of these efforts should be to support a multilateral negotiating process so that the security crisis on the Korean peninsula is resolved. However, what the EU can accomplish in this context will inter alia depend on the cooperative stance of the U.S. government at that time.

#### 5.4 Scenario IV: Unconstrained nuclear arms race

An unconstrained nuclear arms race is determined by the political and economic capabilities of the potential adversaries. Cooperative regulations do not exist. In this context, it should be again noted that most strategic arms control agreements will expire at the end of this and the beginning of the next decade. The global tensions increase, this could contribute to a new arms race. In contrast to the previous option, it can go along with a new cold war-like process, but not necessarily.

An unconstrained nuclear arms race does not appear very likely between the U.S., ROK and Japan on the one side and China, Russia and the DPRK on the other side. North Korea alone – even with nuclear arms – is not important enough to justify such a strategic decision. The political, economic and other costs would be too high for the participating powers. The economic and financial ability of Pyongyang to participate in such an arms race is very limited. It may be able to develop some kind of a minimum nuclear deterrence with long range fixed land based missiles<sup>86</sup>, but a more stable strategic nuclear dyad or triad is not affordable without a tremendous improvement of its economic situation. Only for regional military and political goals can North Korea afford the development of nuclear forces with combat aircraft, mobile land based short and medium range missile launchers, and short-range and medium range missiles on vessels and submarines. However, it would need many years to get this capability. Direct support from Russia and China (and perhaps Pakistan) could shorten this timeframe, of course.

85 See Auswärtiges Amt (ed.), Bericht zur Rüstungskontrolle, Abrüstung und Nichtverbreitung 2001, Berlin 2002, p. 33.

86 At present North Korea lacks even the capability to have successfully tested a reliable re-entry vehicle for nuclear warheads that should return into the atmosphere after flight over great distances. See also Gary Samore (ed.), North Korea's Weapons Programmes, A Net Assessment, IISS, Strategic Dossier, London 2004, pp. 106-107.

Another problem would be that such heavy military investments could help deter an American attack as in Iraq, but it will not guarantee the internal stability of the regime. For the stability of the regime, successful economic reforms are more important. The immense costs of the nuclear build-up will create a struggle to get the necessary resources for economic reform, especially if Kim Jong-il reactivates the 50 MW and 200 MW graphite reactors. Thus, a decision to go ahead with this option depends on the credible and reliable participation of Russia, China and other countries to get all the necessary resources to stabilize the regime and its security in a sufficient manner over time.

This could only happen in a new cold war-like scenario. But such a scenario would be an extremely dangerous one. A new cold war between China and the West could increase the incentive of a number of states, like South Korea, Japan and Taiwan, to go nuclear. Cooperation in other areas would be jeopardized as well. This scenario could also increase the cost of the global energy supply; reduce the growth of the global economy and of world trade and seriously hamper world-wide efforts to fight climate change and other global environmental problems. It could aggravate international terrorism if one of the two sides tries to use terrorists in order to realize its goals. Taiwan could become the greatest security threat in the region, because it could use the growing conflict to declare its full independence from China and then also become nuclear. Such a development would place China and the United States on a collision course.

Under such circumstances, the European Union would be forced to seek greater concordance with the Western alliance and the United States.<sup>87</sup> This would restrain its capabilities to develop a more cooperative strategy towards China and others. It is more likely that, as in the case of the American invasion in Iraq, the European Union would again be split between a pro-American attitude and several alternative European approaches. If this happens, the EU will become unable to act in a coherent manner. Consequently Europe would not be able to use all its capability as a civil trade power to limit the negative consequences of this process and to develop and support new more cooperative activities.

In evaluating all the above scenarios, their probabilities differ. The least likely scenario is the unconstrained arms race. Even a nuclear North Korea does not seem strong enough to trigger a new cold war like escalation of the conflict between the major protagonists. Their economic, financial, environmental and other interests are too great to choose this path. The cooperation of China, Russia, Japan and the USA in formulating the UNSC resolutions 1695 and 1718 after the North Korean missile launches and nuclear test underlined the empirical evidence of this argument. So the other three scenarios are more probable. Keeping in mind the transitory character of a freeze, this could lead either to a new arms build-up (as happened after eight years with the break up of the Agreed Framework in 2002) or could lead to disarmament. Which of the two remaining scenarios is

87 Japan, for example, is trying to extent its relationship with NATO, see Japan and NATO in a New Security Environment, Speech by Mr. Taro Aso, Minister for Foreign Affairs, Japan at the NAC Meeting in Brussels, Belgium, May 4, 2006, in: [www.mofa.go.jp/announce/fm/aso/speech\\_0605.html](http://www.mofa.go.jp/announce/fm/aso/speech_0605.html).

more likely is difficult to answer. The EU lacks most of the necessary means to persuade or force the main perpetrators towards the preferable disarmament option. The EU should be prepared for both scenarios in its future non-proliferation policy and should do its best to increase the chances for the preferable disarmament scenario.

## 6. What can and will the EU do?

The European Union is forced to act on several fronts to support the six-party process. First, it must develop a new coherent strategy for its engagement of North Korea in order to strengthen economic reform, non-proliferation and the support of the Six-party Talks. Support of civil economic reform in the DPRK will increase personal contacts, increase North Korean knowledge about its underdevelopment and could thereby help to change the domestic balance of forces towards more capitalistic economic reform processes<sup>88</sup>. After the nuclear test of North Korea this is less likely now, because Europe is obliged to support the sanctions of UNSC resolution 1718. A more cooperative engagement strategy lacks the necessary political consent. So as long as there is no progress in the Six-party Talks and in the nuclear disarmament efforts of North Korea and as long as the UN sanctions are not lifted, the outlook for a new European engagement policy is rather dim. But as mentioned above with the Initial Phase Agreement there are some initial signs of a compromise between the Bush administration and the North Korean leadership.

Secondly, the Europeans should persuade the United States that a policy based solely on power and sanctions is not sufficient to get governments with nuclear ambitions back to the negotiating table, to persuade them to return to the non-proliferation regime. Instead, Brussels should try to convince Washington to test the North Korean commitment for denuclearization of the Korean peninsula through a challenging proposal within the six-party framework as fast as possible. Up to now, the Bush administration has never tried it. Otherwise the nuclear structures in the DPRK will harden further.

It is a great success story that the EU3, together with Russia and China, succeeded in persuading the Bush administration to develop a more balanced approach towards Iran. But Iran has not accepted this new approach. The situation in Iraq and the power change in the U.S. Congress may force Bush to accept Iran in a new multilateral forum without preconditions. If such a new multilateral forum is established, it can affect the Six-party Talks in both positive and negative ways, depending on the progress or failure of this new multilateral process.

The European Union should adopt a more indirect approach to support the Six-party Talks. Europe appears to be extraordinarily qualified because its relationship with the

88 See also David C Kang who argues in a similar direction: Economic engagement the way forward with N.K. "U.S. needs to support forces inside the North that may lead to transformation", in: The Korea Herald, January 22, 2007, in: [www.koreaherald.co.kr/site/data/html\\_dir/2007/01/22/200701220003.asp?kpage=5&kppage=0&scode=FA&art\\_id%22=](http://www.koreaherald.co.kr/site/data/html_dir/2007/01/22/200701220003.asp?kpage=5&kppage=0&scode=FA&art_id%22=).

North is not loaded with historical conflicts – no European country had played a major role in the Korean War and it has no strategic interests at stake.<sup>89</sup> It could facilitate the North Korean negotiating process if the economic reforms in the DPRK become more successful. Then, there is a chance for Brussels to assist. The EU could start with a limited engagement policy to support the economic reform process and to strengthen the position of the economic reformers in the North. A full engagement is not justified as long as Pyongyang shows no real intentions to participate regularly in the Six-party Talks, demonstrates its willingness for nuclear disarmament and returns to the NPT and accepts all necessary verification measures.

With a limited engagement policy, the EU can also try to increase the competitiveness of the economic investments of South Korea, especially in the northern part of the DPRK, where the south face more problems because of the bad condition of the infrastructure. Therefore, the EU should offer limited economic incentives for modernization of the infrastructure (roads, track lines, electric power stations, electricity network, e.g.). This could help the south to balance the growing economic influence of China there.

Because North Korea has a growing interest in receiving regular development aid, the EU can offer seminars to inform North Korean officials about the conditions and regulations of its development aid and that of its member states to better prepare the North Korean leadership for the future. Activities in this direction can be initial steps rethinking and discussing a follow-up to the first EU-DPRK country strategy.

Supposing the six-party process shows sufficient progress, the European Union has a lot more to offer to support the negotiating process. The above discussion of these scenarios has shown that the EU can contribute most when multilateral cooperation works between all parties of the Six-party Talks. So the following measures are concentrated on the first two scenarios (nuclear freeze and nuclear disarmament). They can be separated into three categories: political, economic and non-proliferation measures. Political measures can help to create a more conducive environment for the negotiations. EU assistance with the economic reforms in the DPRK should help to increase the political flexibility of the North Korean leadership and should help to decrease domestic demands in using the nuclear program as an instrument of brinkmanship. And measures to support the North Korean nuclear disarmament should strengthen the norms of international non-proliferation, help Pyongyang and reduce the costs for the five members of the six-party process. The following measures are possible:

Political measures:

- use the Iran talks to bring back the U.S. to multilateralism and multilateral arms control
- strengthen the non-proliferation regime and try to revive strategic nuclear arms control

89 See for these arguments Herbert Wulf, *Nordkoreas Griff zur Bombe*, SWP-Studie S 14, Berlin, June 2006, p. 28.

- reduce tensions between USA and China as much as possible
- support existing multilateral institutions in Asia and in Northeast Asia in particular, through regular and more frequent meetings.

Economic measures:

- change the proposed limited economic engagement strategy to a full engagement strategy
- broaden the economic, commercial and social activities of the European Union Chamber of Commerce in Korea office in Pyongyang
- develop a follow-up strategy to the initial EU-DPRK country strategy
- negotiate and start new development assistance projects in order to test and to improve economic cooperation
- start discussions with North Korea to enhance transparency in both commercial and economic areas in order to reduce unwanted control over cooperative projects
- support the membership of the DPRK in the World Bank
- negotiate a Free Trade Agreement with ROK which includes Kaesong.

Non-proliferation measures:

- play a supportive role in the build-up of an organization succeeding KEDO
- contribute to the delivery of energy and/or the revival of the LWR program
- offer, via certain members, know how, financial and technical assistance for the dismantlement of nuclear facilities and nuclear equipment
- expand such disarmament aid to other kinds of weapons of mass destruction (chemical weapons) and their production facilities, storages and other related equipment
- offer a negative security assurance by the United Kingdom and France, should the DPRK be willing to disarm its nuclear weapons
- offer via its member states, seminars on military confidence-building and conventional arms control in theory and practice.

This non exhaustive list of possible measures shows that the EU has a lot of tools to support the six-party process from outside and later-on as a possible member of a KEDO follow-up.

In case the six-party process fails and North Korea deploys a rudimentary nuclear deterrence force, compensatory security measures are essential to secure the control of these weapons and to reduce the risk of their inadvertent use as well as prevent a 'use or lose' stance for reasons of stability.<sup>90</sup> Some kind of predictability and accountability, together with limited transparency, seems necessary to preserve essential cooperation in the region. Here again, the European Union can assist in linking further economic incentives to the DPRK to fulfill certain minimum standards of military confidence and security building measures. It can supplement this with offers to transfer the know-how and to host semi-

90 See page 27.



nars on military confidence-building. Because the DPRK has no resources and capabilities for a quick nuclear build-up and because the option of unification (and then a fast nuclear disarmament) is always possible, Japan and South Korea should not overreact to a nuclear capable North Korea. Its nuclearization is more a sign of weakness than of strength. The European Union should help the international community to convince Tokyo and Seoul that they should continue to stay in the non-proliferation Treaty.

However, the EU has only limited means to support the six-party process and it lacks the capability to force the main antagonists back to the negotiating table. It can use persuasion and offer limited incentives, but it does not have the power to overcome the present or a future stalemate. What makes things worse is the unwillingness of many Europeans to support a greater engagement for the North Korean reform process. Without a strategic change of one or both of the main protagonists in its approach to the Six-party Talks, success seems less likely. And without new progress in the talks, Europe will not be able to develop a new consensus for more engagement.

China, which practiced a risky engagement strategy with Washington to get the Joint Statement, has now reoriented its efforts towards a less accountable North Korea. In the relationship between Japan and China, some more cooperative signs have been observed after the last meeting of both foreign ministers in Qatar.<sup>91</sup> They were strengthened by the North Korean nuclear test even after the election of the more conservative Prime Minister Shinzo Abe in September 2006. If Abe does not visit the Yasukuni shrine, the difficult political atmosphere could ease. Also, the Japanese dependence on Iranian oil could help to rethink its confrontational approach towards North Korea to some degree.<sup>92</sup> And after the last local elections in South Korea, the progressive members of the Uri party lost their power whilst the pragmatists were strengthened.<sup>93</sup> Therefore, a more balanced, pragmatic and realistic view could prevail in the three participating democracies thereby facilitating the development of a more common approach towards an inflexible North Korean leadership.

As long as China has not established a stable relationship with the USA, the six-party process will remain very important in regulating the security relations and furthermore, the growing superpower conflict between Beijing and Washington, creating a cooperative security framework for the peaceful unification of the Koreas, and preventing further confrontations over Taiwan.

91 See Anonymous, Japan China relations, in: *The Asahi Schimbun*, May 26, 2006, in: [www.asahi.com/english/Herald-asahi/TKY200605260129.html](http://www.asahi.com/english/Herald-asahi/TKY200605260129.html).

92 Japan is interested and, through the Inpex Corporation, involved in the development of the Iranian Agadan oil field, which is one of the largest oil fields in the Middle East. See Anonymous, Iran cuts oil rights to 10 %, in: *The Asahi Shimbun*, July 10, 2006, in: [www.asahi.com/english/Herald-asahi/TKY200610070139.html](http://www.asahi.com/english/Herald-asahi/TKY200610070139.html).

93 See also Tom King, Significance of Local Elections, in: *The Korea Times*, June 4, 2006.

## Abbreviations

|          |   |
|----------|---|
| ABM      | Anti-Ballistic Missile Treaty                               |
| AF       | Agreed Framework  |
| ASEAN    | Association of Southeast Asian Nations                      |
| ASEM     | Asia Europe Meeting   |
| ASIAATOM | Asian Atomic Energy Community (only discussed)              |
| CFSP     | Common Foreign and Security Policy                          |
| CSP      | Country Strategy Paper                                      |
| DPRK     | Democratic People's Republic of Korea (North Korea)         |
| EBA      | European Business Association                               |
| ECHO     | European Community Humanitarian Aid Office                  |
| EU       | European Union  |
| EU3      | France, Germany and the United Kingdom                      |
| EU3+3    | France, Germany, the United Kingdom, USA, Russia, and China |
| EUCCK    | European Union Chamber of Commerce in Korea                 |
| EURATOM  | European Atomic Energy Community                            |
| GAERC    | General Affairs & External Relations Council (of the EU)    |
| IAEA     | International Atomic Energy Agency                          |
| INF      | Intermediate Range Nuclear Force Treaty                     |
| KCNA     | Korean Central News Agency (of the DPRK)                    |
| KEDO     | Korean Peninsular Energy Development Organization           |
| KEPCO    | Korean Electric Power Corporation                           |
| LWR      | Light Water Reactor   |
| MW       | Mega Watt   |
| NAC      | North Atlantic Council                                      |
| NATO     | North Atlantic Treaty Organization                          |
| NIP      | National Indicative Program                                 |
| NPT      | Non-proliferation Treaty                                    |
| PRIF     | Peace Research Institute Frankfurt/M                        |
| PSI      | Proliferation Security Initiative                           |
| ROK      | Republic of Korea (South Korea)                             |
| SORT     | Strategic Offensive Reductions Treaty                       |
| START    | Strategic Arms Reduction Treaty                             |
| UN       | United Nations  |
| UNSC     | United Nations Security Council                             |
| USD      | U.S. Dollar   |
| WFP      | World Food Program  |
| WMD      | Weapons of Mass Destruction                                 |