

## KOREA CHAIR PLATFORM

### May 2016 JoongAng Ilbo-CSIS Forum Luncheon Address: The Honorable Wendy R. Sherman

May 3, 2016

*The CSIS Korea Chair will be featuring a series of Korea Platforms with remarks from the distinguished speakers at the annual JoongAng Ilbo-CSIS Forum that was held in Washington D.C. on May 3. The second in the series is the featured luncheon address by the Honorable Wendy R. Sherman, Senior Counselor, Albright Stonebridge Group, and Former Undersecretary of State for Political Affairs, U.S. Department of State.*

The Honorable Wendy R. Sherman is senior counselor at Albright Stonebridge Group. Ambassador Sherman is also a Senior Fellow at Harvard's Belfer Center for Science and International Affairs. She rejoined ASG after her distinguished service as Undersecretary of State for Political Affairs at the U.S. Department of State. In this global role, she oversaw the bureaus for Africa, East Asia and the Pacific, Europe and Eurasia, the Near East, South and Central Asia, the Western Hemisphere, and International Organizations. She also led the U.S. negotiating team and was a central player in reaching a successful conclusion of the Iran nuclear agreement. In recognition of her diplomatic accomplishments, she was awarded the National Security Medal by President Barack Obama. Prior to her most recent service at the State Department, Ambassador Sherman was vice chair of the Albright Stonebridge Group, having helped to found and grow the firm for a decade. Ambassador Sherman previously served as Counselor for the State Department (1997-2001), as well as Special Advisor to President Clinton and Policy Coordinator on North Korea. In that role, she worked as a close advisor to then Secretary of State Madeleine Albright and managed numerous special assignments including negotiations on nuclear non-proliferation. From 1993–1996, Ambassador Sherman served as Assistant Secretary for Legislative Affairs under Secretary of State Warren Christopher. Earlier in her career, she managed Senator Barbara Mikulski's first successful campaign for the U.S. Senate and served as director of EMILY's List. Ambassador Sherman served as chair of the Board of Directors of Oxfam America and was also on the U.S. Department of Defense's Defense Policy Board, a group tasked with providing the Secretary of Defense with independent, informed advice and opinion, concerning matters of defense policy. In 2008, she was appointed by Congressional Leadership to serve on the Commission on the Prevention of Weapons of Mass Destruction, Proliferation and Terrorism. She is a member of the President's Intelligence Advisory Board, of the Council on Foreign Relations and of the Aspen Strategy Group. She attended Smith College and received a B.A. cum laude from Boston University and a master's degree in Social Work, Phi Kappa Phi, from the University of Maryland.

It is an honor to be here among so many experts who are thinking about the challenge of North Korea to the region and the world, and developing a new paradigm to better understand and respond to today's complicated strategic landscape in Northeast Asia.



In thinking about my remarks today, I was drawn to the question asked of me every time I talk about the recent nuclear agreement with Iran – what have you learned that would be helpful in understanding how to deal with North Korea? In reflecting on experiences negotiating with North Korea during both the Clinton and Obama Administrations, and the recent Iran nuclear agreement, I do believe it is useful to think through the similarities and differences, and the lessons that can be learned.

My initial response has been that each situation is *sui generis*, and the two countries are different in many important ways.

First, consider Iran. While it has been subjected to severe U.S. and international sanctions for many years, Iran still had a basically functional economy, maintained significant external trade and investment ties, people-to-people links, and diplomatic relationships with many countries. Iran's huge oil reserves gave the country a major incentive to seek sanctions relief that would allow the exploitation of those resources, through increased export opportunities, and the ability to attract much-needed investment in the energy sector. Despite the domestic economic challenges the country has faced, Iran still had a significant middle class, with a growing number of its members under 30 years of age; in fact, a majority. This group has become a source of pressure on the regime to improve an economy devastated by sanctions and mismanagement. While the Iranian government maintains tight control over the domestic media and attempts to censor use of the Internet, its citizens have vastly greater access to information from outside the country than do their counterparts in North Korea and young people saw how others lived in the world.

In contrast, North Korea is perhaps the most repressive and secretive regime in the world, with an intense cult of personality surrounding its young leader, Kim Jong Un. North Korea's own *juche* ideology of self-reliance has severely limited North Korea's ties with the global economy since the country's founding in 1948. Tight control and mismanagement had led to the near collapse of the North Korean economy even before the tightening web of international and U.S. sanctions further cut the DPRK's trade and investment links with the outside world. North Korea has grown increasingly dependent on trade with and aid from China, as its other licit and illicit trade opportunities have increasingly been squeezed. North Korea has continued to make every effort to limit foreign influence in the country and in April, Kim Jong Un announced a new crackdown on Western culture and fashion.

Given these differing circumstances, one key question is the level of importance leaders attach to their nuclear programs. The leaders of both Iran and North Korea - as is the case for most countries - are most focused on regime survival. In Iran's case, the leadership – at least President Rouhani - understood that a color revolution was possible absent improved economic growth and employment opportunities, creating a major threat to the regime. As a result, although sanctions alone did not and could not stop Iran's nuclear program, they did ultimately help get Iran to the negotiating table.

Unfortunately, North Korea's calculus is quite different. Even when I first visited North Korea in the 1990's, Kim Jong Il already seemed to fear that their survival might depend on having nuclear weapons so that the United States could never mount a military attack on the country or try to

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cause the collapse of the regime. Despite making a series of denuclearization commitments through the 1994 Agreed Framework, and again during the Bush Administration through the six-party process, North Korea has subsequently carried out a series of nuclear tests, declared itself a nuclear weapons state, and even enshrined its nuclear status in the new preamble to the North Korean constitution. North Korea now refers to nuclear weapons as its “strategic deterrent.”

Given the greater commitment by North Korea’s leaders to the nuclear weapons program, the path forward will be different than Iran’s. Sanctions focus the mind and the choices in front of a country. But for sanctions to truly work in the case of North Korea, the impact needs to be severe, requiring comprehensive implementation over likely a longer period of time. This requires all of the five parties - South Korea, Japan, Russia China, the United States - but particularly China, to step up.

Of course, sanctions were not the only tool in the Iran negotiation. Military deployments, the commissioning and deployment of the massive ordnance penetrator, missile defense in Israel, greater military assurance to Gulf partners, and other technical and public diplomacy actions, including a focus on human rights and the state sponsorship of terrorism, were also tools that focused the choices not only in front of Iran, but of the world.

Similarly, American presence, new deployments, missile defense, exercises, a focus on human rights and other tools, overt and otherwise - all are essential both to demonstrate the alternatives we have and to shape North Korea’s choices.

Coalition building was also key to success in the Iran negotiations. The UN Security Council, through Resolution 1929, came together not only on sanctions but showed unanimity in action. South Korea’s and Japan’s agreement on resolving the ‘comfort women’ issue enabled them to present a single face to the North and removed an important impediment to joint action. Ministerial and leaders’ trilaterals among the U.S., Japan, and South Korea have also been an important part of coalition building. In the case of Iran, U.S. teams traveled the world to ensure enforcement of sanctions, and the European Union brought 28 nations together to draw sharp lines, and demonstrated their preparedness to endure economic pain in return for the possibility of a negotiated settlement. And, indeed, countries were willing to take economically challenging sanctions actions as long as the U.S. and others were committed to trying to find a diplomatic solution, something that could be done with North Korea as well.

But perhaps the most compelling factor driving the Iran negotiations was the absence of a better alternative. Ratcheting up sanctions even more - for instance, going to zero on oil imports - was likely not enforceable, but even more importantly would have had a profound impact on the world’s economy as developing countries like India and China struggled to meet energy needs, slowing growth. Military action was an alternative - and one President Obama was, and is, absolutely willing to take if all else failed - but the risks to our allies were profound, the unintended consequences potentially daunting, the risk of an Arab-Persian war possible, and the result would only have delayed, not eliminated, Iran’s nuclear progress since they already possessed the capability to produce fissile material.

In the case of North Korea, where the North already has nuclear weapons and is developing

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increasingly sophisticated and capable missiles to deliver them, the strategic threat it poses to the region is becoming more serious, and the alternatives to a peaceful resolution are even more daunting.

Unfortunately, the appeal of a negotiated solution, may be lower for North Korea than for Iran. The isolation and economic dysfunction of North Korea also mean that choosing a path of denuclearization in exchange for greater engagement with the global economy is less desirable to North Korean leader Kim Jong Un, as compared with Iran's leadership. Indeed, while the Pyongyang regime wants access to resources and aid from the outside, its fear of the contagion of foreign ideas and the rise of independent centers of power within North Korea mean that it views greater openness as a threat, more than as an opportunity.

At the same time, the alternatives to a settlement, either the continued growth and development of North Korean nuclear and missile capabilities, or a resort to military action, are both extremely dangerous scenarios for the United States and the other parties.

The use of military force, which could be the unintended result of escalation triggered by North Korean provocations, or actions undertaken preemptively by the United States or one of the other regional powers, likely would mean war; a war that South Korea, the US and Japan would win but at a horrible cost in lives and treasure. North Korea's conventional capabilities alone could likely inflict severe damage to South Korea and to US forces based in the ROK, even though this would only delay the North's eventual defeat. This scenario would be deeply troubling to China, as it would likely trigger a flood of refugees across their border, and would result in the reunification of the Korean peninsula by force, bringing US and ROK forces to China's northeastern border. Avoiding this scenario should be motivation enough for all of the five parties of the long-suspended six-party process. Given the importance that North Korea continues to place on its nuclear weapons program, however, the level of sanctions required to force North Korea to seek to negotiate a denuclearization agreement would need to be so severe that the regime would believe they could trigger a near-term collapse or a coup.

In response to North Korea's fourth nuclear test in January, and subsequent missile test in February, in March the United Nations Security Council approved a resolution that called for inspecting all cargo going in and out of the country, banning all weapons trade and expanding the list of individuals facing sanctions.

These tougher sanctions are an important step toward creating an environment that could change North Korea's calculus. But it will also be important to create a strong, unified coalition that can substantially ratchet up the pressure – one that includes the ROK, Japan, and China as well as Russia and the United States.

Of these countries, the most conflicted and complicated when it comes to North Korea is China. Beijing strongly opposes North Korea becoming a nuclear weapons state, not least because China is concerned that this would spur a greater US military presence in the region, deeper security ties between the US, ROK and Japan, as well as increased investment in defense capabilities by Seoul and Tokyo, including potentially, as you have discussed here, their own nuclear weapons.



China has long argued that diplomacy and economic cooperation would lead to a moderation of Pyongyang's behavior and would be the best way to address the nuclear issue. In the past, China has resisted imposing the most severe kinds of economic sanctions out of fear that it could lead to regime collapse that would result in a reunified Korean peninsula under the auspices of the ROK. North Korea's recent actions and the potential of a fifth nuclear test, however, have embarrassed and frustrated China. There are rising doubts in Beijing about whether North Korea's nuclear program poses an even larger strategic threat to China's interests than it had previously understood. China has watched with alarm as North Korea's actions have fueled ongoing efforts by the ROK and Japan to enhance their own military capabilities and to deepen their security cooperation with the United States, including in the area of missile defense. China views these developments as extremely negative for its own strategic position, and has begun to push back hard, particularly on the consideration of deployment of THAAD in the ROK. Even more troubling for China is the fact that the North Korean threat is now spurring greater discussion in Seoul and Tokyo about whether there is a strategic imperative for both the ROK and Japan to develop their own nuclear weapons to deter North Korean attacks, rather than to continue to depend on the US nuclear umbrella.

Chinese frustration with Pyongyang does not mean that the PRC is prepared to abandon the regime, but it has already caused Beijing to support the tougher March UNSC sanctions resolution. China has also pledged to fully implement the new sanctions, and there are some early indications that it may be doing so, although concerns about shortcomings in its implementation certainly remain. Going forward, China will be faced with a very difficult choice in considering whether it is prepared to participate in developing the much more extensive sanctions that would be needed to force North Korea to seriously consider an agreement to give up its nuclear weapons. So, where does this leave us in terms of next steps?

Clearly, China will be the linchpin for changing North Korea's strategic calculus about the costs and benefits of its nuclear weapons program. Therefore, US-China cooperation on North Korea will be critical to the effort going forward. The United States, together with Japan and the ROK, will need to do all it can to address Chinese interests and concerns in order to be able to win Beijing's support for a substantially enhanced sanctions program. China places a high value on stability on the Korean peninsula, and maintaining North Korea as a buffer state on its Northeastern border. As a result, there has been little discussion with China about how all of the parties (China, the US, ROK, Japan, and Russia) will respond in the event of a sudden collapse of the regime or coup in Pyongyang, a military confrontation resulting from a necessary response to a North Korean attack, or some other scenario.

These are extremely challenging conversations to have, as they depart substantially from China's preferred status quo on the Korean peninsula. But, it is becoming increasingly clear that the status quo likely is not sustainable, and unexpected changes -- including sudden regime collapse or a coup -- cannot be ruled out. As a result, frank discussions between the United States and China, together with South Korea, and Japan could enable both sides to find more areas of agreement than have existed in the past. Ironically, Russia seeking to enhance its geopolitical standing may, as in the Iran negotiation, turn out to be a useful party in pressing China forward.

A very real, if challenging, part of this conversation, is a serious discussion of the kinds of necessary defensive measures that the US, ROK and Japan must and will undertake individually

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and collectively to respond to the rising threats from North Korea if a negotiated denuclearization appears to be out of reach. While Beijing has been unwilling to view the issue this way, it will be important to continue to stress that these kinds of actions do not target China and should not be viewed as provocative. Rather, they are essentially defensive measures against a very real and possibly imminent security threat.

Even more difficult will be discussions of scenarios involving regime collapse or coup, which China has thus far been unwilling to contemplate. But it is increasingly necessary for all of the key players to discuss how each would respond, and how chaos can be minimized and unintended conflict be avoided. These discussions would need to address a range of very tough issues:

- In the event of a regime collapse, what near term actions would US, ROK, and Chinese forces take?
- How could conflict on the peninsula between those forces be avoided?
- What steps would be taken and by whom to secure North Korea's nuclear weapons facilities and materials?
- What measures would be taken to manage migrant and refugee issues?
- What assurances could be provided about the treaties that China has concluded with North Korea, including with regard to the border?
- Would American troops stay on the peninsula after the immediate crisis ended and if so, in what numbers?
- How would the Korean peninsula be governed – would there be immediate reunification or a period of confederation or some other arrangement?
- What would replace the armistice if needed?
- Who would cover the economic costs of reconstruction?

These are just a few of the topics that will need to be addressed in order to help build, over the longer-term, a better understanding of the emerging strategic thinking of all of the parties. These conversations will not be easy, and I assume they will become even more challenging in the coming year as China focuses internally on its 19th Party Congress to be held in the fall of 2017, but this dialogue is necessary, and could potentially help better inform all the parties as they undertake a comprehensive reassessment of their core strategic interests and next steps.

These quiet conversations of course need to take place bilaterally with the ROK, Japan, Russia and China, just as bilateral conversations went on among the P5+1 and the EU during the Iran negotiations. Ultimately, however, the parties have to come to the outlines of an agreement collectively. Think of it, for almost two years, the P5+1, the EU and Iran held negotiations and although there were some leaks, no piece of paper- and there were many - ever leaked; no world crisis, including Ukraine and Syria, ever derailed the negotiation. The reason was that everyone's self-interest was considered and addressed, and everyone had the same objective – to ensure Iran would never obtain a nuclear weapon and that animated everything else. So coming to common cause, common understanding, and common planning (including for unexpected scenarios like a sudden regime collapse or coup in North Korea) is essential.

The threat of North Korea is one of the greatest security challenges facing the world today. It will take vision, courage, competence and exquisite timing to get to a peaceful solution. The elements

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of a strategy include ratcheting up sanctions internationally, continuing military exercises, missile defense, focusing on human rights and developing a common understanding of what happens if there is a collapse. Serious, tough diplomacy will be essential.

Unfortunately, time is also an enemy here. As North Korea's provocative leader presents a dangerous combination of inexperience, aggressiveness, and opacity, there is a growing risk that he may miscalculate in his use of North Korea's military capabilities and misinterpret the responses of the United States and others in the region to his actions. As a result, all the players in this game must approach this matter with the urgency it deserves. The Obama administration, I believe, understands all of this.

As a result of the historic collective efforts of the past several years, Iran is now, hopefully, on a path to a civil nuclear program that will not present a threat to the world. It is based not on trust but on tough terms that can be verified and monitored. North Korea is a tougher case but one we must pursue with a similar level of seriousness of purpose because the danger is so high.

For the first time in nearly 36 years- the last one was held in 1980- Kim Jong Un will convene a Party Congress this Friday, May 6th. I expect that he will embrace what he perceives to be his greatest achievement- nuclear weapons and the development of systems to deliver those weapons. Kim will likely declare that the North is a nuclear weapons state, untouchable by the world. He may well offer to meet but he will say that he will meet on North Korea's terms. The United States, South Korea, Japan, Russia, and most importantly China, must work to develop a common strategy that will launch our collective efforts to address this even more difficult phase of the North Korean nuclear challenge. I look forward to the outcomes of your discussions today, which I trust will provide useful insights to inform the work of our government colleagues here in Washington as well as in Seoul, Tokyo, Moscow and Beijing in the months to come.

So thank you, again, for your commitment to addressing this challenge, and for your kind attention here today.

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