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The road to a nuclear North Korea: Regional reactions, global impacts, Australian interests

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North Korea's path to weapons of mass destruction

In one sense, North Korea's 9 October nuclear test was the culmination of a process begun in the 1960s, when with Soviet assistance Pyongyang began construction of a small experimental reactor and associated facilities. Once the reactor began to function in 1965, the Democratic People's Republic of Korea (DPRK) had the option of using fissile material for military purposes. In the

context of the US–China rapprochement engineered by Nixon and Kissinger and the rapid growth of the South Korean economy, Kim Il-sung made a decision in favour of that option. It's worth recalling that the uncertainties of the time prompted a similar choice in Seoul, although the secret program initiated by the Park Chung-hee regime was subsequently scotched under US pressure. According to some Soviet sources, the DPRK was capable of exploding a nuclear device



In this photo made available 22 October 2006 via Korean Central News Agency (KCNA) shows North Korean soldiers attending a mass rally to celebrate the country's first-ever nuclear test at Kim Il-Sung Square in Pyongyang. AFP PHOTO/KCNA via AAP © 2006

by 1990; later CIA estimates held that in the mid-1990s, provided technical obstacles had been surmounted, North Korea had enough plutonium to assemble two nuclear bombs. In short, this is a project that's been running for a very long time.

From 1994, whatever military program the North Koreans were pursuing was constrained by the Agreed Framework negotiated with the US, although it's important to recognise that this agreement didn't oblige them to fully disclose their past activities.



The Agreed Framework was a disappointment for Pyongyang. Construction of two light water reactors, organised and financed by the Korean Peninsula Energy Development Organization (KEDO) under the framework, went very slowly, and they were far from complete by the original 2003 deadline. Even though Madeleine Albright met Kim Jong-il in October 2000, the US was slow to relax its trading and financial restrictions on the DPRK—among other things, preventing North Korea from securing loans from any international financial institution—and direct diplomatic relations were no closer to negotiation. Of course, military incidents, (including the beaching in South Korea of a submarine full of infiltrators), disputes about reactor design and orchestrated labour troubles at the KEDO construction site all demonstrated that the framework was a two-way street, but those matters were not part of the North Korean official narrative.

The 'axis of evil' pronouncement and the exposition of the doctrine of pre-emption contained in the 2002 National Security Strategy may well have suggested to decision makers in Pyongyang that their system was the likely target of future US action.

The relationship turned a corner when the new Bush Administration placed its Korea policy under review, hinting in the interim that the Clinton approach had been far too conciliatory (an argument developed while out of office by prominent Bush personnel, including Armitage and Wolfowitz) and that North Korea could expect much harder scrutiny, including of its conventional weaponry and its treatment of its own citizens. Even before 9/11, North Korean officials were taking the view that the US must compensate North Korea for the

delayed reactor construction and must also recommit to positive cooperation, lest Pyongyang abandon the 1994 pact.

The 'axis of evil' pronouncement and the exposition of the doctrine of pre-emption contained in the 2002 *National Security Strategy* may well have suggested to decision makers in Pyongyang that their system was the likely target of future US action. When confronted with evidence of its clandestine program to produce highly enriched uranium (revealed as a result of the revelations about Pakistan's AQ Khan), North Korea threatened to 'transfer or test'. Subsequently, the regime expelled International Atomic Energy Agency (IAEA) monitors and began reprocessing to harvest plutonium at the Yongbyon facility. The formation of the Proliferation Security Initiative (PSI) coalition in 2003 although ostensibly intended to deal with all proliferating nations, was undoubtedly engineered with North Korea in mind—a fact confirmed in a number of statements by then Under Secretary of State, John Bolton. In this context, the passing of the North Korean Human Rights Act by the US Congress in 2004 could also be seen as a further instalment in a program of restriction and constraint, ultimately intended to accomplish 'regime change'. Similarly, KEDO's construction activities in North Korea were formally wound up by direction from Washington.

Nevertheless, from April 2003 the US took the position that negotiation with the DPRK in a multilateral setting might still produce benefits. With China acting as chair, the six-party talks became a serious affair in 2004 with the first really concrete proposal from the US. However, Washington insisted that the DPRK first undertake 'CVID' (complete, verifiable, irreversible dismantlement) in order to earn any benefits or security assurances. The US maintained that, because North Korea had broken a major international undertaking, a restoration of trust required Pyongyang

to take the first step. The North Korean side made it clear that denuclearisation was a possibility, but only as part of a mutual step-by-step process.

While these declaratory formulas undoubtedly had a negative impact on the six-party process, the emergence of a major bilateral difference on one of those 'broader concerns' posed a major challenge to further advances.

The impact of 'atmospherics'

In early 2006, various explicit pronouncements from Washington undoubtedly provoked further scepticism in Pyongyang about the real nature of US intentions. The summary assessment of the DPRK contained in the State Department's *Country reports on human rights*, which appeared in March, was sharply critical: 'The government's human rights record remained extremely poor, and the regime continued to commit numerous serious abuses.' Meanwhile the release of the 2006 recension of the US *National Security Strategy* included the DPRK among the states named as exemplars of 'tyranny'. Such states were a threat to the US; accordingly, 'tyranny must not be tolerated' and opponents of tyranny should cooperate to further its demise. The document referred specifically to Pyongyang's 'record of duplicity and bad-faith negotiations' and suggested that, even if proliferation issues could be solved through the six-party process, the US still had 'broader concerns' with the DPRK that would only be addressed if the country changed its policies and took steps to 'open up its political system'. If this view were to be held consistently, from the perspective of the DPRK there could be precious little space for a concurrence of interests with Washington.

While these declaratory formulas undoubtedly had a negative impact on the six-party process, the emergence of a major bilateral difference on one of those 'broader concerns' posed a major challenge to further advances. On 15 September 2005, just as the Beijing talks were in the final stages of negotiating the September 19 Agreement, the US Treasury Department identified Banco Delta Asia, located in Macau, as a financial institution of 'primary money laundering concern' due to its connection with money laundering, the passing of counterfeit US currency and other illicit activities on the part of the North Korean Government. Under the 'Patriot Act', US financial institutions were forbidden to conduct any business with Banco Delta. Subsequently, \$24 million in assets controlled by the bank were frozen by US officials. According to some sources, this policy was part of a wider strategy developed by an interagency 'Illicit Activities Initiative' in the US Government.

The DPRK's reaction was to assert that this form of pressure was inconsistent with the goal of denuclearisation through negotiation. A suggestion that negotiations might be convened separately to discuss the financial issues produced no progress. US sanctions increased with a measure in April 2006 prohibiting any US concern from conducting any business involving DPRK-flagged shipping.

North Korea might well have interpreted these events to mean that the US had never been serious about a negotiated, multilateral settlement of the nuclear issue, appearing to give with one hand only to take with the other.

The September 19 principles

From the perspective of North Korean policy makers, then, there may have been no alternative to the test. All the interested actors cite the agreement of 19 September 2005 as the negotiated way forward to lessen

tensions and ultimately to build reconciliation, but it's better characterised as an interim accord that contains something for all the parties without solving the crucial issue of sequencing.

The September 19 agreement affirmed the commitment of the DPRK to abandonment of its nuclear weapons and programs, to be verified by a return to the Nuclear Non-Proliferation Treaty (NPT) and to IAEA safeguards. North Korea asserted its right to possess a peaceful nuclear program, and the other parties agreed 'to discuss at an appropriate time' the construction of a light water reactor for the DPRK. The US agreed to respect the sovereignty of the DPRK and to move towards diplomatic normalisation. The parties indicated their willingness to provide aid and assistance to the DPRK, including in the form of energy. They also agreed to the implementation of this program on the basis of 'commitment for commitment, action for action'. Finally, commitments to explore regional security cooperation and in future to negotiate a 'permanent peace' on the Korean peninsula were affirmed.

Despite this apparent accord, the reading of the agreement presented by Assistant Secretary of State Christopher Hill left no doubt about the sequence of events envisaged by Washington. North Korea would abandon 'all' its nuclear weapons and programs, comply with the NPT (including verification measures), and then earn benefits. The benefits would include discussion of the provision of a light water reactor, along with movement towards diplomatic relations and the issue of security assurances. Perhaps to make sure no-one assumed that the fundamental US position had changed, Hill repeated the CVID formula, which had been noticeably absent during the round of the talks that had just concluded. And although the 'right' of the DPRK to a civilian nuclear program was noted, this right

could not be exercised until there was verified compliance with the DPRK's obligations as a non-nuclear weapons state within the NPT regime.

The North Korean side also presented its own, inevitably contrasting, reading of the agreement.

On the current scope for rapprochement, Hill observed:

The United States desires to completely normalize relations with the DPRK, but as a necessary part of discussions, we look forward to sitting down with the DPRK to address other important issues. These outstanding issues include human rights abuses, biological and chemical weapons programs, ballistic missile programs and proliferation, terrorism, and illicit activities.

... The U.S. acceptance of the Joint Statement should in no way be interpreted as meaning we accept all aspects of the DPRK's system, human rights situation or treatment of its people. We intend to sit down and make sure that our concerns in these areas are addressed.

This component of Hill's statement was strongly reminiscent of remarks that his predecessor, James A Kelly, made to the US Senate after the 2004 round. It appeared—depending on the intended force of the term 'address'—to reiterate the suggestion that full US relations with the DPRK would also require other (but unspecified) performance from Pyongyang. In this respect, Hill's position seemed to indicate a less than complete acceptance of the second paragraph of the Beijing agreement, which referred to the mutual recognition of the sovereign status of the parties.

The North Korean side also presented its own, inevitably contrasting, reading of the agreement. For Pyongyang, what was held out in the document as a prospect that the parties would ‘discuss at an appropriate time’ (that is, the construction of light water reactors) became a precondition for further progress. Yet this position drew on paragraph 5 of the agreement, which stated that the parties would implement the program it prescribed ‘in a phased manner in line with the principle “commitment for commitment, action for action”’. This was a perennial component of the North Korean negotiating position, intended to rebut the demand for CVID by insisting on mutual and matched performance by Pyongyang and Washington. Even the day after the heralded breakthrough, Pyongyang was insisting

that the terms of the agreement were unsatisfactory if major benefits didn’t flow before it had to provide evidence of a change of course.

Missile tests

Although there was a further brief round of six-party discussions, there was no further progress. North Korean complaints about US sanctions and pressures grew strident. In July 2006, North Korea staged a series of missile tests—viewed by some as a mechanism to break the deadlock. Significantly, the flight of the single multistage device that was launched was ignominiously short, but Pyongyang still described the tests as further indicators of the DPRK’s ‘tremendous deterrent for self-defence’.



US envoy to the six-party talks on the North Korean nuclear program, Christopher Hill (L), his South Korean counterpart Chun Yung-Woo (C) and his Russian counterpart Alexander Alexeyev (R) talk at Chun's office in Seoul, Tuesday, Oct. 17, 2006. South Korea and the US played down North Korea's statement that UN sanctions on Pyongyang were a 'declaration of war', saying it was nothing new since the crisis over the North's nuclear test erupted. AFP via AAP/Lee Jae-Won © 2006 AAP

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The reaction of North Korea to diplomatic manoeuvres that indicated strong censure of the July missile tests was uncompromising. On 6 July, the North Korean Foreign Ministry issued a statement asserting that the DPRK was bound by neither bilateral nor multilateral arms limitation agreements, and that the missile tests were ‘its legitimate right as a sovereign state’. Its previous undertakings to the US and Japan to observe a moratorium on missile launches had been invalidated by the lack of progress on official recognition from Tokyo and Washington’s ‘hostile policy’, manifested in such measures as the imposition of financial sanctions. Although North Korea remained committed to the six-party process, the missile tests were irrelevant to its progress. Indeed, North Korea even claimed that its missile program was a factor preserving the status quo in the region and thereby ‘keeping the balance of force and preserving peace and stability in Northeast Asia’.

In response to censure in UN Security Council Resolution 1695, Pyongyang reiterated its earlier claims about its missile tests. In doing so, however, the DPRK criticised not only the UN in general but the members of the Security Council in particular, and categorically stated its intention to defy the authority of the council. North Korea insisted that the UN had only adopted the resolution as a result of ‘the US hostile policy’—no other country was mentioned in its rebuttal—and that the resolution was an act of ‘irresponsibility’ on the part of the council. Further, according to the statement, North Korea not only ‘strongly denounces

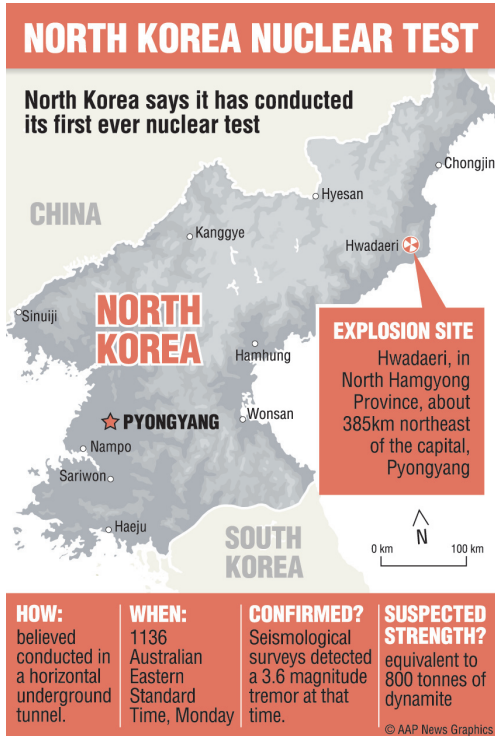
and fully condemns’ this resolution but ‘will not be bound to it in the least’. In this case, Pyongyang was clearly signalling its view that UN action was reflecting US policy.

Ignoring international concern, North Korea then prepared for a nuclear test. Such a test was clearly prefigured on 4 October, and US pressure was again cited as the trigger. Significantly, the North Korean statement included ‘the DPRK will never use nuclear weapons first but strictly prohibit any threat of nuclear weapons and nuclear transfer.’

The North Korean nuclear test can be interpreted as a decision to end any misapprehension that Pyongyang’s February 2005 declaration, that it possessed a nuclear ‘deterrent’, was a bluff.

The nuclear test

In the official announcement of the test, the DPRK characterised it as indicative of the country’s ‘powerful self-reliant defence capability’, and argued that this capability would ‘contribute to defending the peace and stability on the Korean peninsula’. Two days later, in a lengthier assessment of the event, Pyongyang repeated its claim that the test was prompted by US ‘sanctions’, ‘blockade’ and ‘the daily increasing danger of war’. Nevertheless, the DPRK also signalled its preparedness to return to negotiations, asserting that the test didn’t contradict but rather affirmed the principles enunciated in the 19 September 2005 joint statement. In a significant formulation, a policy of ‘denuclearization’ was described as Kim Il-sung’s ‘last instruction’, and the abandonment of nuclear weapons was held out as a possibility once the US dropped its hostile policy.



Graphic map showing the location of North Korea's 9 October nuclear test. © 2006 AAP

The North Korean nuclear test can be interpreted as a decision to end any misapprehension that Pyongyang's February 2005 declaration, that it possessed a nuclear 'deterrent', was a bluff. But to what end? If North Korea has taken this step in order to increase its bargaining leverage, realising the principles agreed in 2005 has become much more difficult.

While the US and its allies have often urged North Korea to emulate Libya and South Africa, which unconditionally surrendered their weapons programs, Pyongyang will instead make the comparison with the Ukraine and Kazakhstan precedents for denuclearisation. Its argument is bound to be that because North Korea is surrendering a deterrent forced upon it by its security predicament, while those states were simply abandoning an unwanted inheritance, compensation should be greater. This claim is likely to become a matter of principle for North Korea, since its acceptance would

provide a rationalisation for its past breach of its multilateral undertakings to the NPT and its defiance of the UN. Whatever position is taken, any agreement on the precise verification measures entailed under the 19 September joint statement will involve protracted and tortuous negotiations.

On the other hand, Pyongyang might have concluded that the security of its system can only be guaranteed by the possession of a deterrent. Its statements are therefore designed to deflect criticism, and also to buy more time. Of course, the outcome will further exacerbate the human security crisis that has been day-to-day reality for ordinary North Koreans for the past decade, but the leadership isn't known for its interest in their sufferings.

Regional reactions

Two basic scenarios can be postulated for the regional implications of the North Korean test. The first sees the test bringing the regional neighbours together in common anger and concern. Unity was partly achieved for the six-party talks and again with UN Security Council Resolution 1718. The second scenario maintains that divisions exist beneath this apparent unity and that the test will tend to divide the neighbours. Both scenarios have some substance, but it's useful to distinguish two different bases of division.

Existing regional divisions may be accentuated by North Korea's actions and their consequences.

Existing regional divisions may be accentuated by North Korea's actions and their consequences. In the immediate context, divergences have emerged over the appropriate response, mainly between the US on the one hand and China, South Korea and

Russia on the other, with Japan somewhat ‘in between’.

All Asian regional neighbours (including Japan, despite some wayward Japanese statements about pre-emptive strikes) are interested in sustaining the view that a military strike isn’t an option. Not only would it be unlikely to succeed, but it could lead to fundamental regional destabilisation with unpredictable geopolitical fallout. It would almost certainly inflict enormous damage, particularly on South Korea but possibly also on Japan. Therefore, the US statement that it has no plans to attack North Korea militarily has been welcomed. Another interest common to all, including the US, is the elimination of North Korea’s nuclear weapons program.

But while the region’s broad objectives mightn’t be substantially different from those of the US, there are major differences over the means to be used to achieve them. Washington’s objectives include concerns about North Korea’s potential direct threat to the US as it improves its missile capability, to US allies, and to the global nuclear nonproliferation regime. President Bush’s statement responding to the test also emphasised the indirect threat to the US that would arise if the DPRK contemplated selling nuclear devices, technology or material to other states or to terrorist groups.

These objectives are likely to be shared by the regional countries, but are perhaps viewed with different levels of urgency. Fears that the test would lead to a regional proliferation of nuclear weapons have been assuaged by new Japanese Prime Minister Abe’s repeated statements that Japan won’t seek to develop nuclear weapons as a response. Although that commitment could change in the future, its assertion has substantially reduced one of China’s anxieties.

It’s also unlikely that South Korea would look to a nuclear solution, given its position

under the US nuclear umbrella. As is the case for Japan, if US nuclear weapons can’t deter North Korea, a South Korean nuclear capability is unlikely to do so.

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China will still be concerned to ensure that Taiwan doesn’t use this incident as an excuse to develop a nuclear capability. Beijing has long considered such a development as a trigger for military action against Taiwan, and no doubt would look to the US to discourage Taipei from that course.

Before the test, some pragmatists in Washington saw a continuing divide on the peninsula as the preferred situation—a view shared by Japan, China and Russia. Others in Washington, including an ideological group



A boy holds a banner during a rally denouncing a nuclear test by North Korea, in the downtown Tokyo, 22 October 2006. AFP via AAP/Toru Yamanaka © 2006

with Cold War memories, believed that regime change would not only be preferable but would be the only outcome likely to work. For this reason, they hoped to see the North Korean regime collapse. Consequently, there's strong US opposition to any policy, such as comprehensive engagement, that would buttress the regime and support its continuity. However, while North Korea's test can be interpreted as a sign of the North's weakness, early collapse seems improbable. Since the US seems to accept that military action to change the regime entails too many problems and risks, the US preference is for tough sanctions and tight containment to punish North Korea and, if possible, to hasten the long-anticipated implosion.

This approach poses problems for China, South Korea and Russia. Each has its own reasons for seeing a North Korean collapse as undesirable. China and South Korea, in particular, probably fear such an outcome more than they fear a nuclear North Korea.

Each of these countries is concerned about large refugee flows. China also fears the potential destabilisation of its Korean Autonomous Region, which borders the DPRK. For South Korea, the financial burden of absorbing a large migrant inflow would be a major strain on its economy. Even Russia, with a considerably smaller North Korean border frontage, has enough concern about an influx of North Korean refugees to have held a major military exercise in 2003 to ensure border controls.

With the test, there are added fears.

With the test, there are added fears. In a North Korean collapse, fighting could break out among competing internal groups, one or more of which might gain access to nuclear weapons; in the aftermath, any control over nuclear weapons and material could be lost. Competing groups might seek



South Korean protesters burn a picture of North Korea leader Kim Jong Il during a rally denouncing North Korea's nuclear test at downtown of Seoul, South Korea, Sunday, Oct. 15, 2006. The sign reads 'Support a UN resolution on North Korea.' AP Photo/ Lee Jin-man © 2005 AAP

support from different foreign states, notably China and South Korea, perhaps leading to external intervention. For example, there's been speculation that China could intervene to restore order and to prevent a US–South Korean intervention that would result in a US-aligned unified Korea (under Seoul) bordering China. That unified Korea might even possess a nuclear capability. In addition, China is reluctant to push North Korea too hard and may even be less concerned about North Korea's nuclear capability than some other parties. Russia, the US and China are all nuclear powers, and Beijing has no reason to expect a North Korean attack.

Japan, however, is likely to build up its conventional military capabilities and missile defences and in the process draw closer to the US. For example, Tokyo has said that it will help the US interdict North Korean shipping under the provisions of the UN sanctions. These developments will not please China, although its concern is mainly related to the implications for its relations with Taiwan. China is also focused to some degree on the prospect of Taiwan becoming close to North Korea. North Korea has used Taiwan successfully as a bargaining lever with China in the past, notably to resist threatened aid reductions.

Apart from the economic costs to the region were North Korea to collapse, broader economic factors are central for China, Russia and South Korea in their relations with North Korea, and their awareness of this makes them more reluctant to back a harsh sanctions regime. Fully effective sanctions would undermine their policies of encouraging North Korea to undertake economic reform—policies that have had some success despite ideological and other resistance in the North. Both China and South Korea believe that such reform would reduce their aid bill and bring the North at least tentatively into the international system.

South Korea's government proposes to continue much of its aid program, although domestic opposition has increased since the test. China has also been active, but policymakers in Beijing are concerned about possible collateral damage in the three adjoining provinces of Jilin, Heilongjiang and Liaoning, which have lagged badly in economic development. Their trade with North Korea has increased incomes and lowered unemployment. Their use of North Korean ports (including Rajin-Sonbong) has also expanded their international trading opportunities. Moreover, this engagement process gives China and South Korea a presence in the North that would be an advantage in a future collapse.

...the ultimate intention behind the test can't be known.

Russia's views on sanctions largely parallel those of China. North Korea's periodic crises are distinctly unhelpful to Russia's economic efforts in the Russian Far East, where there's a perception of vulnerability to Chinese, Japanese and Korean inroads. Moscow is keen to see an 'Iron Silk Road' develop, with a rail connection through the whole of Korea linking up with the Trans-Siberian Railway to take goods westwards and bring oil and gas exports to Northeast Asia. Current plans for the Russian Far East require an attractive and stable environment to attract much-needed external investment.

The likely effectiveness of a sanctions regime is in question, as much of North Korea's trade is across land borders with China, South Korea and Russia. The potential for acrimony with the US, notably for China, is substantial; signs of it are already starting to show.

As we've noted, the ultimate intention behind the test can't be known. Even if North Korea now has nuclear arms, their usefulness for

coercion is doubtful. Pyongyang can hardly use a nuclear weapon against China or Russia, and it already effectively holds South Korea hostage through its large conventional artillery emplacements targeting Seoul. And, like Japan, South Korea is shielded by the US nuclear umbrella.

It's unclear how seriously the region, and particularly South Korea and Japan, will take the North Korean statement that the application of sanctions under the UN resolution is equivalent to a declaration of war. The position might be clearer in the light of further developments, such as further tests and North Korea's response to any interdiction of its shipping under the PSI. The apparent US desire to increase pressure and intensify punishment may well grow if another test takes place, but others in the region have different interests from the US and different understandings of the situation.

Given that the fear of a nuclear breakout has diminished, China, South Korea, Russia and perhaps Japan could come to live with a nuclear North Korea.

Most in the region want continued dialogue and, ideally, a return to the six-party talks. Russia, like China and South Korea, tends to believe that Kim Jong-il would be amenable to a deal, although through bilateral discussions with the US ('who make all the decisions', as Kim says). These are unlikely to happen without more flexibility from the US and North Korea.

In the meantime, how far Pyongyang's test will sustain tensions among the Asian neighbours is hard to assess, and will depend on any further action by the major players—the US and North Korea.

In practice, international tensions were high over Pakistan's nuclear tests but dissipated relatively quickly.

Given that the fear of a nuclear breakout has diminished, China, South Korea, Russia and perhaps Japan could come to live with a nuclear North Korea. The US lived with the consequences of the Pakistan tests and it may have to do the same with North Korea's nuclear capability. However, such a strategy entails some longer term risks, apart from the example that could be set for other potential nuclear states, as North Korea further develops its nuclear and missile capacity.

Engagement with North Korea, rather than simply punishment, should be the essential aim. A resumption of the six-party talks is also necessary, but North Korea won't be induced to return without a reasonable mix of clear incentives as well as punishments. Although only South Africa has ever given up a developed nuclear capacity, there might still be a small chance that Pyongyang can be persuaded to give up its nuclear weapons program.

Finding a way to contain North Korea while working within the constraints, particularly those of Chinese and South Korean interests, is the real challenge for US policy.

Finding a way to contain North Korea while working within the constraints, particularly those of Chinese and South Korean interests, is the real challenge for US policy. Facing up to such a challenge is not a likely early prospect. North Korea insists on bilateral talks, while the US resists except in the context of the six-party process. A way needs to be found to make this a realistic proposition that's attractive for Pyongyang while not creating too heavy a political burden for Washington.



The Yongbyon nuclear facility in North Korea. AFP PHOTO/DigitalGlobe via AAP © 2002

North Korea and global nuclear proliferation

There's widespread speculation about the implications of the North Korean nuclear test for international security in general and the future of the nuclear nonproliferation regime in particular. Fears have been raised that the test will spark a nuclear arms race, first in Northeast Asia, but potentially more widely, as several nuclear-capable states begin to reassess their security policies in the face of North Korea's unrestrained proliferation activity. A second and related concern is that the North Korean test will lead

inevitably to the collapse of the 1968 Nuclear Non-Proliferation Treaty (NPT) as more states choose to walk away from the established norms of nonproliferation.

Such fears are well founded. Policy analysts have long been concerned about the potential 'snowball effect' from just one additional nuclear weapon state—the so-called 'nth' country problem. The NPT has been a treaty on a life-support system for more than a decade, but there's nothing axiomatic about these particular proliferation outcomes, and both require further examination.

Nuclear arms racing slowly

Unlike the May 1998 nuclear tests in India and Pakistan, the declaration of a successful underground nuclear test by North Korea on 9 October 2006 caught no-one by surprise. Intelligence agencies and arms control analysts have been warning of North Korea's emerging nuclear weapon status for more than two decades. Indeed, the North Korean Government openly declared its intention to test a nuclear device a week beforehand.

Although technical data collection has now confirmed that a small nuclear test did occur, speculation about the size of the explosion has continued.

Although technical data collection has now confirmed that a small nuclear test did occur, speculation about the size of the explosion has continued. Given the low seismic signature and the limited release of radiological material, the most credible assessment is that the test was a 'fizzer' (probably less than one kiloton)—the explosion simply failed to reach the desired yield. If that assessment is correct, two further judgments are warranted: North Korea's current level of technical sophistication in fabricating nuclear devices is probably limited; and Pyongyang will need to conduct a second and possibly further series of nuclear tests in order to 'prove' conclusively its nuclear weapon capability.

Despite these apparent limitations, the test and the vacillating international response to it have compounded fears of a potential nuclear arms race in Northeast Asia. According to this pessimistic view, Japan's national security interests are so directly threatened by a nuclear-armed North Korea that a shift will occur in both political and popular sentiment towards a conversion of Japan's 'virtual'

nuclear weapon capability into a declared nuclear deterrent.

Although a Japanese defensive nuclear deterrent wouldn't necessarily be unconstitutional, it would require a formal renunciation of Japan's strict 'no nuclear weapons' policy. It would also need to overcome the strong domestic antinuclear lobby. In such circumstances, South Korea and possibly Taiwan, as the two other countries with sophisticated nuclear industries in Northeast Asia, would likely follow suit. The modernisation of the Chinese strategic nuclear deterrent will continue regardless, perhaps now at a slightly faster pace.

It's true that each new nuclear weapon state increases doubts about the long-term feasibility of the nonproliferation regime and associated arms control measures.

It's true that each new nuclear weapon state increases doubts about the long-term feasibility of the nonproliferation regime and associated arms control measures. In turn, this apparent weakness of the institutional restraints on the policies of countries facing neighbouring nuclear threats loosens the normative barriers against the development of an independent nuclear deterrent. In the 1960s, US intelligence estimates suggested that this snowball effect would lead to a world in which more than two dozen industrialised states produced nuclear weapons. The most likely candidates at the time included Sweden, Canada, West Germany, France and China. Interestingly, the early assessments of the US intelligence community ignored the possible acquisition of nuclear weapons by the three 'axis of evil' states—Iran, Iraq and North Korea. Japan was, and probably still is, considered an 'even

chance'. So circumstances can change, and the technical capability to build bombs doesn't always convert into nuclear proliferation.

During the Cold War, the close alliance relationships between the US and its partners in Asia (Japan, South Korea, Thailand, the Philippines and Australia) and the extended nuclear guarantees implicit in formal treaty arrangements outweighed any perceived security benefits in building and maintaining an independent nuclear deterrent. Australia's brief flirtation with the idea in the 1950s and early 1960s was quickly snuffed out by senior US officials who made it perfectly clear that signing the NPT was considered by Washington to be a matter of alliance responsibility. But analysts fear that the post-WWII San Francisco alliance system is splintering, and may no longer be able to constrain proliferation activity among America's key Asian allies.

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Paradoxically, it's been the recent shift in US grand strategy towards ad hoc coalitions of the willing that's weakened the foundations of the old alliance system. As US foreign policy has moved towards a global 'strategy of partnerships', formal alliance structures appear increasingly rigid and inflexible for dealing with the principal threats to international peace and security—weapons proliferation and globalised Islamic terrorism.

Most Asian countries have welcomed the corresponding shift in US policy, which places a higher premium on active defences (such as the national missile defence system) and counter-proliferation responses (such

as the PSI). The North Korean test will only strengthen the international case for greater multilateral counter-proliferation efforts.

The PSI was established by the US in 2003 to prevent the illicit trade in nuclear, chemical and biological weapons and their means of delivery through the interdiction of air, sea and land cargo. The policy was aimed directly at North Korea. In fact, if the PSI could stop the North Korean supply of weapons-related materials through front companies, it's estimated that it would solve as much as 70% of the global proliferation problem. So it's not surprising that the UN Security Council resolution condemning the North Korean test focused in its operative paragraphs on international sanctions to stem the trade of illicit North Korean cargo.

The question for military planners in Tokyo, Seoul and Taipei is: will the PSI and missile defence be enough?

Regional middle powers, including Australia, Japan and Singapore, have strongly backed the PSI, hosting separate training exercises in 2003, 2004 and 2005 respectively. Other East Asian countries have taken a more cautious approach to the complex legal and military issues raised by the PSI. China and Russia haven't yet participated in any of the PSI's activities, but that might change. To be effective, the PSI will require at least passive support from those two countries in the future. Endorsement of the Security Council resolution is a possible first step towards this goal.

The question for military planners in Tokyo, Seoul and Taipei is: will the PSI and missile defence be enough? The answer is probably 'no'. Therefore, Japan and South Korea will move quickly to adjust security policies in the wake of the North Korean test. But decisions

on nuclear weapons acquisition won't be taken lightly. They will depend in large part on the effectiveness of US-led diplomatic efforts over the next twelve months to isolate and contain the North Korean regime.

Despite these higher expectations, a negotiated diplomatic outcome that would end North Korea's nuclear and ballistic missile programs through the stalled six-party talks now appears less likely, given the difficulty that the US Administration would have to overcome in accommodating Kim Jong-il's regime through economic or political concessions. Yet the North Korea policy inherited by the Bush Administration was producing results in constraining North Korea's proliferation activities and moving the isolationist regime in the right direction. Moreover the author of the Clinton Administration's carrots-and-sticks approach, William Perry, has recently suggested that, while current policy settings have failed, serious attention to this problem can limit the extent of further damage.

Nuclear proliferation isn't happening at breakneck speed. Aside from North Korea, the only other major nuclear proliferation concern for the international community is Iran. In contrast to their views of the erratic behaviour of the North Korean leadership and the possibility of negotiating Pyongyang back from the nuclear brink, analysts are less sanguine about the intentions of the Islamic theocracy in Tehran. Through repeated reports, the IAEA has shown the systematic concealment of nuclear proliferation activity in Iran over a twenty-year period. There's little evidence to suggest that Iran is not engaged in a sustained effort to acquire nuclear weapons, which intelligence agencies estimate will occur sometime in the next decade. In many ways, the two proliferation problems are intertwined and need to be dealt with together.

The nonproliferation regime

The core bargain at the heart of the NPT regime required the striking of a delicate balance between nonproliferation objectives and disarmament responsibilities. In its forty-year history, neither side of the nonproliferation equation was particularly good at upholding this central bargain. And the chorus of voices warning of the NPT's demise has grown steadily each year as a result. The central balance, which suited the strategic circumstances of the 1960s and 1970s, today appears out of step with the shift in policy towards counter-proliferation and the rise of globalised non-state actors, such as al-Qaeda, as potential nuclear war-making units.

The nonproliferation regime is changing in several important ways.

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Traditionally, arms control and nonproliferation efforts were characterised by formal negotiations through the UN's disarmament machinery, with provisions for international inspections and compliance. However, these three elements—a treaty, an inspection regime and an enforcement mechanism—aren't essential to arms control. Indeed, the most effective reductions of nuclear weapon stockpiles in recent years have occurred outside the NPT framework and beyond the reach of the IAEA. The May 2002 Moscow Treaty, in which the US and Russia agreed to a bandwidth of 1700 to 2200 deployed strategic warheads within a decade and an expansion of the Cooperative Threat Reduction initiative through the G8 partnership, delivered strategic stability with far fewer deployed nuclear weapons.

The North Korean test will focus nonproliferation policy back on the Pacific region. It will also re-energise US policymakers on the need to move forward on a 'fissile material cut-off treaty'.

Depending on the political make-up of the next US Congress, the North Korean test may also deliver a renewed push towards ratifying the comprehensive nuclear test ban treaty.

Current global stocks of weapons-grade fissile material (highly enriched uranium and plutonium from military sources) amount to hundreds of tonnes—enough for many tens of thousands of nuclear weapons. Moreover, there's over a thousand tonnes of fuel- or reactor-grade plutonium that, although far from perfect for weapons use, can also be fashioned into crude nuclear devices. As a result, the current global surplus of fissile material is huge.

Despite over a decade of cooperative bilateral efforts between Washington and Moscow to reduce the fissile material stockpile, including efforts to convert weapons-grade material to mixed oxide (MOX) fuel, the amount of fissile material around the world is one of the most serious dangers to nonproliferation. Given Osama bin Laden's declared interest in acquiring nuclear weapons, the availability of highly enriched uranium and plutonium will remain a primary concern.

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Implications for Australia

Proliferation pressures in Asia are growing, and traditional arms control restraints no longer have the gravitational pull that they once had, but predictions of an unrestrained nuclear arms race in the region or elsewhere are premature. There are still significant political and technical hurdles to cross before Japan and neighbouring Northeast Asian countries choose to go down that



North Korea ambassador Chon Jae Hong (left) and Foreign Minister Alexander Downer at the start of a meeting at Parliament House Canberra, Tuesday, Oct. 10, 2006. Mr Chon was called to the meeting with Mr Downer after North Korea conducted a nuclear test this week. AAP/John Feder © 2006 AAP

difficult path. And, although it's been further damaged by the North Korean nuclear test, the NPT is likely to survive in its current form, at least until the next review conference in 2010, simply because inertia is king in international arms control politics.

Proliferation pessimists are wrong to assume that the alternative to extended nuclear deterrence guarantees and formal arms control treaties is simply more proliferation. As Brazil, Argentina, South Africa, Ukraine and most recently Libya have demonstrated, there are complex political and security calculations in play when states choose to build or bury a nuclear weapon capability.

International sanctions will have some effect in squeezing both the North Korean and Iranian governments, and current interdiction activities through the PSI may slow some parts of the proliferation food chain, but in both cases the nuclear proliferation outcomes are probably beyond doubt.

Under these circumstances, regional governments are more likely to consider an enhanced interdiction regime through a strengthening of the PSI to include the use of military assets to prevent further proliferation. Such activity would need to assess the proliferation benefits carefully against the possible escalation consequences if a North Korean flagged vessel were stopped by a foreign navy in international waters. As the recent case of North Korean ship, the *Pong Su*, carrying illegal narcotics in Australian waters showed, interdiction is most effective when it's driven by sound intelligence and can be carried out within the territorial waters of a sovereign state.

The broader arms-control implications for Australia are clear. Since the 1970s, successive Australian governments have invested considerable diplomatic and political resources in the nuclear nonproliferation

regime. As a regional middle power, we have a vested security interest in strengthening international legal regimes that provide greater strategic reassurance through transparency in military behaviour and intentions. Any weakening of those systemic constraints poses grave security risks for Australia and other regional powers. Negotiating a fissile material cut-off treaty and finalising the comprehensive nuclear test ban treaty would provide a small measure of strategic reassurance, at a time when it's much needed in the international system.

The broader arms-control implications for Australia are clear.

Conclusions

Australia's interest in the North Korean situation extends to the nonproliferation question and well beyond. Instability in Korea, whether resulting in outright conflict or in disorder after a North Korean regime implosion, could have many serious consequences for Australia. The Australian economy is especially dependent on Northeast Asian economies for trade and investment—three of our four largest commodity trading partners are in Northeast Asia and major tension, let alone internal or external conflict, would affect them all. Further, as a result of participating in the Korean War under UN command, Australia retains a residual responsibility for South Korea's security. Most significant, however, is our membership of the Pacific treaty system centred on the US.

Whatever action Washington contemplates, it would expect Canberra to support it, including by employing armed force. We've already imposed financial and travel sanctions on North Korea and, as a founding member of

the PSI (now backed by UN Security Council Resolutions 1695 and 1718), we'll undoubtedly be called on if any form of trade blockade is contemplated.

Moreover, many of these scenarios would result in increased tensions between the US and China. Given the importance of both powers, and the more general potential consequences for Australia, it would be in our interest to encourage the US to adopt a more flexible stance. In every respect, and in marked contrast with Iraq, North Korea is central to the Australian national interest.

Acronyms and Abbreviations

DPRK	Democratic People's Republic of Korea
KEDO	Korean Peninsula Energy Development Organization
IAEA	International Atomic Energy Agency
PSI	Proliferation Security Initiative
CVID	complete, verifiable, irreversible dismantlement
NPT	Nuclear Non-Proliferation Treaty
FMCT	fissile material cut-off treaty
MOX	mixed oxide
CTBT	comprehensive nuclear test-ban treaty

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