


## Negotiations with North Korea: reviving a stalled process?

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### Theme

This analysis argues that US-North Korea and inter-Korean diplomacy have stalled in the months since the Hanoi summit, yet negotiations will eventually resume as they are the most realistic way to deal with North Korea's nuclear programme.

### Summary

Six months after the Hanoi summit between President Donald Trump and Chairman Kim Jong-un, diplomacy between the US and North Korea and, as a result, between both Koreas has stalled. There are now three potential scenarios in the coming months when it comes to diplomacy with Pyongyang: (1) a re-start of the process leading to an interim deal; (2) a continuation of the current diplomatic freeze; and (3) a break-down in the process, leading to renewed tension. None of them can be ruled out as of mid-September, since all of them have advantages and disadvantages for Pyongyang and Washington. Having said that, in the long-term, diplomacy is the most realistic policy to address the North Korean nuclear conundrum. This is due to Pyongyang's need for a deal with Washington, moves in the US to develop a sustainable engagement process and support for such an approach in South Korea. Therefore, we should expect negotiations to re-start in the future.

### Analysis

#### Stalled process

Half a year after the no-deal Hanoi summit between President Donald Trump and Chairman Kim Jong-un, it is fair to say that the diplomatic process to deal with North Korea has stalled. Neither US-North Korea denuclearisation negotiations nor inter-Korean diplomacy have made any real progress over the past six months. The historic meeting between Trump and Kim in the DMZ in late June, which marked the first time that a sitting US President stepped on North-Korean territory, failed to break the deadlock. As of early September, the international community is still waiting for negotiations with North Korea to resume.

There are also some signs that the situation may have even turned for the worse since the Hanoi summit. Pyongyang has resumed its short-range ballistic missile testing programme. As South Korea and the US carried out their regular joint military manoeuvres, North Korea conducted no less than five rounds of tests. Meanwhile, the

Kim government has shunned working-level talks with the US despite the agreement that Trump and Kim supposedly reached during their DMZ meeting. At the same time, North Korea has refused to meet with South Korea in recent months, either officially or unofficially. Further, Pyongyang's official media have lashed out at President Moon Jae-in's government in recent weeks.

There are several reasons why the process with North Korea has stalled. To begin with, all signs suggest that Kim was genuinely surprised at Washington's demands during the Hanoi summit. The North Korean negotiation team seemed not to have a plan B. In the aftermath of the summit, Kim has been busy reshuffling his negotiating team. Plus, there still seem to be internal discussions about what the government might be willing to offer in exchange for potential partial sanctions relief by the US.

On the US side it is still unclear what Washington's goals are: a comprehensive 'grand bargain' including the full denuclearisation of North Korea? An interim deal focusing on a cap and roll-back of North Korea's nuclear and missile programmes? Or something else? Likewise, it is also unclear whether the US is willing to take a step-by-step approach or is still clinging to the hope that North Korea will agree to full denuclearisation before getting anything in return. It does not help that the Trump Administration does not speak with a single voice.

Another reason why North Korea has shunned diplomacy in recent months is that it feels cheated by South Korea. The Moon government has repeatedly touted its interest in resuming inter-Korean economic cooperation, starting with the re-opening of the Kaesong Industrial Complex and the Mount Kumgang Tourist resort. This the first step towards the establishment of a so-called 'peace economy' that will support inter-Korean reconciliation through strengthening economic cooperation. However, the Trump Administration has halted any potential substantial economic exchange between the two Koreas by refusing to grant sanction waivers that would allow them to be launched. Pyongyang has thus lashed out at Seoul for not implementing these projects.

A wild card also affecting the resumption of diplomacy in the Korean Peninsula in earnest is Trump's potential interest in a deal with North Korea. The US President has repeatedly said that he is willing to sign a deal and that he sees a 'bright future' ahead for North Korea. There is the possibility, however, that Trump might get distracted by a potential deal with the Taliban ending the Afghanistan War, with China putting an end to its trade war with the US or any other of the multiple foreign policy issues his Administration is working on. In other words, a deal with North Korea is not the only foreign policy 'success' that Trump could present to the US electorate before next year's presidential election.

### Three scenarios

There are three possible scenarios in the coming months when it comes to diplomacy with North Korea: (1) a re-start of the process leading to an interim deal; (2) a continuation of the current freeze; and (3) a break-down in the process, leading to renewed tension. As of mid-September and considering recent developments, or the lack thereof, none of them can be ruled out.

The first possible scenario is a resumption of US-North Korea diplomacy resulting in an **interim deal**. This would build on the unprecedented level of diplomacy witnessed in the Korean Peninsula throughout 2018 and early 2019. A 'grand bargain' agreement, essentially meaning the exchange of North Korea's nuclear programme for normalised relations with the US and a multilateral economic package, cannot be ruled out. However, an interim deal is more likely for two reasons: Pyongyang clearly feels more comfortable with this option and several Trump Administration officials have indicated that the US might be willing to accept it as a first step, including Secretary of State Mike Pompeo and Special Representative to North Korea Stephen Biegun. John Bolton's departure makes this scenario more likely as he was one of the most adamant advocates of a hard line against North Korea amongst Donald Trump's inner circle.

An interim deal could involve Pyongyang offering the dismantlement of the Yongbyon Nuclear Complex and potentially other nuclear facilities as well, the cessation of all nuclear and missile tests, and the presence of international nuclear inspectors on North Korean soil for verification purposes. In exchange, the US could offer the removal of sanctions affecting the North Korean economy or at least their interruption for a period of time, mutual liaison offices in Washington and Pyongyang, and an economic package including aid and investment. The international community, including North Korea's neighbours and others such as the EU, could be among the main providers of the economic package. It is unlikely that the Trump Administration will agree to substantial US aid being transferred to North Korea.

Implementation of the interim deal would follow a step-by-step process, similar to those followed with the [Agreed Framework](#) and [Six-Party Talks](#) agreements signed respectively by the Bill Clinton and George W. Bush Administrations. Pyongyang has made it clear that it is unwilling to take significant steps towards denuclearisation without getting anything in return. This means that an Iran-type deal is out of the question. With North Korea now a de facto nuclear power, the international community will have to accept that there is no incentive for the Kim government to give up its nuclear programme upfront in exchange for a promise of sanctions relief afterwards.

This type of agreement would need serious working-level negotiations, both before a deal is signed and once implementation starts. Under the Trump Administration, however, there have been no sustainable working-level negotiations, with only a short round in the weeks running up to the Hanoi summit. Otherwise, US and North Korean negotiators of different government branches have met from time to time but not regularly. Yet this is not conducive to a sustainable process. Most probably, Kim thinks that he can get a more favourable agreement directly from Trump, even after the failure of the Hanoi summit, reducing the incentives for Pyongyang to start a sustainable working-level process for the time being, despite Washington's stated preference for this format.

The second possible scenario is that **the current diplomatic freeze continues** and US-North Korea negotiations do not resume. This would mean that the present state of affairs remains unchanged, with the US and North Korea unable or unwilling to build on the bout of high-level diplomacy of 2018 and early 2019. Under this scenario, neither Washington nor, particularly, Pyongyang would escalate tension to the point seen in

2017. In other words, the Kim government would refrain from conducting further nuclear or ICBM tests and the Trump Administration would desist from threatening to strike North Korea. Considering that Trump did contemplate the latter, which would have resulted in war in the Korean Peninsula, no escalation would at least mean a degree of calm in North-East Asia.

For North Korea, continuation of the current diplomatic freeze would entail waiting until next year's US presidential election to then decide how to proceed. If Trump continues in power, avoiding escalation would mean that the door for diplomacy remains open. If the Democratic candidate wins, Pyongyang could portray itself as a 'responsible' actor while the new government takes a decision on its North-Korea policy. Either way, no escalation allows North Korea to project a more positive image. The added bonus is that Moon's Democratic Party could tout the benefits of engagement in next year's National Assembly elections. As a result, Pyongyang's actions, or inaction in this case, could help to tilt the balance towards Moon's pro-engagement party.

For Trump the main benefit of a no-escalation scenario is that he can present himself as the stabiliser of the Korean Peninsula. Recent polls show that a majority of Americans think that Trump is the main driving force behind stability in the Korean Peninsula. Short-range ballistic missile tests seem not to have affected this perception negatively, since they are not a direct threat to the US mainland. The Trump Administration can certainly pursue other negotiation processes and to an extent neglect North Korea as long as its nuclear and ICBM programmes are not on the news. If Trump is re-elected he can go back to negotiations with North Korea during his second term.

Ultimately, continuation of the current pause in US-North Korea negotiations would most probably lead to the eventual resumption of negotiations, that is, a return to the first scenario. Clinton, Bush and even Barack Obama, whose Administrations essentially shunned diplomacy with the Kim government for the most part, sought negotiations with North Korea when it became obvious that that would be the only realistic path to address its nuclear programme. Interestingly for Pyongyang, it was towards the end of the Clinton and Bush Administrations' second terms that it came closest to normalising relations. Thus, both Trump, or his successor, and Kim have an incentive to return to the negotiating table.

The third possible scenario is a **break-down** of the current negotiation process and a return to heightened US-North Korea tension. It should be remembered that Kim has publicly said that North Korea has given itself a deadline until the end of 2019 to see whether negotiations with the US result in a deal. It is not inconceivable that he could use his 2020 New Year Address, which North Korean leaders traditionally use to set the agenda for the coming year, to announce that Pyongyang will resume its nuclear and ICBM testing programme. In fact, this is a likely scenario if US-North Korea negotiations fall apart and the two governments make each other responsible for the failure.

From a North Korean perspective, this scenario would have its appeal if it were to mean that Trump has to run for re-election in the midst of nuclear and ICMB tests. This would be embarrassing for the US President, who has repeatedly said that he counts Kim as a friend. Furthermore, Trump's Democratic opponent could accuse the US President of

being naïve and having nothing to show for three meetings with Kim. Pyongyang could also resort to insulting the President, as it has done with other members of his Administration, such as Pompeo and National Security Advisor John Bolton. Verbal attacks would further cement the view that Trump has been fooled by Kim.

From a material point of view, new tests would allow North Korea to continue to improve its nuclear and ICBM programmes. Pyongyang has certainly continued to do so despite the diplomatic process with the US and South Korea. But a question remains as to whether it can successfully mount a miniaturised nuclear warhead on an ICBM capable of reaching the US mainland. With the exception of an unthinkable strike itself, further nuclear and ICBM tests are the only means for Pyongyang to show the international community that it is in possession of such a capability. If and when negotiations with Washington start again, more tests and better capabilities would presumably give Pyongyang a stronger bargaining hand.

It is difficult to see what the benefits of heightened tension would be for the Trump Administration. If the ‘fire and fury’ of 2017 taught any lesson at all it is that the Kim government will not back down from a confrontational approach. Perhaps if Trump wants to raise sanctions on North Korea he might consider that renewed tension is the only way for China and Russia to acquiesce to such a course of action. However, the five new rounds of sanctions approved by the UN Security Council in 2016-17, the toughest ever, have singularly failed to stop North Korea from developing its nuclear and missile capabilities. There is no reason to believe that more sanctions will make any difference.

North Korea would also have much to lose from the resumption of high-intensity brinkmanship. To begin with, this is the only scenario under which **China** and **Russia** might decide to allow the international community to tighten sanctions on Pyongyang. Furthermore, Trump has, of course, a strong chance of being re-elected and new tests by North Korea could dent his enthusiasm for talks. Also, Kim has spent 2018 and 2019 presenting himself as a responsible leader, including summits with Moon, Trump, Xi Jinping, Vladimir Putin, Lee Hsien Loong and Nguyen Phu Trong. Going back to brinkmanship as his foreign policy of choice would dent the perception that he is a different type of North Korean leader bent on bringing (economic) change to the country.

### Long-term outlook

In the long run, the outlook for stability in the Korean Peninsula, steps towards inter-Korean reconciliation, better economic prospects for ordinary North Koreans and a degree of control over North Korea’s nuclear and missile programmes remain positive. The main reason is that Pyongyang needs an agreement with the US involving sanctions relief and, eventually, normalisation of relations with Washington.

North Korea needs a deal with the US, above all, because the North Korean population has changed and Kim has to attend to its needs if he wants to continue to rule for decades to come. Ordinary North Koreans are better informed about the outside world than they were during the great famine of the 1990s that killed hundreds of thousands – if not millions– of the country’s population. They know that South Korea is far better off than their own country and they live in a de facto market economy, independently from

a State whose central distribution system collapsed in the 1990s and never recovered. In fact, Kim has pursued a programme of incipient economic reforms since he took power that is reminiscent of China's in the 1980s and Vietnam's in the 1990s.

Nevertheless, the Kim government will never be able to bring the necessary investment and expertise to modernise the North Korean economy unless Washington agrees to remove sanctions on Pyongyang. The sanctions essentially forbid almost all trade and investment in North Korea. Removing them will only occur if Pyongyang reaches an agreement involving it taking significant steps towards denuclearisation.

On the US side, Trump's personalised approach to negotiations with North Korea has overshadowed two interesting developments. First of all, there is a bipartisan move in Congress to make any engagement process with North Korea sustainable, so that it survives the Trump Administration. This includes putting other issues on the discussion table, such as North Korea's human-rights record, but also ensuring that a new Administration can build on existing negotiations and does not start from zero, as most notably Bush decided to do after Clinton.

Furthermore, there is an acknowledgement among US foreign-policy decision-makers and elites that North Korea is a *de facto* nuclear power. This line of thought entails that the best that the US can aspire to for the time being is an arms-control deal including a cap and roll-back of North Korea's nuclear and missile programmes. This does not mean renouncing full denuclearisation as the ultimate goal, but it does involve a more realistic approach to negotiations, with denuclearisation not being a pre-condition for talks or the offer of sanctions relief.

Also underpinning the positive outlook for a deal with North Korea is South Korea's support for engagement. The Moon government and a large majority of liberal South Koreans back talks and negotiations. So do a significant proportion of conservatives, especially younger ones who do not see North Korea as a threat, as perceived during the Cold War. Furthermore, there is broad agreement in South Korea that a return to the tension of 2017 would be a very negative development. A majority of South Koreans also believe that the pressure on North Korea applied by the Lee Myung-bak and Park Geun-hye governments was counterproductive in terms of supporting inter-Korean reconciliation or Pyongyang's potential denuclearisation. In the absence of major North Korean provocations for a sustained period of time, engagement will be the policy of choice for South Korea in the years to come.

## **Conclusion**

Developments since the Hanoi summit between Trump and Kim strongly suggest that US-North Korea diplomacy has essentially stalled. Six months after the summit, negotiations between the two countries are yet to resume despite a small number of scattered meetings between officials from each of the countries. As a knock-on effect, steps towards inter-Korean reconciliation have also been suspended. It seems that Washington and Pyongyang are yet to find a way to reconcile their priorities so that negotiations can re-start and an agreement can be reached.

Considering the above, there are three possible scenarios for the coming months: (1) a re-start of the process leading to an interim deal; (2) a continuation of the current freeze; and (3) a break-down in the process leading to renewed tensions. None of them can be ruled out as of mid-September. However, negotiations are the only realistic means to address North Korea's nuclear programme. For once, North Korea needs a deal if Kim is going to successfully implement the economic reform programme that he wants. In addition, there are bipartisan moves in the US to make engagement sustainable. Furthermore, South Korea is supportive of negotiations with North Korea. Therefore, diplomacy will eventually resume.