

MAY 2020

Peace Regime on the Korean Peninsula

NEW CHALLENGES AND OPPORTUNITIES

Sang-hyun Lee

Peace Regime on the Korean Peninsula Revisited

The notion of a peace regime on the Korean Peninsula has recently resurfaced as an important policy in South Korea's Moon Jae-in government agenda. On inter-Korean ties, President Moon has said that peace and reunification would boost business growth on both sides of the peninsula and solve social problems (in South Korea) such as low economic growth, low birthrate, and a rapidly aging society. He has also said that he would pursue a peace economy while walking on the path toward reunification, a goal that could spur significant economic growth.

A Korean Peninsula peace regime has been a persistent topic for debate ever since the division of the two Koreas and their hostile coexistence. Roughly speaking, the goal of a peace regime on the Korean Peninsula is to establish a framework for the coexistence of the two Koreas by ending the unstable armistice on the peninsula and eliminating the possibility of a war. The peace regime aims to create institutionalized peace, including explicit and implicit norms, principles, rules, and procedures for policy decisions toward a peaceful coexistence—and eventual unification—of the two Koreas. A peace regime on the Korean Peninsula is a comprehensive concept that includes declaring an end to the Korean War, signing a peace treaty, guaranteeing a peace regime through legal and institutional backups, arms control on the Korean Peninsula, and international endorsement.

Since the end of the Cold War, and with the rise of North Korea's nuclear threat in particular, the peace regime debate has been inextricably intertwined with the denuclearization of North Korea. The idea of a peace regime now consists of two parts: one is denuclearization and the other is a peace mechanism on the Korean Peninsula.

The vision of denuclearization has been well summarized in the Joint Declaration of the Denuclearization of the Korean Peninsula agreed between the two Koreas in December 1991, along with the September 19, 2005 Joint Statement of the Six-Party Talks. The essence of the vision is, in short, the verifiable denuclear-

ization of the Korean Peninsula in a peaceful manner. For this vision, North Korea should commit to abandoning all nuclear weapons and existing nuclear programs, and it should return, at an early date, to the Treaty on the Non-Proliferation of Nuclear Weapons and to IAEA safeguards. The United States affirmed that it has no nuclear weapons on the Korean Peninsula and has no intention of attacking or invading the DPRK with nuclear or conventional weapons. The ROK reaffirmed its commitment not to receive or deploy nuclear weapons in accordance with the 1992 Joint Declaration, while affirming that there exist no nuclear weapons within its territory. The 1992 Joint Declaration of the Denuclearization of the Korean Peninsula is still valid and should be observed and implemented.¹

Regarding the peace mechanism, South Korea had insisted since the early 1960s on signing a peace treaty through two-way talks between the two Koreas, opposing the North's suggestions of negotiations through bilateral talks between the United States and North Korea or trilateral talks between the two Koreas and the United States. Since 2005, however, South Korea has given up on the existing peace treaty approach wherein the two Koreas sign the treaty and the United States and China endorse it—the so-called “two plus two” method. Instead, South Korea has begun to pursue a peace treaty through four-party talks between the two Koreas, the United States, and China.

In the 2005 Joint Statement, the Six Parties committed to joint efforts for lasting peace and stability in Northeast Asia. For this goal, the directly related parties will negotiate a permanent peace regime on the Korean Peninsula at an appropriate separate forum. Also, the Six Parties agreed to explore ways and means for promoting security cooperation in Northeast Asia.

Further, in the South-North Joint Declaration of October 4, 2007, both Koreas agreed that they should end the current armistice and establish a permanent peace regime, and they agreed to work together to push forward the issue of directly convening leaders from three or four relevant parties to declare an end to the war. However, no such three- or four-way consultations have taken place since this declaration.

Based on this past record, to negotiate a peace treaty on the Korean Peninsula, the four directly related parties—i.e., the two Koreas, the United States, and China—should form a forum to hold four-party talks to negotiate a peace regime, as agreed in the September 19 Joint Statement. Unfortunately, however, now that North Korea's nuclear issue has taken the front line, the negotiation has become much more complicated. The United States and South Korea have put the North's abandonment of its nuclear weapons program as a precondition for the resumption of the six-party talks. Conversely, North Korea is calling for a peace treaty before denuclearization.

No matter the final shape of a peace regime on the Korean Peninsula, it will consist of several dimensions: first, the political and security aspects of the peace regime will include inter-Korean political engagement, military tension reduction, conventional military balance and arms control, military and security confidence-building, and so on; second, the social and economic aspects of the peace regime will include inter-Korean economic collaboration, humanitarian assistance, economic integration, and socio-cultural interchange between South and North Korea; and third and finally, regional and international aspects will include the endorsement of the regime by surrounding major nations in Northeast Asia, along with building a lasting multilateral security mechanism in the region.

1 Joint Statement of the Six Party Talks (Beijing, September 19, 2005), https://www.ncnk.org/resources/publications/September_19_2005_Joint_Statement.doc.

New Features of a Peace Regime of the Moon Jae-in Government

South Korea's President Moon Jae-in described the current situation on the peninsula as a "grim situation, which entered the final stages of the completion of North Korean nuclear weapons." He stressed the importance of establishing peace by declaring that "peace is our survival strategy at hand, and the mission of our times."² The Moon government, on the one hand, will strengthen the South's ability to defend, deter, and retaliate against North Korea's military threat, while pursuing a peaceful resolution of the North Korean nuclear issue through diplomatic channels. On the other hand, South Korea will also strongly pursue establishing a peace regime on the Korean Peninsula.

The Moon government's vision for peace can be summarized as "a nuclear-free Korean Peninsula, with a regime of peaceful coexistence." This "Nuclear-free Peaceful Co-existence" concept is one in which the two Koreas virtually recognize each other's individual systems and maintain the coexistence of these two systems and ideologies during the transitional period toward a complete denuclearization. The approach is based on the principles of comprehensive, reciprocal, phased, and simultaneous actions.

President Moon's proposal for a new peace regime is called the "New Korean Peninsula Regime." Speaking at a ceremony marking the centennial anniversary of the March 1 Independence Movement against Japanese colonial rule, Moon said that the regime will create a peaceful order in the coming century in which South Korea will take on a leading role. He called it a community for peaceful and economic cooperation that breaks with the country's checkered history of conflict and ideological divide. Moreover, he emphasized that denuclearization and greater economic cooperation with the North would lay the foundations for lasting peace on the peninsula, vowing to realize unification of North and South Korea by 2045 and to host a joint Seoul-Pyongyang Olympics in 2032.

As a part of the New Korean Peninsula Regime, President Moon proposed a "Peace Economy" concept based on inter-Korean economic cooperation. Although initially suggested as a way of responding to Japan's trade retaliation measures, his message signaled a commitment to stepping up the pace of inter-Korean and North Korea-U.S. dialogue and to broadening the economy's scope for peace on the Korean Peninsula.

Peace and economy are the two pillars of the New Korean Peninsula Regime, and they are very important elements in the process of creating a new peace regime beyond the era of inter-Korean hostility and ideological divide. President Moon stressed that the South Korean economy could find another way out once the domestic demand market increases to 76 million people in South and North Korea through increased inter-Korean economic cooperation.

Furthermore, if the division between the two Koreas is removed, barriers preventing the integration of the Eurasian and Pacific economies, including the Korean Peninsula, will also disappear. With the Korean Peninsula connected to China and Russia by railways and roads, Northeast Asia's transportation and logistics systems will develop in a revolutionary manner, and access to energy and natural resources in Siberia and Central Asia will be improved. Expanding economic cooperation in Northeast Asia will naturally serve as a factor in expanding security cooperation as well.

The success of the New Korean Peninsula Regime and Peace Economy ultimately depends on progress in improving inter-Korean relations and denuclearization. Events along the timeline have been moving in a positive direction, reflected in the Panmunjom Declaration, the Hanoi U.S.-North Korea summit, the

² Sang Hyun Lee, "Inter-Korean Relations at Moon Jae-in Government's Half Term: A Glass Half Empty," 38 North, January 16, 2020, <https://www.38north.org/2020/01/shlee011620/>.

historic September 19, 2018 joint declaration in Pyongyang, and the June 30, 2019 surprise meeting in Panmunjom. Unfortunately, talks between the two Koreas are also on the decline, as negotiations on denuclearization between the United States and North Korea have been stalled.

Furthermore, this year alone, there has been a significant increase in the number of provocations by the North: 11 test-firings of short-range missiles, including the North Korean version of the Iskander, a new tactical surface-to-surface missile, a maneuverable MLRS (Multiple Launch Rocket System), super-large MLRS, and SLBMs. The North's test-firing of short-range missiles may not be a violation of the September 19 military agreement, but it deserves a negative assessment in that it runs counter to building military confidence between the two Koreas.

Furthermore, North Korea has disparaged Moon's Peace Economy, marking it as insignificant and saying that it is nothing but “泰山鳴動鼠一匹,” which means that even though the big mountain (Taishan) was shaking and making a loud roar, only one mouse jumped out of it. North Korea also refused to accept 50,000 tons of rice for humanitarian aid.

Moreover, the first inter-Korean soccer match in Pyongyang in 20 years played to an empty stadium, going to far as to give up the home team advantage of having fans in the stands—a gesture which has been interpreted as a message of discontent against the South. Working-level talks on the removal of South Korean facilities at the Mount Kumgang resort have been held in a document-swapping manner without face-to-face contact, making the government's idea of finding a “creative solution” through dialogue a long way off. As a result, inter-Korean relations have become strained for the time being. Thus, worsening inter-Korean relations have been creating obstacles for Moon government's new peace regime initiative from the start.

Finally, a working-level meeting between North Korea and the United States, held in Stockholm, Sweden on October 5, ended without any results. Kim Myong-gil, the North's chief negotiator, said in a statement 15 minutes after the working-level meeting that the United States “has not abandoned its old position and attitude” and that he is “very displeased” about it, saying that the United States came to the negotiations empty-handed. The U.S. State Department, on the other hand, announced its position that there had been “good discussions” at the working-level talks that brought about “creative ideas” and introduced many new plans that would make progress.

The most important reason why working-level talks in Stockholm ended without results is that there is still a wide gap between North Korea and the United States over “complete denuclearization.” The statement issued right after the working-level meeting underscored the “security guarantee” in particular, vowing that complete denuclearization would be possible only “when all obstacles that threaten our safety and undermine our development are clean and unquestionably removed.” This seems to mean a complete regime security plus a complete lifting of sanctions, which is hugely different to the U.S. position.

Key Issues in Building a New Peace Regime

Many key issues still remain to establishing a peace regime on the Korean Peninsula. One of the fundamental obstacles to a peace regime is that the concept of a peace regime itself is different in North Korea compared to in South Korea and the United States. When North Korea revised its constitution in April 2012, it clearly mentioned in its preamble that it is a nuclear power. And in March 2013, a plenary meeting of the Party Central Committee was held to confirm the “*byeongjin* policy,” which pursues economic development and nuclear power simultaneously. There is no evidence yet that North Korea has given up its *byeongjin* policy. Although Kim Jong-un has been emphasizing economic revival recently, this seems to be an expression of confidence that his nuclear weapons capability is in the final stage, rather than a diver-

gence from the path of *byeongjin*. North Korea's position of pushing for both nuclear weapons and economic development is fundamentally opposed to that of South Korea and the United States, wherein a peace regime presupposes the North's denuclearization.

Since declaring the completion of nuclear weapons, North Korea has focused on finding ways to guarantee regime security rather than signing a peace treaty. The key to its regime security demands is to officially recognize North Korea as a normal state and promise to guarantee the integrity of its regime.

North Koreans have consistently claimed that they developed nuclear weapons because of hostile U.S. policies against them. Hence, the key to denuclearization for them is that the United States must end its "hostile policy," which comprises stopping political, security, and economic confrontation in return for eliminating their nuclear weapons.

The political part means U.S. recognition of North Korea as a sovereign state through establishing diplomatic relations between the two countries. The security part would involve ending the state of war that has existed on the Korean peninsula since the 1950s by replacing the temporary armistice agreement ending the Korean War with a permanent peace treaty. Finally, the economic part would consist of lifting trade restrictions and sanctions imposed on the North over the decades since the Korean War.³

During the working-level meeting between the United States and North Korea held in 2018, the North reportedly proposed five things as conditions for denuclearization: withdrawal of U.S. nuclear strategic assets from South Korea, suspension of joint military exercises involving South Korean and U.S. strategic assets, abandonment of conventional and nuclear weapons attacks, the signing of a peace treaty, and North America-North Korea diplomatic relations.⁴

Given the differences between the United States and North Korea over the peace regime, various issues will be disputed over the future process for building a peace regime on the Korean Peninsula.

First and most important is the sequencing problem between denuclearization and peace regime. North Korea has advocated for a "peace regime first, and denuclearization later" position, while South Korea and the United States have insisted on ensuring the denuclearization of the Korean Peninsula in advance of establishing a peace regime. One way to resolve this controversy is to resume discussions at a separate forum where directly related parties participate as agreed on in the September 19, 2005 Joint Statement. It would be preferable to pursue direct U.S.-DPRK dialogue and parallel international collaboration. To this end, it is better to restore various channels of dialogue, including the four-party talks and the six-party talks, as well as direct talks between the United States and North Korea.

Before the Hanoi summit, there was intense speculation about the range of possible deals with North Korea. In essence, however, any prospective deal between the United States and North Korea consists of trading "complete denuclearization" for "regime security guarantees." Along the spectrum of many possible options, we can differentiate three broad types of deal with North Korea.

A "big deal" refers to North Korea's complete and extensive denuclearization, ranging from nuclear weapons and ballistic missiles to biological and chemical weapons. In return, North Korea will be rewarded with the lifting of sanctions and, if possible, the end of hostilities between the two nations

3 Joel S. Wit, "What the North Koreans Told Me About Their Plans," *The Atlantic*, May 20, 2018.

4 *Hankyoreh Shinmun*, April 13, 2018.

once and for all. These “rewards,” however, are conditional on North Korea’s completion of denuclearization. Such a deal is currently favored by the United States.

A “small deal” is a less ambitious exchange of North Korea’s partial denuclearization in return for a partial reward through a phased, incremental approach. Such a small deal is similar to the action-for-action, simultaneous approach that Pyongyang and Beijing have long favored.

A “bad deal” would more closely resemble the Singapore declaration and include only a very vague and ambiguous denuclearization pledge without a concrete roadmap or visible measures toward that direction.

Among these options, what kind of deal should we pursue in the future? Should we stick to the “all or nothing” approach that the Trump administration appears to favor? Or should we turn to a more realistic, phased approach to accommodate North Korea’s security concerns, more in line with the “small deal”? A “big deal” would be the ideal way to solve the North Korean nuclear issue but hard to achieve in practice. A “small deal” is relatively more likely to succeed, but it carries the risk of non-compliance on the part of North Korea, as its track record well illustrates. A “bad deal” should not be an option and must be avoided at all costs. Reasonably, it can be argued that even a small deal would be better than a “no deal,” which would in turn be better than a bad deal. Out of these options, arguably the mostly desirable solution for the future would resemble a comprehensive agreement with step-by-step implementation. The agreement should contain all the elements of the denuclearization process, ranging from basic definitions of the terms to specifying an actual method to dismantle the whole range of North Korea’s nuclear capabilities, in as thorough a way as possible.⁵

Second, conventional arms control and disarmament should proceed in parallel with the progress of denuclearization. To establish a peace regime, inter-Korean arms control and disarmament, particularly in the conventional arms area, must be pursued together. Specific arms control methods and organizations between the two Koreas should be based on the articles of the Inter-Korean Basic Agreement and related addendum, in order to take practical arms control measures by operating the South-North Joint Military Commission already agreed upon therein. The Commission would be in charge of handling conventional deterrence, disarmament, and peace on the Korean peninsula.

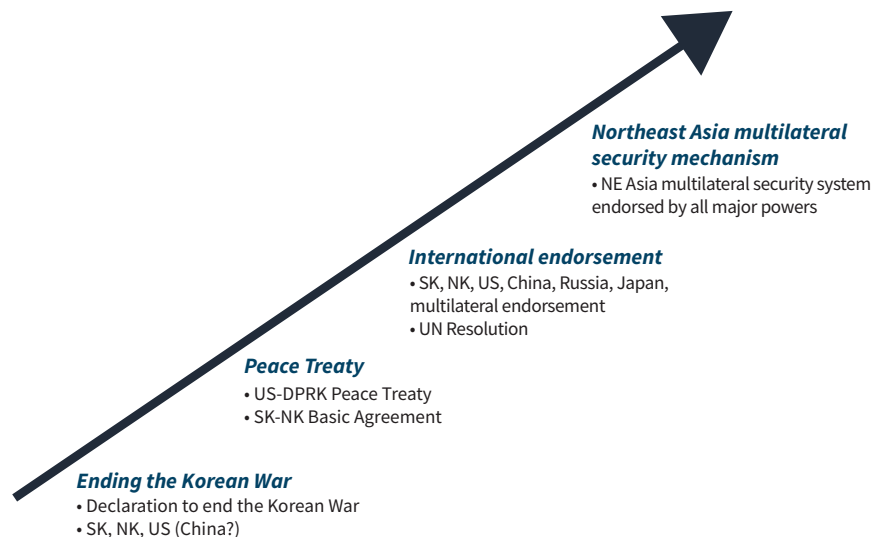
Third, there is a problem of defining the parties to the peace treaty and obtaining an international guarantee for it. The parties to the armistice agreement and those in charge of its management are the United Nations, North Korea, and China. The parties to the armistice do not necessarily have to correspond to the parties to the peace treaty. A peace treaty is not simply a replacement for the armistice; it aims to establish a peace regime in the future as well as to end the current armistice, therefore the parties to the peace treaty should include countries that are likely to play an important role for peace in the future. In other words, South Korea naturally has the status of a party in the signing of a peace treaty, as the peace treaty includes not only the scrapping of the armistice agreement, but also the direct participation and responsibility of the two Koreas—such as managing peace, maintaining the military border, and arms control of the two Koreas.

Fourth, we have to think about the roadmap for denuclearization and the peace regime. Roughly speaking, numerous studies indicate that a peace regime should proceed in parallel with actual progress in the denuclearization process. If serious negotiations proceed and the actual denuclearization process starts, we will be able to discuss a roadmap which is proportionate along the way, trading between the same or similar values of concessions or corresponding measures.⁶ If North Korea takes initial measures to denuclearize, then a

5 Sang Hyun Lee, *Denuclearizing North Korea: Challenges and Opportunities after Hanoi* (Stockholm, Sweden: Institute for Security & Development Policy, Focus Asia, September 2019), 6–7, <http://isdpeu/publication/denuclearizing-north-korea-challenges-and-opportunities-after-hanoi/>.

6 Duyeon Kim, “Prospects for North Korean Denuclearization and Peninsular Peace” (presented at 2019 Seoul-Washington Forum, September

declaration to end the Korean War as an interim security guarantee—including a U.S.-DPRK non-aggression pledge—can be offered to North Korea as a proof of confidence. After that, peace regime should be better backed up by international institutional support, such as a multilateral security consultative mechanism and the involvement of international financial organizations. A rough roadmap will look like the following diagram. The first step is declaring the official end of the Korean War; the two Koreas and the United States—and possibly China—can be parties to this declaration. The second step is a peace treaty where the two Koreas and other relevant parties participate. The third step is international endorsement. The fourth step is creating a Northeast Asia multilateral security mechanism in which North Korea joins as a member.



For South Korea, it is important to be clearly aware that denuclearization, improvement of inter-Korean relations, and South Korea's diplomacy with neighboring great powers are closely connected. South Korea's strategy toward denuclearization and regional power politics are not in a zero-sum relationship, and both diplomatic horizons and diplomatic means must be enhanced. As a facilitator, South Korea should strengthen its diplomacy towards neighboring countries while also building the basis of trust with North Korea, continuing multilateral dialogues to ensure the security of the North Korean regime.

In the near future, we should be concerned about the different speed with which progress is being made in U.S.-DPRK and ROK-DPRK bilateral talks. The future ahead is like a complex three-dimensional game. First, in terms of the inter-Korean dimension, genuine rapprochement and improvement of the relationship should be discussed; second, regarding the U.S.-North Korea dimension, both leaders should come up with a detailed plan to exchange CVID for security guarantees; third and finally, in regard to the North Korea-international community dimension, lifting sanctions and a verification and monitoring mechanism must be discussed. Progress on these three dimensions should proceed in tandem and in a sequential manner.

Implications for ROK-U.S. Cooperation

What are the best end states for North Korea that can feasibly be achieved in the next 10 to 20 years? Or within the next 50 years? It really depends on the progress on denuclearization. In a bad scenario, there may never be an "end state," with instead a permanently ongoing process of pulling and pushing, with North Korea being a *de facto* nuclear weapon state. It is highly likely that North Korea will muddle through

without completely giving up their nuclear weapons in the next 10 to 20 years as long as their economy remains in relatively good shape.

There are several remaining issues that must be taken into account for ROK-U.S. cooperation. First, we should try to find common ground between national policies. Currently, we can characterize and compare Moon’s “Peace First” policy, Kim’s “Regime Security First” policy, and Trump’s “America First (read Money First)” policy. What is the common ground in these approaches? How do their different priorities affect future prospects for the denuclearization process and the establishment of a peace regime?

Second, U.S.-China strategic competition will make the denuclearization process and peace regime on the Korean Peninsula much more difficult. If U.S.-China competition worsens, China will not cooperate for denuclearizing North Korea. This will, in turn, make developing a peace regime on the Korean Peninsula quite slow.

Third, as the peace regime proceeds, the status and role of the ROK-U.S. alliance, the USFK, and the UNC—and their future—will be a controversial issue. With no complete denuclearization plan, stopping U.S.-ROK joint military exercises will surely bring some negative impact on the joint deterrence posture against North Korean threats. This could be a significant concession to North Korean leader Kim Jong-un without getting anything solid in return.

How can South Korea and the United States achieve a transformed relationship with North Korea while preserving their larger alliance and security interests? What does a transformed U.S.-ROK alliance look like? What potential global and domestic challenges, both within South Korea and the United States, will need to be surmounted to achieve these outcomes? For example, does South Korea have enough economic capacity to support Korean unification by itself?

With different priorities, how can South Korea and the United States maintain maximum pressure until the denuclearization completes? International collaboration is already weakening as China is indicating that they will ease sanctions toward North Korea.

The task ahead is to design a creative road map that combines the issues of denuclearizing the Korean Peninsula and of establishing a peace regime. In the current situation where the prospects for denuclearization negotiations face various uncertainties, it is very important for Seoul and Washington to reach a clear agreement on the “end-state” of unification policy toward the North. If the ultimate policy direction is different between South Korea and the United States, a decoupling situation will inevitably come one day in which Seoul and Washington’s policies will be separated. If South Korea and the United States are divided over denuclearization, then not only denuclearization, but also establishing a peace regime, will become virtually impossible.

Sang-hyun Lee is a senior research fellow at the Sejong Institute in South Korea.

This report is made possible by general support to CSIS. No direct sponsorship contributed to this report.

This report is produced by the Center for Strategic and International Studies (CSIS), a private, tax-exempt institution focusing on international public policy issues. Its research is nonpartisan and nonproprietary. CSIS does not take specific policy positions. Accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

© 2020 by the Center for Strategic and International Studies. All rights reserved.