



Center for Nonproliferation Studies  
Monterey Institute of International Studies

## **The North Korean Nuclear Test: Regional and International Implications<sup>1</sup>**

**October 12, 2006**

**Panel Discussion at the Monterey Institute of International Studies**

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On October 12, 2006, the Center for Nonproliferation Studies (CNS) and the Center for East Asian Studies (CEAS) at the Monterey Institute of International Studies held a panel discussion on the North Korean nuclear issue. The panel included Dr. Tsuneo Akaha (CEAS), Dr. Daniel Pinkston (CNS), Dr. Jing-dong Yuan (CNS), and was chaired by Dr. Clay Moltz (CNS). The discussion focused on the political implications of North Korea's October 9<sup>th</sup> nuclear test. The panel speakers highlighted the serious repercussions of the nuclear test, further noting that the damage to international security and the nonproliferation regime ultimately will be determined by the reaction of the key states involved in this crisis, as well as the perceptions and motivations of other states considering the acquisition or development of nuclear weapons.

### **Historical Background**

Dr. Moltz began the discussion by providing some historical background on the current crisis. He noted that the DPRK nuclear program was not a new phenomenon, but began in the 1950s with assistance from the Soviet Union. At that time, the DPRK did not have a dedicated nuclear weapons program, and it is notable that the Soviet Union was able to pressure North Korea into signing the Nuclear Nonproliferation Treaty (NPT) in 1985.

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However, in March 1993, after rejecting International Atomic Energy Agency's (IAEA) demands for a special inspection of suspect facilities, North Korea threatened to withdraw from the treaty. Pyongyang "suspended" its withdrawal in June after the United States agreed to hold bilateral negotiations. In October 1994, the United States and the DPRK signed the Agreed Framework, which froze the North Korean nuclear program and sought to normalize the bilateral relationship and bring Pyongyang into compliance with its nuclear nonproliferation commitments.<sup>2</sup>

In the late 1990s, U.S. intelligence indicated that North Korea was trying to procure materials for the construction of a uranium enrichment facility that could produce fissile material for nuclear weapons. In October 2002, James A. Kelly, U.S. Assistant Secretary of State for East Asian and Pacific Affairs, traveled to Pyongyang and confronted North Korean officials on their suspected uranium enrichment program. The Agreed Framework subsequently unraveled and North Korea declared its withdrawal from the NPT in January 2003. The Bush administration ultimately decided that bilateral talks with Pyongyang were not the answer and chose to pursue a multilateral forum to address the DPRK nuclear problem. That policy has been carried out under the prevue of the Six-Party Talks, which includes China, Japan, North and South Korea, Russia and the United States. The Six-Party Talks were first convened in August 2003, but in February 2005, the DPRK Foreign Ministry declared that the country had "manufactured nuclear weapons."<sup>3</sup> Nevertheless, on September 19, 2005, Pyongyang agreed to a "Statement of Principles" at the Fourth Round of Six-Party Talks whereby the DPRK committed to "abandoning all of its nuclear programs and return to the NPT at an early date."<sup>4</sup> Another round of talks was held in November 2005, but implementation of the Statement of Principles has stalled as the parties have different interpretations of the obligations under

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<sup>2</sup> *Agreed Framework between the United States of America and the Democratic People's Republic of Korea*, signed October 21, 1994; available on the Korean Peninsula Energy Development Organization (KEDO) website, <<http://www.kedo.org/pdfs/AgreedFramework.pdf>>.

<sup>3</sup> See "Special Report on the North Korean Nuclear Weapons Statement," Center for Nonproliferation Studies website, February 11, 2005, <<http://cns.miis.edu/pubs/week/050211.htm>>.

<sup>4</sup> "Joint Statement of the Fourth Round of the Six-Party Talks," September 19, 2005, available on the U.S. Department of State website, <<http://www.state.gov/r/pa/prs/ps/2005/53490.htm>>.

the agreement. Pyongyang essentially pulled out of the talks demanding that the United States lift financial sanctions as a condition for returning to the process.

### **Japan's Reaction and Outlook**

Dr. Akaha noted that even before the nuclear test, Japan had imposed limited sanctions on the DPRK. These sanctions were enacted in response to the DPRK missile tests on July 5, 2006 and in response to the DPRK's past abduction of Japanese citizens. The sanctions reflect a general feeling of mistrust of North Korea in both Japanese society and the policymaking community. This distrust was an influential factor in the rise to power of Prime Minister Shinzo Abe. The imposition of these sanctions also indicated a shift from past policies when Tokyo appeared more willing to talk with Pyongyang. Abe's predecessor Junichiro Koizumi met with Kim Jōng-il for the first time in September 2002, and the two sides reached an agreement that addressed the abduction issue, bilateral relations, and North Korea's WMD programs.<sup>5</sup> Abe, however, is not likely to talk with the DPRK leadership anytime soon, highlighting a significant shift taking place in Japan and in Japanese-North Korea relations.

The immediate response in Japan to the nuclear test was severe condemnation. Tokyo pushed for the adoption of a United Nations Security Council (UNSC) resolution invoking Chapter VII of the UN Charter. By adopting a resolution in accordance with Chapter VII, economic sanctions and potentially coercive military action would be legitimate tools in the event of noncompliance by the DPRK. However, China and Russia are wary of such moves and worry about creating a situation like the one that led to the U.S.-led invasion of Iraq in 2003. Questions were raised during the panel discussion about whether Japan would fully support military action under Chapter VII. According to Dr. Akaha, the Japanese government is very supportive of stringent economic sanctions but does not support the use of military force on the Korean peninsula at this time. The repercussions of a military conflict could be devastating for Japan. South Korea and China would suffer a tremendous refugee crisis if war were to break out on the Korean

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<sup>5</sup> "Japan-DPRK Pyongyang Declaration," September 17, 2002, available on the Japanese Ministry of Foreign Affairs website, <[http://www.mofa.go.jp/region/asia-paci/n\\_korea/pmv0209/pyongyang.html](http://www.mofa.go.jp/region/asia-paci/n_korea/pmv0209/pyongyang.html)>.

peninsula, and Japan would suffer a similar fate, placing a severe strain on the Japanese economy. (It was noted during the discussion that no military option appeared viable for dealing with the DPRK nuclear program. According to estimates, there could be over one million casualties in a second Korean war, and over 100,000 civilian casualties on the first day alone—without the use of nuclear weapons.)

Regarding Japan's long-term reaction, questions remain over the potential proliferation of nuclear weapons, and whether Tokyo will feel pressure to develop its own nuclear arsenal. According to Dr. Akaha, the official answer to this nuclear question is "no," noting that a few days after the North Korean nuclear test, Abe reaffirmed that Japan would maintain its non-nuclear policies and rely upon extended nuclear deterrence from the United States; however, Dr. Akaha feared that circumstances could arise where Abe would retract that commitment. Abe has previously noted that it is not unconstitutional for Japan to build a nuclear weapon. The debate over whether or not Japan should develop nuclear capabilities is not new, but to do so, Tokyo would have to withdraw from the NPT. Japan is constrained by its NPT commitments and other legal barriers; therefore, a change in Japanese policy is very unlikely unless there are clear indications that the DPRK is capable of delivering nuclear warheads to Japanese territory. Dr. Akaha pointed out that the U.S.-Japan security alliance and the U.S. nuclear umbrella would go far in deterring Japan's own nuclear aspirations. Ultimately, however, a Japanese decision to proceed with a nuclear weapons program would depend heavily on political and security calculations. Regardless of the actual outcome of the debate, some analysts consider the mere discussion of a Japanese weapons program as a form of deterrence, even if Japan does not develop a nuclear arsenal.

### **China May Reassess Its Position**

Dr. Yuan noted that China has been a critical actor in the process of trying to reconcile the on-going crisis on the Korean Peninsula. Beijing was, therefore, particularly frustrated and angered by the nuclear test. Dr. Yuan called North Korea's move "a slap in China's face" that has raised questions over Beijing's ability to influence Pyongyang. China's waning influence was also evident in July 2006 when China's top leadership

warned Pyongyang not to conduct missile tests, but the DPRK conducted a ballistic missile exercise the very next day. In another ominous sign for China and its relations with North Korea, the DPRK's top leadership refused to meet with a Chinese Politburo member sent to Pyongyang in the aftermath of the July missile tests. China's leadership is likely reconsidering their engagement policy toward North Korea and their active support of the Six-Party Talks. According to Dr. Yuan, the utility of these policies is currently under debate in Beijing.

In comparison to the missile tests in July, the Chinese official reaction to the nuclear test has been significantly harsher. In July, China weighed regional reactions before issuing official statements deploring the missile tests. After the nuclear test, however, China immediately condemned Pyongyang's action. Furthermore, the language of Beijing's statements was more severe than before, including words such as "brazen"—which Dr. Yuan noted are normally reserved for actions of the United States. Since it is unlikely that China is the target of a North Korean nuclear arsenal, the biggest potential problem facing Beijing in this crisis is that the rest of the region—namely Japan, South Korea, and Taiwan—could renew their nuclear aspirations. (Dr. Yuan noted that he did not believe Taiwan would restart its nuclear program now. However, he thinks any decision would come down to the domestic politics of Taiwan and the needs of President Chen Shuibian, and that it would have little to do with the DPRK.)

Beijing appears willing to impose limited sanctions in order to send a signal that North Korea's belligerent behavior is not acceptable. However, China's leadership remains hesitant about supporting comprehensive sanctions against the DPRK and is unwilling to support any military action. Chinese leaders will likely continue supplying food and energy to the DPRK. From Beijing's perspective, stopping those supplies would be primarily harmful to the Korean people and far less so to the DPRK leadership and military. Therefore, Beijing believes that sanctions alone will not stop the nuclear weapons program. Beijing remains concerned about the stability of the North Korean regime and wants to avoid its collapse. The PRC-DPRK border is more than 870 miles

(1,392 kilometers) long, making it difficult to control massive flows of refugees that would likely result from serious instability in North Korea.

Dr. Yuan closed with a number of questions about the status of the PRC-DPRK relationship. What is the current bond (if any) between the DPRK and China? China certainly does not view North Korea as an ally anymore, so what can their relationship be called? Is the DPRK still a buffer zone for Chinese national security? Is the DPRK just acting like as a spoiled child? These are all questions Beijing will have to address in the coming weeks.

### **U.S. Sanctions and North Korea's Test**

Dr. Pinkston examined recent U.S. actions toward the DPRK and how these actions may have influenced North Korea's decision to undertake a nuclear test. First, he noted that the September 2005 Statement of Principles was a better agreement for all parties than the Agreed Framework had been. The problem, however, is that there are no perfect contracts and international agreements have no third-party enforcer. All agreements are subject to interpretation, and complex international deals are often plagued by disagreement over sequencing and compliance. In this case, the day after the Statement was signed, North Korea claimed that according to its interpretation the United States would have to provide light water reactors, as had been promised under the 1994 Agreed Framework, before the DPRK would be able to meet its obligations under the agreement. However, the United States argued that the DPRK's acquisition of light water reactors could only be discussed after Pyongyang had rejoined the NPT and come into full compliance with its nonproliferation commitments.

As the U.S. State Department was actively negotiating the terms of the Statement of Principles in Beijing, another side of U.S. policy toward North Korea was being executed under the Illicit Activities Initiative. This effort is based on two legal pillars: Executive Order No. 13382, which allows for the sanctioning of entities accused of proliferating

WMD and missile-related materials, and the “supporters” of these proliferators;<sup>6</sup> and the *Patriot Act*, which is being used to target the DPRK’s international financial transactions and sources of foreign exchange. The Illicit Activities Initiative also aims to halt the DPRK’s currency counterfeiting, narcotics trafficking and other illicit activities. One set of punitive measures was announced on September 15, 2005, against Banco Delta Asia in Macao, which the United States has accused as being a channel for North Korean money laundering of counterfeit U.S. currency. As the United States has virtually no economic relationship with North Korea, the imposition of direct U.S. sanctions against DPRK entities has no real impact. However, the threat of U.S. government sanctions against anyone involved with North Korean businesses has had a chilling affect on North Korea’s international economic transactions. These sanctions hinder not only DPRK illicit trade but also legitimate trade as it deters foreign entities from trading with North Korean companies.

Dr. Pinkston pointed out that these sanctions may have been a significant factor in the recent escalation of tensions. The stranglehold on North Korea’s assets has removed Kim Jōng-il’s access to funds he normally relies on to buy the loyalty of his supporters in the Korean Workers Party, thus weakening Kim’s ability to maintain his political machine. As a result, Kim may have felt the need to prove his strength. To show that he would not be bullied by the United States, he chose two provocative moves—the missile exercises in July 2006 and the recent nuclear test. From this perspective, one can argue that U.S. sanctions are not pushing North Korea any closer to compliance, but instead moving them further away. The tests underlined the fact that the DPRK will not relinquish its weapons program through coercion alone. North Korean statements have highlighted Pyongyang’s willingness to return to the negotiating table, but not until Washington removes sanctions against Banco Delta Asia so that \$24 million in DPRK funds can be released. The DPRK Foreign Ministry noted on October 11, two days after the test announcement, that Pyongyang is still committed to the denuclearization of the Korean Peninsula and that this test had nothing to do with those talks.

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<sup>6</sup> “Executive Order: Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters,” June 29, 2005, Office of the Press Secretary, White House website, <<http://www.whitehouse.gov/news/releases/2005/06/20050629.html>>.

### **Relations between Two Koreas Likely to Sour**

Looking at Seoul's reaction to the test, Dr. Pinkston noted that South Korean President Roh Moo-hyun and his policy of "peace and prosperity" with North Korea has come under extreme scrutiny, especially by the opposition Grand National Party (GNP or *Hannaradang*). Roh is under significant pressure to end joint North-South economic cooperations, but the government has declared that the Mt. Kūmgang tourism project and the Kaesōng Industrial Complex in the North will continue. Compared to other key actors, Seoul has been less severe in its reaction to the test, although South Korea has suspended humanitarian aid. The South Korean government has moved to reaffirm the U.S.-South Korea military alliance, and Defense Minister Yun Kwang-ung and Defense Secretary Donald Rumsfeld are scheduled to meet later this month in Washington where some of these issues, including extended nuclear deterrence and potentially the re-introduction of U.S. tactical nuclear weapons to South Korea, will likely be discussed.

In his answer to a question from the audience, Dr. Pinkston noted that a number of analysts have pointed to the election of South Korean Foreign Minister Ban Ki-moon to be the next UN Secretary General as a potential factor in the timing of the nuclear test. Some pundits have openly questioned if Ban will be able to be impartial; others counter that his knowledge and personal understanding of the DPRK nuclear crisis will make him a strong asset to the UN on this issue.

### **The Test Success/Failure Debate**

Dr. Pinkston also addressed a number of questions about the on-going debate regarding the technical "success" or "failure" of the nuclear test. He reminded the audience that the yield of the explosion mattered much less than the fact that the test was carried out. Tests are experiments and it is important to note that lessons can be learned from them. The event was not a successful test of a high-yield nuclear explosion, but that might not have been the objective of North Korean scientists and engineers. Whatever their objective in this test, they will obtain data that will be helpful in developing their nuclear arsenal. This was also the case for the missile exercise in July 2006; while the Paektusan-2 ICBM appeared to have experienced catastrophic failure shortly into its flight, other missile



systems performed quite successfully. Furthermore, the exercise provided an opportunity to test the missile systems, to train North Korean personnel, to test the command and control structure, and to demonstrate the DPRK capability to launch different missile systems from different locations.

### **Implications for the Middle East**

In closing, speakers generally agreed that the biggest short-term concern raised by North Korea's test was not the repercussions in Northeast Asia, but rather the reaction from countries in the Middle East. Many analysts believe Iran is also pursuing nuclear weapons, which could cause instability and increase demand for nuclear weapons and technology in the region. A major fear for the international community is that North Korea could soon become a nuclear supplier to these countries.