

# The Korean Peninsula conflict: Mediation in the midst of a changing regional order

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As divided Korea turns sixty-three, the Korean peninsula conflict seems like one of the most protracted and unmediated of its kind since the end of World War II. Yet, over the post-Cold War years, especially since the coming of the Kim Dae Jung administration in 1998, each has also developed mechanisms that allow it to function as a “normal” state in the international community. Despite the historical identity of Korea as a shrimp among whales, both Koreas have found a new capacity for taking initiatives that would not have been possible during the Cold War years.

This paper seeks to assess the possibilities and limitations of third-party mediation in the resolution of the Korean peninsula conflict.

## *The six major factors in the management of the second nuclear crisis*

A glance at the map and the geopolitical smoke from the latest (second) United States of America (U.S.)- Democratic People’s Republic of Korea (DPRK) nuclear standoff suggests why Northeast Asia is one of the most important yet most volatile regions of the world. It is hardly surprising that each of the Big Four - China, Russia, Japan, and the United States - has come to regard the Korean peninsula as the strategic pivot of Northeast Asian geopolitics and as falling within its own geostrategic ambit. The “second nuclear crisis,” which suddenly erupted in October 2002 when the Bush administration accused North Korea of having a secret highly-enriched-uranium (HEU) program, demonstrated the effect that coordinated efforts by relevant powers could have on the Korean peninsula conflict.

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<sup>1</sup> Samuel S. Kim (MIA, PhD, Columbia University) is Senior Research Scholar at Columbia University’s Weatherhead East Asian Institute and editor-in-chief of the “Asia in World Politics” series at Rowman & Littlefield Publishers. He previously taught at Foreign Affairs Institute, Beijing, China (1985-86), Princeton University (1986-93) and Columbia University (1993-2006). He is the author or editor of twenty-three books on East Asian international relations, Chinese and Korean foreign relations and world order studies including *China, the United Nations and World Order* (1979); *The Quest for a Just World Order* (1984); and *The Two Koreas and the Great Powers* (2006).

### **The Beijing factor**

In the heat of the second nuclear confrontation between the United States and the DPRK in early 2003, Beijing launched an unprecedented flurry of mediation diplomacy to render assistance in the quest for a negotiated solution when Washington and Pyongyang could not find one by themselves. There were multiple motivations and catalysts for the shift. With the growing behaviour and rhetoric of war in the United States at that time, China feared that instability could result from the cycle of mutual provocation, and it was alarmed by the possibility that either side could take military action. On the one hand, the U.S. could recklessly attempt to resolve the North Korean nuclear challenge through military means à la Iraq. On the other hand, North Korea could decide that lashing out (to pre-empt America's pre-emptive strike) would be a rational course of action in the interest of regime survival, even if victory were impossible.

Mediation is typically undertaken for a range of motives, and in the Chinese case the motive was a confluence of greater danger, greater stakes, and greater leverage. While China's key objective for mediation is preventing the US-DPRK nuclear conflict from escalating to military violence, its concern over regional destabilization is further motivated by an underlying cause: the combination of economic and political gains that it made in the past decade and the clear and continuing threat to them. Compared to the early 1990s, China has recently found itself in a much-changed geopolitical and geo-economic situation, with far greater resource leverage for mediation diplomacy.

Although it has defined its role as "active mediation," China has in fact assumed the multiple and mutually complementary roles of initiator, host, facilitator, prodder, consensus-builder, go-between, broker, and deal-maker in the on-again, off-again six-party process. China's mediation diplomacy required from the very beginning shuttle/visitation diplomacy—and aid diplomacy—to bring the DPRK to a negotiating table in Beijing. From early 2003 to mid-2005, senior Chinese officials have stepped up this diplomacy on a quarterly basis. Moreover, these visits have been conducted at levels senior enough to require meetings with Chairman Kim Jong Il, serving notice to Washington that direct interaction with the Chairman is the shortest way toward progress in the six-party process.

The Chinese made an exceptional effort in the fourth and most important round of talks, from July to September 2005, mobilizing a professional work force of about two hundred experts from the Ministry of Foreign Affairs. These diplomats spent day and night working on successive drafts of a joint statement of principles, pulling together the lowest common denominator among views laid out by the six parties in the behind-the-scenes negotiations, which included an unprecedented half-dozen bilateral meetings between American and North Korean diplomats. Pyongyang's decision to rejoin the Six-Party Talks after a thirteen-month hiatus can be attributed to the synergy of Chinese mediation diplomacy and South Korea's engagement diplomacy that was aimed at providing a face-saving exit from the trap of mutual US-DPRK creation. This was particularly important in the wake of the Bush administration characterization of Kim Jong Il as a "tyrant" and Condoleezza Rice's labelling of North Korea as an "outpost of tyranny" in early 2005.

The “words for words” and “action for action” approach that North Korea advocated as its negotiating stance and that China brought back as group consensus in the Chairman’s statement at the end of the third round of talks also became a group consensus in the form of the Joint Statement of Principles issued by the participants in the fourth round of Six-Party Talks process on September 19, 2005. This was the first-ever successful outcome of the on-again, off-again multilateral dialogue of more than two years. It was a validation of the negotiated approach to the second nuclear standoff on the Korean peninsula that has been resisted, at times, by both Pyongyang and Washington. Until this time, the Bush administration followed Vice President Cheney’s familiar injunction, “We do not negotiate with evil, we defeat it,” while the DPRK took a stand of negotiating only with the United States even if within the six-party framework.

Assessment of China’s mediating role in the second US-DPRK nuclear standoff requires an understanding of China’s own characterization of its role. Chinese Vice Foreign Minister Wang Yi has described that role as “active mediation” in the following terms: “Conducting active mediation means continually making positive efforts to promote peace and talks in an objective and just attitude and see to it that all parties will (1) enhance contacts, (2) build trust, (3) seek common grounds while reserving differences, and (4) expand consensus.” He emphasized that “China is not the dominating factor” and that its role is to propose a middle course when the talks come to a deadlock.

China has had significant success in enhancing contacts, as evidenced by the achievement of bringing the DPRK back to the Six-Party Talks. Building trust has been more difficult, as would be expected given half-century of enmity and distrust between the United States and North Korea. On the third and fourth tasks, seeking common ground and expanding consensus, China has achieved slow but steady progress that culminated in the September 19, 2005, Joint Statement of Principles.

#### **The Washington factor**

While China’s influence in North Korea is somewhat limited, Beijing still has a far greater ability to effect change in Pyongyang than in Washington. Not surprisingly, Beijing was far more effective in the creation of the Joint Statement than in its implementation process. Chinese diplomats have been even-handed to a fault in producing five successive drafts of a possible joint statement designed to seek common ground - or split the differences - between the U.S. and North Korean positions during the second and final session of the fourth round of talks. By September 17, 2005, China’s fifth and final draft of a possible Joint Statement became acceptable to all five parties other than the United States, thus reaching a breakthrough or breaking point in Beijing’s mediation efforts.

Why then did the Bush administration agree to sign on the Chinese draft of a Joint Statement despite the vehement opposition to any mention of a peaceful nuclear program during the first five days of the second session of the fourth round of talks? There were multiple pressures and reasons: (1) A viable alternative was lacking, given the failure of “regime change” strategy; (2) China successfully mobilized “the coalition of the willing” in support of its Joint Statement and

against the CVID formula (complete, verifiable, irreversible, dismantlement), with three in favour (China, South Korea, Russia), one opposed (the United States), and one abstaining or split in its position between the two (Japan); (3) China boxed the United States into a corner with a “yes or no” choice, forcing it either to accept or else to be blamed by the world community for the collapse of the critical fourth round of talks and presumably the failure of the six-party process for good.

Not surprisingly, further progress on the implementation of the September 2005 Joint Statement immediately came to a screeching halt with the U.S. imposition of financial sanctions in the form of the US Treasury's designation of a small Macao bank, Banco Delta Asia (BDA), as a primary money laundering concern. The North Korean accounts in the BDA (valued at about \$24 million) were immediately frozen but the most important consequence was the warning Washington sent to all other international banks - they could do business with North Korea at their own risk. With its financial links to the international financial system dealt a lethal blow, Pyongyang demanded not only the return of the frozen funds but also the reestablishment of bank accounts in a foreign country as a precondition for implementation of its side of the bargain. With the six-party process stalled, Pyongyang raised the ante, testing missiles in July 2006 and a nuclear device in October 2006. The early 2007 bilateral negotiations between the United States and the DPRK on the BDA issue permitted the resumption of the Six-Party Talks and two breakthrough implementation agreements on February 13, 2007, and October 3, 2007.

### **The Pyongyang factor**

Despite the challenges involved, throughout the second nuclear standoff the United States has had unrealistically high expectations that China would join the Bush administration's “tailored containment” position and push the North Korean regime towards nuclear dismantlement. But Beijing's leverage in Pyongyang is not as great as some U.S. foreign policymakers and pundits believe. Nonetheless Chinese diplomats have indeed managed, by tempting the North Koreans with many kinds of aid, to influence the behaviour of Pyongyang.

China brought the DPRK to the Six-Party Talks, overcoming North Korea's principled insistence on direct bilateral negotiations with the United States. This was made possible by the “qitong cuny” formula that characterised the Joint Statement (“seeking common ground while preserving differences”) and allowed for “bilateral talks within the six-party talks framework” for the much-delayed and much-awaited fourth round of talks. Chinese diplomats played a key behind-the-scenes mediation role in facilitating the U.S.-DPRK bilateral contacts from May to June 2005 that led to the fourth round of the Six-Party Talks lasting twenty days in two sessions (July 26 - August 7, September 13 - September 19), compared to three to four days for the first three rounds of talks. A strengthened relationship is a necessary prerequisite for coaxing out of Kim Jong Il whatever concessions possible to support and sustain the Six-Party Talks process. Each year Beijing has become more deeply involved, playing a crucial role in the politics of regime survival by providing more aid in a wider variety of forms.

### **The Seoul factor**

An unexpected source enhancing Beijing's leverage over Washington, almost doubling it, is Seoul. It is abundantly clear that South Korean support for the Bush administration's North Korea policy has flagged substantially, partly due to Seoul's interest in maintaining constructive and fruitful relations with a rising China and partly due to the transformation of Seoul's approach to North Korea, catalyzed by the "regime change" in South Korean domestic politics. The "special allied relationship" between the United States and the Republic of Korea (ROK) has been most threatened by a lack of agreement on the nature of the North Korean threat and on what constitutes an appropriate conflict-management approach.

The Roh government's position on the second U.S.-DPRK nuclear confrontation became far closer to that of China than that of the United States. Just as Beijing has to cope with twin security dilemmas of one kind (wanting neither allied abandonment nor allied entrapment), Seoul is experiencing twin security dilemmas of another kind. While no longer fearing allied abandonment of its own security interests in Washington's pursuit of a separate deal with Pyongyang, Seoul's main security dilemma has centred on allied entrapment in the Bush administration's evil-state strangulation strategy (until recently) sucking South Korea into a military conflict escalation not of its own making.

### **The Tokyo factor**

With the sudden policy reversal of the Bush administration in early 2007, Japan's policy has become seriously out of sync with the momentous changes in the six-party process. Its priority to the abductions issue, its determination to stick to comprehensive sanctions, and its refusal to provide Japan's share of the energy aid to North Korea left Japan isolated in the context of the two "action for action" implementation agreements of 2007. Japan's isolation is a self-inflicted wound; it allowed domestic political considerations to prevail over international ones in framing the North Korean abductions of some thirteen-plus Japanese citizens during the 1970s and early 1980s as a greater problem than denuclearization of the Korean peninsula. More to the point for both Koreas and the international human rights community is that Tokyo's priority of the abductions issue in the context of the six-party process cannot disguise Japan's revisionist denial of the history of hundreds of thousands of Koreans forcibly conscripted and abducted by Japan during its colonial rule to serve Japan's imperial interests as forced labourers, soldiers, and sex slaves - the so-called "comfort women." Insisting that it will not be party to any aid to North Korea until the abduction issue is completely settled, and refusing to shoulder any financial responsibility, the Japanese government was reduced to pleading with the Bush administration to not take further implementation steps.

### **The Moscow factor**

Russia's involvement in the six-party process has remained cautious but committed. Although China played the frontline mediating role, Russia also came to play an important supporting role. Ranking Russian diplomats described China as "a locomotive" driving the six-party process, whereas Russia's role was to play "whisper diplomacy." Once the six-party talks got underway in August 2003, Moscow proposed a package solution in close alignment with Beijing's approach. Russia's package solution was based on the principles of a stage-by-stage

process and parallel synchronized implementation of coordinated measures by the concerned parties. Russian officials have spoken out repeatedly for a peaceful, negotiated resolution of the crisis; they have warned of the dangers of a military solution and they have rejected sanctions or other pressure as counterproductive. Russian observers have warned that pressure is likely to backfire by cornering Pyongyang and increasing its sense of insecurity, and Moscow has volunteered to help provide North Korea with international security guarantees as well as energy assistance. In the resolution of the BDA imbroglio, Moscow played an indispensable role in allowing the frozen funds of US\$24 million to be transferred to North Korean-controlled accounts in a Russian bank when no other governments in the six-party process would take such a risk.

### *Future prospects*

#### **The nuclear issue**

2007 witnessed a remarkable transition from the “commitment for commitment” Joint Statement of 2005 to the two “action for action” implementation agreements. And yet, the “action for action” implementation principle is easier promised than performed as made evident in the current stalemate of the six-party process in moving from the second-stage disablement process to the third and final stage of the dismantlement process. While Washington cites Pyongyang’s failure to implement another key element of the Second-Phase Actions for the Implementation of the Joint Statement – i.e. the provision by the DPRK of a complete and correct declaration of all its nuclear programs by December 31, 2007 - as the main cause of the current stalemate, North Korea’s bill of complaints has centred on the “action for action” implementation plans: (1) that agreed provisions remain largely unimplemented except the disablement of its nuclear facilities; (2) that the delivery of heavy fuel oil and energy-related equipment and materials has fallen short of even 50 percent; and (3) that the United States has not honoured its commitment to remove the DPRK from the list of “sponsors of terrorism” and stop applying the “Trading with the Enemy Act.”

Despite many problems for near-term movement on the reciprocal and simultaneous “action for action” implementation process, the Six-Party Talks offer an unprecedented opportunity to produce something larger than mere resolution of the specific issue of North Korea’s nuclear program. Regional and global multilateralism is now an integral part of security thinking in Beijing, Seoul and Moscow. Such multilateralism is also a useful instrument for the much needed conflict-management mechanisms in Northeast Asia, one of the most militarized and under-institutionalized regions of the world.

Mediation is an intrinsically triangular diplomatic process since the parties to the conflict seek to position themselves in reference both to each other and to the mediator, while the mediator seeks to guide them towards a negotiated solution that neither is able to make alone, or to persuade them to engage in direct, bilateral negotiation. Viewed in this light, any third-party mediation between a unilateral America and a unilateral North Korea is bound to be a daunting challenge. Indeed, the greatest challenge for Beijing’s mediation diplomacy was and has remained to a certain extent how to navigate between a rock and a hard place: between allied abandonment, with the potential for instability or even collapse in North Korea, and allied entrapment, with the danger of being caught in conflict escalation not of its own making.

### **Managing the inter-Korean conflict**

At the same time, the demise of great power rivalry has gradually opened the space and the opportunity for greater inter-Korean reconciliation, as opposed to reunification by absorption German style. For the first time since the Korean division in 1945, it is now possible to speak of a new emerging consensus among the four major powers on the peaceful coexistence of the two Korean states as part of the Korean solution and on the new inter-Korean detente as part of the Northeast Asian regional solution.

Sino-American rapprochement in the early 1970's came to serve as the chief catalyst for the first short cycle of inter-Korean dialogue, resulting in the July 4, 1972, South-North Joint Communiqué. The second cycle, which began in 1989-90, inspired by momentous changes linked with the end of the Cold War, was a bit more promising and lasting than the first one. It jumpstarted inter-Korean trade, guided the entry of the two Koreas into the United Nations as two separate but equal member states, and led to the drafting of two historical agreements without external mediation: the North-South Basic Agreement<sup>2</sup> and the "Joint Declaration of the Denuclearization of the Korean Peninsula."

Most remarkably, in 2000 the first-ever inter-Korean summit was initiated and executed by the Koreans themselves in the absence of any external shock or sponsorship. The two previous inter-Korean dialogues were catalyzed by events external to the Korean peninsula. The 2000 Summit would not have been possible without President Kim Dae Jung's initiation of the Sunshine Policy in his inaugural address in February 1998 and his Berlin Declaration in March 2000. In June 2000 the seemingly unthinkable happened, as South Korean President Kim Dae Jung and North Korean Chairman Kim Jong Il embraced each other at an inter-Korean summit in Pyongyang, symbolically signalling their acceptance of each other's legitimacy.

President Kim Dae Jung's Sunshine Policy was based in part on explicit recognition of the fact that undermining the DPRK is not a viable policy option because of the disorder and destruction that would follow from a Northern collapse. Speaking to one of the remaining key fears in Pyongyang, Kim Dae Jung's repeated pledges that the South has no intent "to undermine or absorb North Korea" stand out as one of the most significant steps towards accepting identity difference as an integral part of the peace process. With President Roh Moo-hyun, the Sunshine Policy mutated into the Policy of Peace and Prosperity. The second Inter-Korean summit was held in Pyongyang in October 2007, resulting in an eight-point agreement, the "Declaration on the Advancement of South-North Korean Relations, Peace and Prosperity."

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<sup>2</sup> Officially known as the "Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation between the South and the North".



With the steady implementation of the Sunshine Policy and President Roh Moo-hyun's Policy of Peace and Prosperity, some South Korean nongovernmental actors began to play active third-party roles in promoting inter-Korean reconciliation. Likewise, under both liberal and progressive administrations in the past ten years, South Korean NGOs began to enjoy direct relationships with North Korean counterparts. Government-to-government restrictions on such contacts lessened, and ROK government funding of certain NGOs increased to support inter-Korean cooperation efforts. Despite the many turns and twists, inter-Korean functional cooperation witnessed impressive accomplishments between 1999 and 2006.<sup>3</sup>

No longer pawns on a great-power chessboard, the two Koreas now hold the key for mapping pathways towards a politics of reconciliation.

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<sup>3</sup> Inter-Korean trade increased from US\$333 million to \$1.349 billion; the number of South Koreans visiting North Korea increased twenty-fold from 5,599 to 100,836; more than 1.5 million South Koreans have visited Mount Kumgang in the North; some 16,000 members of separated families have participated in reunions; more than 15,000 North Koreans are now working at the South's Kaesong Industrial Complex located in the North; and there have been 204 official talks between the two Koreas, including ministerial-level talks.