Japan and Peace Regime Building in Northeast Asia

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1. Introduction

North Korea’s nuclear and missile development has made significant progress. Washington together with Tokyo and Seoul has tried to stop the development. They have used both sticks and carrots. Yet, their efforts have been unsuccessful. The Agreed Framework (AF) between the United States and North Korea (the DPRK) and the two agreements at the Six-Party Talks (SPT) in 2007 were positive results of the engagement policy of the three countries. However, the AF and the SPT agreements could not stop North Korea’s nuclear missile development. While their engagement policy was a partial success, their confrontational policy based on economic and military pressure was not successful either. Pyongyang has responded by stepping up its effort to develop nuclear missiles. By exerting greater economic and military pressures, it may be possible to stop North Korea from conducting additional nuclear and missile tests that would enable it to possess nuclear missiles capable of reaching the mainland United States (USA). However, international tension with Pyongyang would remain. In order to reduce the tension and promote peace, the three countries need to resume dialogues with North Korea and agree on concrete measures to reduce tension. In other words, they need to adopt an engagement policy toward the North. For their engagement policy to be successful, it would be important to understand why the past engagement policies have failed. For this reason, this paper focuses on the AF and the SPT agreements and examines their partial success and eventual failure. The author argues that their failure can be attributed to the reluctance of the USA to improve its relations with North Korea. Another contention is that South Korea (the ROK) is expected to play a leading role in engaging with the North and in changing the policy of the United States and Japan toward North Korea, thereby promoting peace in Northeast Asia. Japan’s position is somewhere between South Korea and the USA in terms of its willingness to improve relations with the North. It has not played a leading role in engaging with the North. Nor is it likely to play a leading role in the foreseeable future.

2. The Agreed Framework (AF)

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1 Chapters 2, 3 and 4 are based largely on my previous works, particularly the one presented at the ISA annual conference in 2014.
Pyongyang and Washington reached an agreement, the Agreed Framework (AF) in October 1994, which laid out concrete steps to resolve their outstanding issues including U.S. concern about North Korean plutonium extraction and their diplomatic normalization. This chapter explains the content of the AF and examines the reasons for its collapse.

**The Content of the AF**

The AF contained the following measures: First, an international consortium led by the USA will construction two light-water reactors (LWRs) in the DPRK by the target date of 2003; Second, the DPRK will freeze its nuclear facilities in Nyongbyon, put them under the monitoring by the International Atomic Energy Agency (IAEA), and, before delivery of key nuclear components of the LWRs, accept full inspections upon them by the IAEA and dismantle them; Third, the USA will provide the DPRK with 500,000 tons of heavy fuel oil (HFO) per annum until the last stage of construction of the first LWR unit; Fourth, the USA will provide the DPRK with formal assurances against the threat or use of nuclear weapons; Fifth, the DPRK and the USA will move toward full normalization of political and economic relations.

**Implementation of the AF**

The DPRK froze its nuclear facilities and put them under the IAEA monitoring. With regard to the LWR project is concerned, the Korean Peninsula Energy Development Organization (KEDO) was established in March 1995 to carry it out. Seoul agreed to shoulder approximately 70 percent of the cost of constructing two LWRs, while Tokyo agreed to bear about 25 percent of the cost. In this way, Tokyo along with Seoul played a constructive role in resolving the nuclear issue and promoting greater peace on the Korean peninsula. But the start of construction of the two LWRs delayed due largely to Pyongyang’s opposition to construction of the LWRs by South Korean companies. Consequently, their completion became likely to go far beyond 2003. Pyongyang’s strong opposition can be attributed party to its hostile relations with the South Korea’s Kim Young-sam administration. With regard to the HFO provision, the USA kept the promise although its delivery delayed from time to time. Concerning the
security assurance, strong assurance in the form of a pact or treaty was not provided. Before signing the AF, the Clinton administration assured North Korea of its intention not to use its nuclear weapons or to threaten North Korea with possible use of nuclear weapons in their joint statements in June and July 1993.

As to normalization of the political and economic relations between the USA and the DPRK, little progress was made. One reason is the hostile inter-Korean relations, which made it difficult for Washington to improve its relations with Pyongyang. Also, Kim Young-sam was not eager to improve inter-Korean relations partly because he expected imminent collapse of the North Korean communist regime after Kim Il-sung’s death. In this regard, the Clinton administration also held such an expectation and consequently became reluctant to improve US-DPRK relations, although it had other reasons for its reluctance including the victory of the Republican Party, which was highly critical of the AF, in the mid-term elections in November 1994. More importantly, not only the Republicans but also the Clinton Administration and the Democrats were not eager to normalize the US-DPRK relations partly for fear that it would destabilize US military presence in Japan and South Korea and erode its economic and military influence over the two countries. North Korea did what the USA deemed most important, that is, freezing its nuclear facilities and thereby stopping production of plutonium. In this sense, North Korea made a very significant concession to the USA. However, North Korea could not realize what it saw most important, namely, normalizing its relations with the USA and thereby ending US economic and military hostilities.

*Collapse of the Agreed Framework*

Kim Dae-jung succeeded Kim Young-sam in February 1998. He attempted to improve North Korea’s relations with South Korea, the USA and Japan and thereby helping North Korea rebuild its economy. Yet, his effort came to face a serious difficulty as a result of the victory of George W. Bush in the US presidential elections in November 2000 and the onset of his administration in January 2001. President Bush and his Republican Party had been highly critical of the AF and the Kim Jong-il regime.²

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His administration adopted a hostile stance toward North Korea. In January 2002 it adopted a new Nuclear Posture Review (NPR) that reportedly designated North Korea as one of the seven countries against which a plan to use nuclear weapons should be compiled.³ In September 2002, it adopted a new version of the National Security Strategy (NSS) that expressed its willingness to conduct preemptive actions against rogue states including the DPRK. Meanwhile, President Bush called the DPRK as a part of “Axis of Evil” in his State of the Union speech of January 2002.

North Korea slashed these hostile moves as totally nullifying the DPRK-US joint statement of 2000 and the AF.⁴ However, it stopped short of abrogating the AF. Rather, it was Washington that promoted the collapse of the AF by terminating its provision of oil to North Korea that had been obliged by the AF. The termination followed the announcement of the US Department of State on October 16, 2002 that North Korea admitted its possession of a uranium enrichment program to Assistant Secretary of State James Kelly who had visited Pyongyang between October 3 and 5.⁵ The North Korean Foreign Ministry denied the allegation. ⁶ Yet, the Bush administration regarded North Korea’s uranium enrichment program as a breach of the AF and terminated its oil shipment to North Korea in December 2002. In response, North Korea restarted its nuclear facilities later in the same month and announced its withdrawal from the NPT in January 2003.

It was rather irrational of the Bush administration to terminate its provision of HFO to North Korea because it could easily anticipate that doing so would lead to North

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⁴ “Conclusion of non-aggression treaty between DPRK and U.S. called for,” KCNA, 25 October 2002

⁵ According to Charles L. Pritchard who accompanied Kelly and met with First Vice Minister Kang Sok Ju, “While there was no precise, irrefutable statement—a smoking gun—many factors led all eight members of the U.S. delegation to reach the conclusion that Kang had effectively and defiantly admitted to having an HEU program.” Charles L. Pritchard, Failed Diplomacy, Washington, DC: Brookings Institution, 2007, pp. 38-39.

Korea’s resumption of plutonium extraction. At that time, Washington suspected that Pyongyang had started the uranium enrichment program about four years ago, but was not sure if it had begun constructing a uranium enrichment plant.\(^7\) When Washington expressed its intention to terminate the oil shipment, Seoul and Tokyo voiced concerns for possibility of resultant collapse of the AF;\(^8\) although, in the case of Tokyo, it did not express its concern very strongly. In this context, the Kim Dae-jung presidency came to end in February 2003, succeeded by Roh Moo-hyun.

3. The Six-Party Talks (SPT)

In August 2003, the Six-Party Talks (SPT) started with the participation of North Korea, the USA, China, South Korea, Japan, and Russia. This chapter explains the developments leading up to the SPT agreements in 2007 and the contents of the agreements, and then considers the factors that led to the collapse of the agreements.

The Developments Leading up to the 2007 Agreements

For about two years since the onset of the SPT, little progress was made toward denuclearization of the Korean peninsula, at least partly because of President Bush’s uncompromising, hardline demand that North Korea should first completely, verifiably, irreversibly dismantle its nuclear facilities (CVID) before discussing quid pro quos. Finally, in September 2005, the six parties agreed on principles for denuclearization of the Korean peninsula, including taking reciprocal actions step by step. However, on September 15, just before the six parties issued their joint statement on this agreement on September 19, the US Department of Treasury imposed financial sanctions on Banco Delta Asia, a bank in Macao for a charge of assisting North Korea’s money laundering.

Angered by the US action, North Korea conducted missile tests in July 2006. The Bush administration together with Japan’s Koizumi administrations pushed for adoption of a resolution of condemnation (resolution 1695) at the United Nations Security Council (UNSC) on 15 July. The missile tests helped Abe Shinzo, known for


his tough stance toward North Korea, to become the leader of the LDP and succeed Koizumi as prime minister in September 2006. The UNSC resolution enraged Pyongyang and prompted it to conduct its first nuclear test in October 2006. In response, the Bush and Abe administrations successfully worked for adoption of a sanctions resolution (resolution 1718) at the UNSC on October 14. Japan was a non-permanent member of the UNSC between 2005 and 2006 and worked closely with the Bush administration to have the UNSC adopt tough measures against Pyongyang. After the nuclear test, the Abe administration also imposed unilateral sanctions on North Korea, banning import from North Korea. Besides, in this context of mounting tension with North Korea, it enacted a law in December 2006 to elevate Japan’s Defense Agency to a Defense Ministry and to make overseas operations for “international peace cooperation activities” such as assistance to US wars in Afghanistan and Iraq as a primary mission of Japan’s Self Defense Forces (SDF), which would allow Japan to assist US attacks on North Korea.

In contrast with Abe who assumed a tough stance toward North Korea in line with Bush, President Roh tried to mediate between North Korea and Washington over the nuclear issue. In addition to his mediation, the defeat of the Republican Party at the mid-term elections of November 2006 in the context of growing public criticism of Bush’s hardline policy toward Afghanistan and Iraq prompted the Bush administration to adopt a compromising stance toward North Korea and resulted in the agreements at the SPT on February 13 and October 3, 2007 that specified actions to be taken by North Korea and the other five countries.

**The Content of the SPT Agreements**

The 2.13 agreement specified measures to take in the following 60 days and at the next stage. The former measures included: 1) for the DPRK to stop its nuclear facilities in Nyongbyon and accept monitoring and verification by the IAEA; 2) for the other five countries to provide emergency energy aid worth 50,000 tons of HFO to the DPRK; 3) for the USA to start normalization talks with the DPRK and initiate the process of rescinding its designation of the DPRK as a state sponsor of terrorism (SST) and the process of ending the application of the Trading with the Enemy Act (TWEA) to
the DPRK; and 4) for Japan and the DPRK to hold normalization talks in accordance with the Pyongyang Declaration of 2002. The measures to take at the next stage, included: 4) the DPRK’s complete declaration of its entire nuclear program; 5) its disablement of all the existing nuclear facilities; 6) provision of aid to the DPRK by the other five countries worth 950,000 tons of HFO. The 10.3 agreement reconfirmed the commitment of the six parties to the 2.13 agreement and set a deadline of December 31, 2007 for Pyongyang’s declaration and disablement.

**Implementation of the SPT Agreements**

The Roh administration played a leading role in prompting smooth implementation of the SPT agreements by providing the first emergency energy aid of 50,000 tons of HFO. Washington also lifted its financial sanctions on North Korean accounts held at Banco Delta Asia in June 2007. For its part, North Korea stopped its nuclear facilities in Nyongbyon and allowed the IAEA to verify it. Then, it started dismantling them. By the time the USA removed the DPRK from the list of state sponsor of terrorism (SST) in October 2008, the DPRK had submitted a detailed report on its nuclear program in May 2008 and had completed eight of the eleven agreed disablement measures. However, it obtained 496,000 tons of oil out of 1,000,000 tons promised by the five countries. It was partly because Japan refused to take part in the oil provision on the grounds that sufficient progress has not been made on the issue of North Korea’s abduction of Japanese citizens.

Japan also opposed, though unsuccessfully, to Washington’s rescission of North Korea’s designation as a SST, arguing that the abduction was an ongoing and unresolved act of terrorism. In effect, Tokyo gave priority to the abduction issue over the nuclear issue. Not surprisingly, the Japan-DPRK normalization talks in March and September 2007 that were held in accordance with the SPT agreements made little progress due largely to Tokyo’s uncompromising stance. For that matter, Washington was also very reluctant to normalize its relations with Pyongyang although it agreed at

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10 Ibid.
the SPT to start normalization talks.

Neither Tokyo nor Washington was eager to actively cooperate with Seoul’s effort at improving North Korea’s relations with South Korea, Japan, and Washington to promote greater peace on the Korean peninsula and Northeast Asia. Although he could receive little support for his active engagement policy toward North Korea from Washington and Tokyo, Roh kept pursuing the policy.

Roh held a summit meeting with Kim Jong-il between October 2 and 4, 2007, which contributed to the 10.3 agreement at the SPT. Roh and Kim agreed to expand inter-Korean economic exchanges. Roh also promised to continue to persuade Washington to improve its relations with Pyongyang. However, neither expansion of economic exchanges nor improvement in US-DPRK relations made much progress because of the victory of Lee Myung-bak in the presidential election in December 2007, a conservative candidate from the opposition party that was critical of the engagement policy toward North Korea pursued by his two predecessors.

**Collapse of the SPT Agreements**

Unlike Kim Dae-Jung and Roh Moo-hyun, Lee Myung-bak, who came to office in February 2008, was not as determined to improve inter-Korean relations. Just like his American and Japanese counterparts, he gave priority to denuclearization of North Korea, as can be seen from his Vision 3000 that made Seoul’s active economic assistance to Pyongyang conditional upon the North’s denuclearization. Along with Washington and Tokyo, Seoul demanded that Pyongyang allow international scientific verification of its declaration of nuclear activities. However, Pyongyang rejected the demand. The confrontation over this issue stopped the implementation of the 2.13 and 10.3 agreements.

The three countries criticized the DPRK for refusing to allow verification. It is understandable for them to do so. Yet, it should be noted that North Korea’s explanation for its refusal is understandable as well. North Korea argued that the USA, Japan, and South Korea could not conduct verification without sufficiently improving their relations with North Korea. In other words, North Korea demanded the kind of reciprocal, step-by-step actions as agreed in the joint statement at the SPT on September
19, 2005. In December 2008, the heads of delegation to the SPT of the six countries held a meeting to resolve the verification issue, but could not do so. Since then, the SPT has been suspended to this date.

The confrontation over the verification this time was very similar to the one in the early 1990s. The latter confrontation was resolved as a result of the Clinton administration’s decision to conduct verification at the final stage of implementation of the AF, including construction of two LWRs and normalization of diplomatic relations between the USA and the DPRK. From this experience of the early 1990s, Washington, Tokyo, and Seoul could have easily anticipated Pyongyang’s refusal of upfront verification without receiving sufficient quid pro quos.

4. The US Reluctance and the Deterioration of the Nuclear Problem

This chapter examines why Washington has been reluctant to drastically improve its relations with Pyongyang. On its part, it is rational for North Korea to seek normalization with the USA because that would significantly ease its economic and military securities. Likewise, it also makes sense for the USA to refrain from normalizing its relations with the North because it is highly likely that its diplomatic normalization would reduce its influence in Northeast Asia, particularly its influence over South Korea and Japan. The US diplomatic normalization with the North would likely lead to the North’s normalization with the South and Japan. The disappearance of the North Korean military threat would decrease the importance of their alliance with the US to them, particularly to South Korea whose alliance has been aimed primarily at deterring North Korea’s military attacks on South Korea.

Consequently, US military exports to them might decline. Moreover, it might well become politically and economically difficult for Washington to maintain the level of military presence in the two countries due to decline in their political and economic support for the US presence. In the case of South Korea, it might decide to terminate its alliance with the US and to pursue military neutrality in order to get support for Korean unification from China and Russia. The disappearance of “North Korean threat” and the resultant decline in US military importance to the two countries would go against the US policy to strengthen its security alliances with them in order to contain China.
Besides, US diplomatic normalization with the North and the ensuing South Korean and Japanese equivalents would likely lead to relative decline in US economic importance to South Korea and Japan because the two countries are likely to profit significantly from trading with the North and with China, Russia, and other countries on the Eurasian continent via the North. The USA would also profit from the economic development of Northeast Asia resulting from North Korea’s diplomatic normalization with the USA, Japan, and South Korea. However, the USA would likely face decline in its military and economic influence over Northeast Asia, particularly over South Korea and Japan. Therefore, it is understandable for the USA to have remained reluctant to normalize its relations with the North.

The US reluctance to normalize its relations with the North is a major factor behind the collapse of the AF and the SPT agreements and North Korea’s second and third nuclear tests. It seems that the collapse of the agreements eroded North Korea’s hope for diplomatic normalization with the US and prompted it to conduct the second and third nuclear tests to reduce its military insecurity in the face of the US threat. In response, the US increased its economic pressure on the North and prompted the United Nations Security Council (UNSC) to strengthen its economic sanctions on the North.

5. Conclusion: How to Reduce Tension and Promote Positive Peace

North Korea’s fourth and fifth nuclear tests in 2016 resulted in two more UNSC resolutions that strengthened economic sanctions on North Korea. Also, the tests worsened inter-Korean relations, leading to Seoul’s decision to close the Kaesong Industrial Complex soon after the fourth test and to suspend South Korean companies’ participation in the Rason-Hasan joint infrastructure development project between North Korea and Russia. Furthermore, in response to the tests, in July 2016 the Park Geun-hye administration decided to accept Washington’s proposal to deploy a THAAD missile system in South Korea, and then in November 2016 it signed a General Security of Military Information Agreement (GSOMIA) with Tokyo.

North Korea seems to be more discouraged to conduct its sixth nuclear test and long-range missile tests because of the greater military pressure from the USA and the stronger multilateral (based on UN resolutions) and bilateral (the USA, the ROK, and
Japan) economic sanctions. However, the international tension over North Korea’s nuclear and missile development cannot be eased by increasing military and economic pressures on the country.

Washington may well find the continued presence of strong “North Korean threat” useful in maintaining its influence over Seoul and Tokyo. On its part, Tokyo also may well have a similar stance, holding that it can continue to exploit the threat to reduce constrains on its military actions imposed by the Constitution and thereby make Japan a militarily normal country.

In order to reduce international tension with the North, mutual comprise would be needed. In this regard, in March 2017 China made a noteworthy proposal that the USA and the ROK should consider suspending their regular joint military exercises targeting effectively at North Korea, in exchange for North Korea’s freeze on nuclear tests and development of ICBMs. China considers that this mutual compromise can facilitate resumption of negotiations. Once negotiations resume, it would be very important to agree on a roadmap that presents what each party will do at which stage, as it has been advocated by experts such as Tae-whan Kwak, a leading architect of a peace regime in Northeast Asia. However, as discussed earlier, Washington has been very reluctant to improve its relations with Pyongyang. Considering that, how Seoul responds to the Chinese proposal is critically important.

South Korea is likely to feel less secure if North Korea succeeds in developing nuclear missiles capable of reaching the mainland USA since that would reduce the reliability of the US military assistance in the case of North Korean military aggression toward South Korea. Such an increase in concern seems likely, considering the view that North Korea has been developing the nuclear missiles capable of reaching the mainland US in order to launch large-scale military attacks on South Korea to unify the Korean peninsula by force. If North Korea is rational, such a possibility is very low because the massive damage the country most probably suffers as a result of South Korea’s counterattacks likely outweighs the benefit it can expect. However, the view has an emotional appeal and has gained some support in South Korea.

If Seoul wants to reduce the concern, then a liberal approach is one option, which deserves serious consideration. In fact, South Korea has taken such an approach
before as discussed above. By increasing North Korea’s economic dependence on South Korea, that is, by enhancing South Korea’s economic importance to North Korea, Seoul could more strongly discourage Pyongyang from using force against South Korea. It makes sense to pursue this engagement policy because Seoul can expect not only security benefit but also economic benefit. As supporters of engagement policy have pointed out, South Korea can expect significant economic gains from expanding its economic relations with North Korea and with China, Russia, and other Eurasian countries via North Korea.

In this respect, there is a greater chance that the new South Korean administration adopts such an engagement policy since President Moon Jae-in has expressed his eagerness to respect the inter-Korean agreements at the times of the two summits in 2000 and 2007 (the 6.15 Declaration and the 10.4 Declaration) and to promote economic union between the two Koreas.

However, as critics have pointed out, there is a risk of the North using economic gains from its economic exchanges with the South for further development of nuclear weapons. In order to minimize this risk, the engagement policy has to have both economic and military dimensions. To be more concrete, economic engagement should proceed with security measures to reduce mutual hostility between the North Korea on one hand and South Korea and the USA on the other. One measure would be, as discussed above, suspension of the regular US-ROK military drills targeted at North Korea. Another measure would be promotion of a peace treaty to formally end the Korean War. On this matter, Seoul can cooperate with Beijing in persuading Washington to sign it.

Japan’s policy toward North Korea would change if South Korea succeeds in expanding its economic relations with the North and thereby its economic gains. For Japan, South Korea is a major economic rival. The more South Korea gain from its economic exchanges with the North, the more willing Tokyo would become to review its current economic sanctions on the North, which centers on trade embargo. For the aforementioned reasons, Tokyo as well as Washington is not very eager to improve its relations with Pyongyang. Within Japan, there is a concern about significant improvement in inter-Korean relations and resultant increase in economic power of
South Korea because that may make Seoul more assertive on bilateral disputes over the territorial issue and the issues from the past such as “conform women”, the visit of Japanese political leaders to the Yasukuni Shrine, and description of Japan’s colonial rule of Korea in its history textbooks.

Among the three countries in hostile relations with the North, that is, the US, Japan, and South Korea, it is South Korea that can expect the largest gains from improved relations with North Korea. Therefore, Seoul has very good reasons to play a reading role in promoting peace in Northeast Asia.