North Korea has become a de facto nuclear power. Regardless of one’s views about the regime and its treatment of the country’s ordinary citizens, its nuclear and weapons of mass destruction (WMD) programs, and its illegal activities ranging from proliferation of WMD to currency counterfeiting, the international community has to accept that it is dealing with a nuclear North Korea. This means that stopping and rolling back Pyongyang’s nuclear programme is no longer a realistic goal, at least in the short term. Both in public and in private, the regime has clearly indicated that the program itself is not a bargaining tool. Rather, the Kim Jong-un regime considers a nuclear deterrent the best means to avoid the same fate as the Muammar Gaddafi and Saddam Hussein regimes: military strikes led or supported by the U.S., followed by the execution of their leaders at the hands of their former citizens.

The debate has to now shift towards how to deal with a nuclear North Korea. Sanctions have clearly not worked. The current round of UN and bilateral sanctions implemented from July 2006 onwards has failed. Pyongyang had not even conducted a nuclear test when sanctions were first implemented. Today, it is believed to be in possession of dozens of nuclear devices. Isolation of the Kim Jong-un regime has not worked either. Two consecutive South Korean conservative governments led by Lee Myung-bak and Park Geun-hye dismantled many of the cooperation mechanisms set up by their predecessors. The Barack Obama administration refused to countenance diplomatic engagement with Pyongyang unless it changed its behavior. Xi Jinping is yet to meet with Kim Jong-un, even though they sit less than two hours away from each other. In return for sanctions and isolation, North Korea has pressed ahead with its nuclear and ballistic missile programs. Deterrence is a useful way to prevent a North Korean attack on Seoul, Tokyo or the U.S. mainland. Nevertheless, few experts think that Pyongyang would strike first.

Engagement thus seems to be the only viable option to deal with Pyongyang. Critics argue that talks, aid, and other forms of cooperation

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have failed in the past. They point out that North Korea reneged on the commitments it signed up for with the Agreed Framework of 1994 and the Six-Party Talks agreements of 2005 and 2007. Whilst it is true that Pyongyang failed to fully comply with its obligations, it is not less true that other parties also did — including the US, a point acknowledged by high-level American officials themselves. However, understanding that North Korea’s main motivation for developing its nuclear and WMD programmes is self-preservation underscores why engagement could now work. For once that Pyongyang feels that it has achieved this goal, discussion of other matters such as North Korea’s military links with the Middle East, the country’s ongoing economic reforms or ensuring stability in the Korean Peninsula can take place. In other words, the international community should replace the unrealistic goal of denuclearisation with more likely objectives that can be achieved through engagement in the form of talks, economic exchanges, and, if conditions allow, some form of political recognition of North Korea.

**Talks as a Means to an End**

Multilateral talks involving a mixture of Northeast Asian powers plus the US and bilateral talks between both Koreas and the U.S. have of course been held before. They took place sometimes during the Cold War, and were regularly held at different times during the Bill Clinton and George W. Bush administrations. Indeed, North Korea has long sought talks with the U.S., which Pyongyang sees as a form of implicit recognition from Washington as well as the only way to solve the Korean Peninsula nuclear conundrum. South Korea and China, the two other powers with real leverage on Korean Peninsular affairs, also believe that talks in which the U.S. and North Korea are involved are the best means to deal with the latter. Meanwhile, inter-Korean talks on a range of issues have also been a regular feature at different points over the past few decades — and especially when South Korean liberal presidents have been in power.

In other words, multilateral and bilateral talks have been tried before in different formats and will be held again. They are actually part of the toolkit of the Donald Trump administration to deal with Pyongyang, as the president himself has stated. For its part, the Kim Jong-un regime has also expressed its willingness to discuss its nuclear programme if it feels that the U.S. is not hostile towards Pyongyang, as well as other matters. Talks involving North Korea, however, need to have a purpose. They have to be a means to an end, rather than an end in and by themselves. Otherwise, they become another talking shop, of which East Asia has been accused of having many.
Building trust or at least easing mistrust is or should be the first goal of any talks involving North Korea. A lack of engagement at the official level seems to make Pyongyang more willing to move forward with its nuclear and WMD programmes, as well as to continue its proliferation activities.\textsuperscript{10} With inter-Korean talks interrupted since 2015, no official U.S.-North Korea engagement during the Obama administration, and the Six-Party Talks involving both Koreas, the U.S., China, Japan, and Russia last held in 2008, there has been no recent trust-building attempt through talks with Pyongyang. This has served to increase suspicions between North Korea and other powers in the region regarding their actual intentions. Talks would serve to allay them.

A case in point is the multilateral talks held during the Clinton and Bush administrations. The Four-Party Talks of 1997-99 and Six-Party Talks of 2003-08 allowed the different parties to communicate directly and openly with each other, and in front of other parties.\textsuperscript{11} According to veterans of the Clinton administration, the Four-Party Talks helped to bring new life to the Agreed Framework and led to then-Secretary of State Madeleine Albright’s October 2000 meeting with then-North Korean leader Kim Jong-il in Pyongyang.\textsuperscript{12} Similarly, officials involved in the Six-Party Talks believe that they provided North Korea and the U.S. with a platform that allowed them to hold their own bilateral talks.\textsuperscript{13} These talks resulted in the two Six-Party Talk agreements of 2007.

Talks also serve the different parties involved to communicate and understand each other’s goals and red lines.\textsuperscript{14} Pyongyang might have made clear that it will not give up its nuclear weapons program and that it sees it as the ultimate deterrent against a possible American strike. But we can only speculate as to what might make the Kim Jong-un government consider a cessation of nuclear and missile tests, stop proliferation of WMDs and other illegal activities, or enact more ambitious economic reforms. Similarly, North Korea might not know what the ultimate goals of the U.S. are or how far South Korea is willing to go with its engagement activities. The different parties involved in any talks can also use them to draw red lines and explicitly state what is not up for discussion.\textsuperscript{15} These goals and red lines can also be codified, as was the case following the two inter-Korean summits of June 2000 and October 2007 or through the multiparty agreements referred to above. In this regard, communicating through third parties, in informal settings, or social media does not have the same effect in terms of promoting mutual understanding.

An added benefit of holding talks is that they allow for discussion of a range of issues of importance — instead of only focusing on Pyongyang’s
nuclear programme. The Moon Jae-in government grasps this. Thus, it is government policy to hold inter-Korean talks without hard preconditions and not necessarily focusing on this program. Issues such as economic engagement to improve the situation of ordinary North Koreans, reunions among Korean families divided by the Korean War, or establishing mechanisms to avoid military skirmishes escalating into full-blown conflict are important as well. The 2000 inter-Korean summit created a level of goodwill in the Korean Peninsula that allowed the Kaesong Industrial Complex to open in 2002 and family reunions to be held regularly. Even if denuclearisation of North Korea is one’s ultimate goal, other benefits resultant from talks should not be dismissed.

One last important goal that should be part of any dialogue involving North Korea is supporting the development of a framework for a more permanent security forum in Northeast Asia since the region lacks such a forum. The Trilateral Cooperation Secretariat established in Seoul in September 2011 and involving China, Japan, and South Korea is useful for the three Asian powers to discuss security matters. But it cannot credibly deal with the North Korean nuclear issue when Pyongyang and Washington are absent. The Northeast Asia Peace and Security Mechanism explicitly mentioned in the Six-Party Talks joint statement of February 2007 or the proposal for a Northeast Asia Peace and Cooperation Initiative from the Park Geun-hye government — which the Moon government seems to be keen to continue — are more promising venues. Involving the US and Russia as well, they would be open for Pyongyang to join. They would thus be useful for the powers in the region to discuss the North Korean nuclear issue in the context of other traditional and non-traditional security threats that are part of the political landscape in Northeast Asia, such as territorial disputes or climate change.

**Encouraging Markets**

Economic engagement to support the reforms being implemented by the Kim Jong-un regime, expanding the North Korean economy, and ultimately improving the lives of ordinary North Koreans should be part of any strategy aimed at ensuring stability in the Korean Peninsula. Former socialist economies such as China and Vietnam are successfully transitioning into capitalism, lifting millions of people out of poverty, and in the process improving their lives. While it cannot be denied that human rights abuses persist in both countries, the improvement in the economic well-being and individual and social liberties of Chinese and Vietnamese peoples cannot
be overlooked either. These twin improvements go hand-in-hand. As unthinkable as it might seem today that the same process might happen in North Korea, this was also the case when China initiated reforms in the late 1970s and Vietnam did the same in the 1980s. With North Korea sitting in one of the most economically dynamic regions in the world, supporting its economic reforms could result in a similar cycle of improving economic and social conditions.

The Kim Jong-il regime initiated the implementation of economic reforms in July 2002. These were initially modest but marked the starting point of Pyongyang’s de facto official support for jangmadang or private markets to play a role in the North Korean economy. Very importantly, the reforms were recognition that the country’s great famine of the mid-1990s — officially known as the Arduous March — had resulted in the development of an incipient market economy by ordinary North Koreans. That is, the July 2002 reforms were an acknowledgment that the centralized food distribution system characteristic of the Cold War era was not viable without the support of communist allies. Besides, the Kim Jong-il regime’s continuation of the songun, or military-first politics, meant that the state prioritized the development of its military programmes over the restoration of a viable centralized economy. As a result, private markets continued to grow, and small-scale economic reforms loosened the grip of the state on the country’s economy to be implemented.

The Kim Jong-un regime has elevated the importance of economic reforms politically and implemented them more rapidly than his father. His byungjin, or parallel development policy, calls for the joint improvement of economic and military capabilities. This means that economic development has been afforded the same importance as military progress since the policy was first introduced in early 2013. Not only are private markets allowed, but state-owned factories and the remaining agricultural cooperatives are encouraged to sell their surplus production on the open market. Agricultural cooperatives themselves are being dismantled, with farmland management being distributed to individual households — reminiscent of reforms introduced by China under Deng Xiaoping. Meanwhile, private enterprises are not being persecuted, and side-jobs are commonplace — even if both remain technically illegal. Recent surveys and studies show that a large percentage of North Koreans use markets to buy food and other products. Given the centrality of the state to the lives of North Koreans for decades, many of these activities involve public officials and institutions. The Kim Jong-un regime itself has set up ambitious plans to develop sectors such as tourism or electronics. In other words, Pyongyang is on the way towards
becoming a market-dominated economy.

For Pyongyang, the models are clear: China and Vietnam.29 These are two countries that have transitioned towards market-dominated economy status, but in which the single-party system still dominates politics and is not seriously challenged. Economic reform accompanied by political stability would allow Pyongyang to integrate into international markets and attract foreign direct investment in the same way that China and Vietnam do. This is particularly important for North Korea, where up to ninety percent of trade and investment comes from China — a situation that Pyongyang seeks to end. North Korea’s cheap and well-educated labor would be as attractive as Chinese and Vietnamese labor has been for years.30

In order to support the country’s economic reforms, targeted aid, expertise sharing, entrepreneurship promotion, and similar micro-level economic engagement activities would be useful. Take the case of aid. Beyond supporting the most vulnerable North Koreans who have limited access to food, aid donors could also focus on training and supporting the building of non-military infrastructure.31 Some countries do so, including several EU member states as well as the EU itself.32 But aid flows to North Korea are minimal and prone to be affected by the government’s actions. While the latter is understandable, past crackdowns on its own citizens by China, Vietnam or, more recently, Myanmar has not stopped cooperation with an economic development goal in mind. The same could be the case with North Korea. Meanwhile, expertise sharing, entrepreneurship promotion, and other activities aimed at improving the business and economic acumen of North Koreans could be better institutionalized. At present, it is provided by well-meaning yet small organizations without a large institutional capacity.33

Encouraging North Korea’s emerging marketization would have the added benefit of supporting other goals. A more developed North Korea better integrated into international trade and financial flows would make for a more stable Korean Peninsula. In the same way that the interconnectedness between China and Taiwan, and the former’s deepening integration in world markets, have reduced the likelihood of full-blown war between the two, stronger economic links between both Koreas and between North Korea and other countries would reduce its appetite for military escalation.34 Similarly, a more economically integrated North Korea would arguably lead the government to have fewer incentives to try to raise funds through the proliferation of WMD and nuclear technology or engaging in illegal activities such as drug trafficking or currency counterfeiting.

THE RECOGNITION CARROT

Spring 2018
One of Pyongyang’s foremost foreign policy goals — if not the most important — is diplomatic recognition from Washington. This is thus a carrot that the U.S. and other countries dealing with North Korea can use to engage and influence Pyongyang’s behavior. The U.S.-led the UN forces that North Korea fought in the Korean War, signed the armistice that put an end to the war, was the leader of the Western bloc during the Cold War, and remained so afterward, and is the sole superpower today. In contrast, North Korea is a small country sandwiched between China, Japan, Russia and much more prosperous South Korea, has no real allies, and is treated as an international pariah by many. From its perspective, recognition from the U.S. would be a diplomatic victory and would go a long way to redress the sense of betrayal that Pyongyang felt when Beijing and Seoul normalized diplomatic relations in 1992 — a move portrayed by North Korea as a betrayal to any special relationship it might have had with China.

For the Kim Jong-un regime, it would also represent the fulfilment of his grandfather Kim Il-sung’s dream to see the country he founded establish diplomatic relations with the U.S. This last point should not be underestimated. Normalisation of diplomatic relations with the US is an old North Korean ask, dating back to the 1970s. In March 1974, North Korea’s Supreme People Assembly wrote to U.S. Congress to request the establishment of diplomatic relations between both countries. In September 1978, Kim Il-sung publicly called for these relations during the commemoration of the thirtieth anniversary of the founding of North Korea. This made sense in the context of the normalization of relations between Washington and Beijing. Ever since the Kim Il-sung regime first and the Kim Jong-il regime later periodically raised this possibility. The Kim Jong-un regime has not deviated from this goal. Considering that it was Kim Il-sung’s wish, we can assume that Kim Jong-un would see the attainment of this goal as the fulfillment of his grandfather’s vision.

Full normalization of diplomatic relations might seem inconceivable under the current circumstances. Yet, it was also unthinkable that Washington would dump Taipei and normalize diplomatic relations with Beijing in the 1970s. Similarly, the establishment of bilateral relations between China and South Korea or the U.S. and Vietnam in the 1990s were not necessarily predictable. These three normalization processes show that previously improbable diplomatic relations can be forged. Even in the case of North Korea-U.S. relations, the Clinton administration considered the possibility of opening a liaison office in Pyongyang toward the end of his tenure. And the Six-Party Talks joint statements signed during the Bush administration
had normalization as one of their goals, showing that the U.S. has been at least willing to entertain the idea.\footnote{40}

Were normalization to prove impossible to realize in the short term, a peace treaty could be an alternative carrot to offer Pyongyang. The 1953 armistice ending the Korean War was signed by North Korea and China on one side and the U.S. on the other. Thus, Washington’s acquiescence to a peace treaty would signify that technically it does not recognize Pyongyang as an enemy anymore. In fact, North Korea has often called for a peace treaty with the U.S.\footnote{41} It would represent a diplomatic victory for Pyongyang and open the door to the eventual establishment of diplomatic relations.

The establishment of diplomatic relations between North Korea and the U.S. — as well as Japan — would also bring economic benefits to Pyongyang. Currently, North Korea is excluded from the regular World Bank and Asian Development Bank (ADB) programs that have been extremely beneficial for China and other developing and emerging countries across East Asia. One of the main reasons for this exclusion is the absence of normal relations with Washington and Tokyo.\footnote{42} Access to World Bank and ADB programmes would facilitate access to billions of U.S. dollars for investment in infrastructure and other projects. Furthermore, World Bank and ADB funds would come together with much-needed technical expertise. In addition, it would also signal to international investors that North Korea is open for business. In short, normalization of diplomatic relations between North Korea on the one hand and the U.S. and Japan on the other would support Pyongyang’s economic reform process.

Engagement: the Only Remaining Game in Town

Addressing the North Korean nuclear conundrum requires a different way of thinking. Sanctions and isolation have failed to stop Pyongyang from developing its nuclear program. Deterrence serves to prevent a first strike by North Korea that few think will happen anyway. Thus, the international community now confronts a de facto nuclear power unwilling to give up its nuclear weapons, but one which seems not to have the intention to use them anyway. This opens the possibility to try to achieve other goals that are more realistic and important in their own right. They include stopping North Korea’s proliferation of WMDs and illegal activities, which would support stability in the Korean Peninsula, Northeast Asia and beyond.

To achieve these goals, it is necessary to understand how to reach out to the Kim Jong-un regime to obtain concessions. Engagement is the best means to do — arguably the only one. Pyongyang has its own objectives beyond

Spring 2018
self-preservation through nuclear deterrence. Engagement can encourage the Kim Jong-un regime to think that it is becoming more integrated into regional and global diplomatic and economic exchanges. It would thus be seen as a marker of the guarantee of the survival of the regime. And it would encourage Pyongyang to continue the economic reform process that holds the most promise to reduce tensions in the Korean Peninsula.

Engagement should, therefore, be the preferred option for policy-makers tasked with dealing with North Korea. Kim Jong-un’s New Year message shows his willingness to try this path when consistently offered by others, such as Moon Jae-in. It also fits with Pyongyang’s long-term policy of seeking dialogue and recognition from the U.S. and others. Ultimately, only talks, economic reforms, and a degree of recognition of North Korea as a ‘normal’ country will ensure stability in the Korean Peninsula, some openness from Pyongyang, and a better life for ordinary North Koreans.

Notes


7 Ramon Pacheco Pardo, North Korea-US Relations under Kim Jong Il: The Quest for Normalization? (Abingdon: Routledge, 2014). For more detailed information on talks involving North Korea, see the journal Korea and World Affairs.


11 Ramon Pacheco Pardo, *North Korea-US Relations under Kim Jong Il: The Quest for Normalization?* (Abingdon: Routledge, 2014). For more detailed information on talks involving North Korea, see the journal *Korea and World Affairs*.


28 Suk Lee (ed.), *2016 The DPRK Economic Outlook* (Sejong: Korea Development Institute, 2017).


30 Suk Lee (ed.), *2016 The DPRK Economic Outlook* (Sejong: Korea Development Institute, 2017).

35 Pacheco Pardo, North Korea-US Relations under Kim Jong Il.
36 Pacheco Pardo, ibid.