Moon’s North Korea Policy: Reengaging North Korea to Regain Strategic Initiative

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Introduction

The newly inaugurated administration of President Moon Jae-in promises more engagement and dialogue with North Korea, as well as a more independent national security and foreign policy for the country. The Moon administration’s North Korea policy is the realization of the progressives’ foreign policy paradigm, which regards North Korea’s nuclear issue not as the main cause of instability in the region, but rather an outcome of a broader regional conflict that involves the United States and China.

Progressives pay particular attention to the great power competition around the North Korean nuclear issue, and consider the Terminal High Altitude Area Defense (THAAD) deployment in South Korea as mainly an instance of the “expansion of US’ Missile Defense system that undermines strategic balance with China and Russia”, rather than an effective response to North Korea’s ballistic missile threat. Progressives believe relying on the United States to apply pressure on North Korea has only exacerbated South Korea’s exposure to the great power competition between the US and China, while abetting the rise of Japan as a military powerhouse—all without tangible changes in North Korea’s behavior. Progressives also believe the current framework for negotiations is lopsided against North Korea, and want to lower the bar for negotiations: instead of making denuclearization a precondition or principal topic of discussion, they would like to make denuclearization a corollary to the talks. Or, as Kim Ki Jung, a close foreign policy advisor to Moon put it, “place it at the exit stage of negotiations.”

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Shifting the policy focus from denuclearization to a broader set of issues, including economic engagement, is essential for the success of the Moon administration’s North Korea policy, as better inter-Korean relations are deeply intertwined with the administration’s objective of enhancing South Korea’s strategic balance in the region. Influential progressive scholar Lee Jong-seok, who was the minister of unification in the Roh administration, argues that positive inter-Korean relations would increase South Korea’s leverage vis-a-vis China and the United States because it would demonstrate South Korea’s ability to influence North Korea’s behavior.

From the progressives’ perspective, not only would engagement improve South Korea’s influence over North Korea, but it would also give South Korea a more prominent role in the regional order. Moon has categorically stated that South Korea would “play a leading role” in the regional order by restarting the Six Party Talks and persuading the US to negotiate with North Korea. At a time when the expression “Korea Passing” is in vogue domestically and there is increasing concern that South Korea is being subordinated into a junior role in the alliance system in East Asia, the idea of regaining leverage by reengaging North Korea presents considerable appeal.

Broadly speaking, evidence points towards Moon’s North Korea policy of engagement resting on the following principles: 1. Trust building through engagement. 2. Reopening a high level channel of communication with Pyongyang, preferably one that is conducive to an inter-Korean summit. 3. Leveraging multilateral mechanism to regain diplomatic initiative. 4. A more independent national security policy.

All four elements are mutually reinforcing, and together they provide the foundation to Moon’s engagement policy. Yet its success is highly conditioned on North Korea’s interest in engaging in dialogue with South Korea. If North Korea failed to respond to South Korea’s entreaties, not only would it render Moon’s engagement initiatives moot, but it would also open a serious policy rift with the United States at a time of increasing North Korean provocations. Reciprocity, or the lack thereof, will be the critical vulnerability of Moon’s policy of engagement.

1. Trust building through economic engagement
Economic engagement forms the core of Moon’s North Korea policy proposals. He had already proposed in 2015 his vision of unifying the two Koreas into one single economic region, which he named “the New Korean Peninsula Economic Map”. Moon reiterated his vision of a single economic zone during the 2017 presidential campaign, and proposed to link the two Koreas via land and sea routes. Another key proposal is to expand the Kaesong Industrial Complex (KIC) by 66 km², literally doubling the maximum area of development from the original projection of 66 km². But KIC currently stands at only 3.3 km², having failed to evolve beyond the first stage of proposed development. Also mentioned is the Mount Kumgang Tourism project, which was suspended in 2008 after the shooting death of a South Korean tourist by a North Korean sentry.

Needless to say, none of his proposals is realizable in the current political environment. Both the KIC and Mount Kumgang project entail financial transfers to the North Korean regime in the form of wages and fees, which is in violation of the letters and spirits of UN Security Council resolutions. In any case, potential investors are deterred by geopolitical risks, having witnessed how the suspension of the Mount Kumgang project and closure of KIC financially crippled firms that had a presence there. Continuing North Korean provocations clouds the prospect even more.

The Moon administration is clearly aware of the difficulty of restarting economic projects with North Korea at present. But the administration insists on their viability when the facts indicate otherwise and while public opposition to economic engagement is significant. This seemingly contrarian attitude serves to prove to the North Korean regime the administration’s serious intention to restart economic exchange with North Korea.

One way for the Moon administration to restart economic engagement with North Korea without undermining the current sanctions regime is by expanding humanitarian assistance, especially of the private kind. The Minister of Foreign Affairs, Kang Kyung-hwa, supports fast resumption of humanitarian assistance to North Korea. The scale of assistance, once resumed, could be significant. The annual inflow of private humanitarian aid to North Korea ranged from 50 to 70 million US dollars a year until South Korea imposed a trade embargo on North Korea in the wake of the sinking of Cheonan corvette and shelling of Yeonpyeong Island in 2010. By 2015, total private humanitarian aid to North Korea dwindled to around 10 million US dollars annually.
While humanitarian assistance mostly consists of goods and services rather than actual cash, if the scale of assistance returned to the level last seen under Roh, it could have a positive impact on the North Korean economy. For reference, KIC was earning the regime around 90 million US dollars a year in wages and fees until its closing. The key issue would be how to ensure transparency in humanitarian assistance to North Korea by minimizing the possibility of aid diversion, as well as the monetization of supplied goods by the North Korean regime.

2. High-level channel of communication

Once rapport with the North Korean regime is restored, through the resumption of humanitarian assistance for instance, the Moon administration is likely to push for reopening a high-level channel of communication with Pyongyang, with an eye on a potential summit with Kim Jong-un\textsuperscript{x}. The inter-Korean summit is less of a crowning achievement for his policy of engagement than a necessary pre-requisite for the policy’s success. South Korea’s unilateral engagement efforts run a high risk of not being reciprocated by North Korea unless there is trust between the top leadership on both sides. And a \textit{tête-à-tête} with Kim Jong-un is believed to be the best way to ensure reciprocity from the regime.

Moon has stated in his media interview prior to his first presidential visit to the United States that he prefers having a meeting with Kim Jong-un sooner rather than later\textsuperscript{xii}. In fact, the impact of a top-level summit will be greater the sooner it takes place. Outcomes of the previous inter-Korean summits support this observation. The first inter-Korean summit between Kim Dae Jung and Kim Jong Il occurred in 2000, around midway through the South Korean president’s tenure, and it led to concrete results, such as improvement in US-North Korea relations\textsuperscript{xiii}, expanded inter-Korean trade, greater opening of North Korea to the outside world, and increased people-to-people exchanges. But the second inter-Korean summit between Roh Moo-hyun and Kim Jong Il took place only months before the end of Roh’s presidential term, and much of what was agreed to at the summit was soon rescinded by the succeeding conservative administration.

In contrast to his conservative predecessors, whose national security experts tended to prioritize the ROK-US alliance over inter-Korean relations, Moon has staffed his national security team with veterans of inter-Korean dialogue from the Roh Moo-hyun and Kim Dae Jung administrations\textsuperscript{xiv}. For instance, the
newly nominated head of the National Intelligence Service (NIS), Suh Hoon, was part of a small circle of officials who handled the back-channel negotiation for the inter-Korean summit between Roh and Kim Jong Il in 2007. Also part of the same circle was Cho Myung-kyun, who has been nominated as the Minister of Unification. Other notable personnel appointments are Suh Choo Suk as the Vice Minister of National Defense and Lee Sang Chul as the First Vice Chief of the National Security Office. Suh is a well-regarded defense analyst who as the Senior Secretary to the President for Security Policy under Roh Moo-hyun, was responsible for a more independent defense policy from the US. Lee is a veteran negotiator with North Korea, having participated in inter-Korean talks since 1991. The appointment of North Korea dialogue specialists to key national security positions demonstrates that engagement is now integral to South Korea’s national security and foreign policy along with the alliance with the United States.

3. **Regaining diplomatic initiative through multilateral framework**

Moon stated that multilateral diplomatic framework is the key component of his administration’s North Korea policy. He supports reviving the Six Party Talks, which has been moribund since 2009. Yet the circumstances around the multilateral framework for dialogue have changed dramatically since its suspension almost a decade ago. Multiple nuclear tests have taken place, and North Korea has repeatedly stated its refusal to return to talks so long as the aim is its denuclearization. Moreover, North Korea is unambiguous about its desire for bilateral talks with the United States to achieve nuclear state status.

So what is the incentive for South Korea to support the Six Party Talks despite North Korea’s refusal? The main benefit is to boost Moon’s engagement policy by 1) lowering the bar for negotiations, and 2) bringing the United States and North Korea together to the negotiation table. The US has been reticent about engaging North Korea in direct talks, fearing it would be perceived as bypassing South Korea on important security matters, as well as conceding North Korea an important political victory. A multilateral framework such as the Six Party Talks lowers the bar for US participation. Also, direct talks with North Korea can take place within the multilateral framework, thereby easing the US concerns about—and resistance against—negotiating directly with North Korea.

Moon proposes proceeding with North Korea’s denuclearization simultaneously with the signing of a peace treaty between the US and North Korea\(^\text{ix}\), which
would place the US alongside North Korea at the center of negotiations. These steps also echo the Chinese proposal for North Korea’s denuclearization, which according to China’s Foreign Minister, Wang Yi, consists of the United States and North Korea first agreeing to simultaneously suspend military exercises and nuclear/missile tests, followed by negotiations over a peace treaty and denuclearization. The same exact demand had been made by North Korea previously, when it offered to stop carrying out nuclear tests in exchange for the suspension of the joint military exercises by the US and South Korea. North Korea has recently repeated the same demand, which was interpreted by some as denoting North Korea’s willingness for return to talks. More controversially, a key presidential advisor, Moon Chung-in, remarked on the eve of the ROK-US summit that South Korea may consider scaling down the joint ROK-US exercise as well as the deployment of US strategic assets in exchange for North Korea’s suspension of nuclear and missile tests.

While China, North Korea, and now South Korea are gradually converging on a common set of preconditions for the talks, circumstances around the multilateral framework for dialogue have changed dramatically since its suspension almost a decade ago. While there are clear signals that talks are more likely than before, there is still significant gulf between North Korea and the rest of the regional players about how to restart it.

But what is essential is for Kim Jong-un to first dial down the provocations. If Kim fails to do so, South Korea’s policy towards North Korea cannot be appreciatively different from Moon’s conservative predecessors’, as Moon’s engagement initiatives would fail to take off. Therein lays the biggest challenge for Moon: the success of his engagement policy is predicated on Kim Jong-un’s willingness to stop the current rush to attain nuclear state status for his country.

4. A more independent national security policy

Moon’s policy of engagement towards North Korea is intimately related to how he is planning to address South Korea’s alliance with the United States in the medium to long run. The ROK-US alliance is a strategic linchpin for South Korea, but the progressives have long believed the alliance undermined South Korea’s stature vis-à-vis North Korea, which has deemed South Korea not the right counterpart for security and military dialogues. More recent motivation is South Korea’s increasing vulnerability to the US-China strategic competition in Asia, which has renewed the progressives’ impetus for charting a more
independent course for the country. A more independent national security policy is meant to not only reduce South Korea’s security dependence on the United States, but also increase the impact of engagement policy.

This thinking has manifested itself in the controversy over THAAD. The Moon administration has shown signs that it is still tentative about THAAD deployment. While the previous Park administration had agreed to fully deploy THAAD without delay, the Moon administration is considering asking the National Assembly for ratification, where there is significant opposition to THAAD. In addition, the South Korean government has announced plans for the environmental review of THAAD deployment, which is expected to take up to a year and could delay deployment completion accordingly.

The current delay with THAAD deployment, while not intended as reneging on South Korea’s commitment, is interpreted by Washington as a sign that the Moon administration does not share the same sense of urgency and threat that the United States has over North Korea’s nuclear and missile capabilities. Such a stance would not be out of line with the administration’s desire to shift the focus of inter-Korean relations from denuclearization to engagement, and in the process lessen South Korea’s exposure to the US-China strategic competition in the region. Yet this could come at the cost of major policy frictions with the United States, thereby negatively affecting Moon’s engagement initiatives.

But even more critically than the issue of THAAD, the Moon administration is pushing for the earlier return of wartime operational controls, or OPCON. Progressives have long regarded the OPCON transfer as a prime example of incomplete sovereignty and excessive reliance on the US, in contrast to the conservatives who approached it from deterrence and cost angles. It is also a job unfinished for Moon: the issue of wartime operational control has been controversial ever since peacetime operational control was returned to South Korea in 1994. The Roh Moo-hyun administration negotiated with the Bush administration for the return of wartime operational control, which was agreed to take place in 2012. But as with other Roh administration legacies, successive conservative administrations of Lee Myung-bak and Park Geun-hye canceled the transfer agreement by postponing OPCON transfer to 2020. Even that date would be postponed, as Park administration posited that South Korea would be ready to assume OPCON only upon the completion of “Kill Chain”, a preemptive strike capability, and KAMD (Korea Air and Missile Defense), an indigenous missile defense system. These would have pushed the tentative date
for OPCON transfer further back, as both are projected to be completed by 2022-23 at the earliest.\textsuperscript{xxii}

However, Moon is planning to accelerate the transfer process. His administration is considering relaxing the conditions for South Korea to assume wartime operational control: instead of waiting for the completion of KAMD and Kill Chain as outlined by the Park administration, Moon would declare the conditions fulfilled when South Korean forces reached “70~80%” completion of transfer requirements\textsuperscript{xxiii}. This implies that OPCON transfer could be finished by the early 20s, as opposed to mid-20s, as it had been projected earlier.

The current external environment also favors Moon’s plan. Trump has repeatedly declared that South Korea should do and spend more on its own defense, and Victor Cha of CSIS foresees Trump pushing for an earlier OPCON transfer.\textsuperscript{xxiv} Trump’s tendency to view the alliance as a transactional relationship could ironically ease the transfer process. And once the OPCON is firmly in South Korean hands, South Korea could operate more independently from the US militarily, which could raise the specter of political differences between the two allies spreading to the military dimension as well. Such a prospect could raise doubts about US intervention in the case of North Korean aggression, undermining South Korea’s deterrence posture vis-à-vis North Korea.\textsuperscript{xxv}

**Risks to Moon’s North Korea policy: reciprocity (or the lack thereof)**

Despite the sophisticated rationale and understanding of regional dynamics, Moon’s engagement policy is still predicated on North Korea’s reciprocity. But engaging Kim Jong-un on inter-Korean relations is likely to be very challenging, even without considering its negative ramification on the ROK-US alliance.

Kim Jong-un is a young leader in his early 30s who came of age when North Korea was undergoing economic collapse in the 90s. Having witnessed the precipitous decline of his country, Kim seems more interested in securing North Korea’s place in the global order and ensuring its survival with nuclear capability than advancing inter-Korean relations. As a third-generation North Korean leader and having been born well after the end of the Korean War, Kim Jong-un seems to harbor a certain disdain for inter-Korean bonhomie. This is evident from his behavior, such as his refusal to meet with the widow of former president Kim Dae Jung, Lee Hee-ho, when she visited Pyongyang in 2015. Given her stature among South Korean progressives and respect that her
husband commanded from his father, it was widely expected that Kim and Lee would meet. Yet having failed to turn up for Lee, Kim appeared in public to warmly welcome the vice president of Cuba, not anyone of note, just a month after Lee’s visit.

Kim has also undermined North Korea’s Unification Front Division, the counterpart to South Korea’s Ministry of Unification. Its former head and veteran negotiator Kim Yang-gun reportedly died in a traffic accident. Incredibly, Kim appointed Kim Young-chul as his replacement, a hardline general who is suspected of being the mastermind behind the sinking of Cheonan corvette and shelling of Yeonpyeong Island.

But the biggest obstacle to engagement is Kim Jong-un’s single minded pursuit of nuclear state status for North Korea. Starting with the fourth nuclear test in January 2016, Kim Jong-un has never wavered from this goal. With the sixth nuclear test and/or ICBM launch looming over the horizon, North Korea is entering the final phase of nuclear development. The acceleration of his provocations indicates Kim Jong-un intends to negotiate from a position of strength over North Korea’s nuclear state status. He is aware that once his country is engaged in negotiations with the United States, South Korea’s economic assistance is forthcoming regardless of the state of inter-Korean relations. This knowledge greatly diminishes North Korea’s incentive to reciprocate Moon’s engagement efforts.

Unilateral engagement policy also creates major risks for the ROK-US relations. If engagement efforts are not reciprocated by Kim Jong-un, South Korea would have alienated its closest ally without achieving tangible improvements on the nuclear front. And the rupture in the relationship would take place at a time when the US president is skeptical of alliances and free trade, which together form the backbone of South Korea’s prosperity and security.

Ironically, Kim is unlikely to engage South Korea in earnest until his quest for nuclear power status is frustrated and North Korea’s trade with China nosedives. The rapid ramp-up of provocations in recent years not only indicates mounting North Korean threat, but also Kim’s urgency to achieve his strategic goal of nuclear state status sooner rather than later. If the United States makes an ironclad commitment to deny him nuclear state status, Kim will be forced to explore other options to keep his regime viable. Until then, North Korea is unlikely to make better relations with South Korea the focus of its mainline external policy.
Conclusion:

Moon’s North Korea policy is a comprehensive policy centered on positive inter-Korean relations. While well meaning, the critical vulnerability of Moon’s policy is the fact that it is heavily conditioned on North Korea’s reciprocity for South Korea’s engagement efforts. Yet North Korea’s willingness to dial down provocations and engage in meaningful negotiations is not at all guaranteed. As a result, the desire to mitigate reciprocity risk could compel the Moon administration to engage in yet another risk: push for an early inter-Korean summit with Kim Jong-un. But taking such a step unilaterally would cause a serious policy rift with the United States.

Moon’s engagement policy also conflicts with North Korea’s strategic goal of achieving nuclear state status. Kim’s aim lies with securing his country’s place in the global order by acquiring nuclear power status and being recognized as such, and he believes this aim is best achieved through negotiations with the United States. Fomenting tension plays into Kim’s strategy of keeping the United States invested in resolving the current crisis. But engagement, if successful, would reduce tension and lessen the pressure on the United States to negotiate directly with North Korea.

Beyond the peninsula, the long-term impact of earlier return of wartime operational controls would lead to less reliance on the United States for national security, reduced exposure to great power competition in the region, and a less fettered engagement policy towards North Korea. But the trade-off would be increased defense spending with reduced deterrence posture at a time of heightened tension. Unless the Moon administration explicitly spells out its vision for the future of the ROK-US alliance, the OPCON transfer is highly likely to face opposition from within and without.

For Moon’s engagement policy to succeed, he should heed the lessons of the original practitioner of engagement, the Kim Dae Jung administration. The South Korean president’s first summit with the leader of North Korea did not take place in a vacuum. In a series of meetings from 1998 to 2001, the then US president, Bill Clinton, expressed support for South Korea’s Sunshine Policy, agreeing with the President Kim Dae Jung that engagement was the best option for peace on the peninsula. The close policy coordination between the two
allies ensured North Korea’s reciprocity and resulted in concrete progress in inter-Korean relations.

It is evident that Moon also aspires to reach a similar understanding with Trump in the upcoming summit, at least in regards to the primacy of diplomacy and engagement over military options. But unlike two decades ago, North Korea believes that its rapidly maturing nuclear capability allows it to bypass South Korea and have direct talks with the United States. The risk of North Korea not reciprocating South Korea’s engagement efforts is high. Only when North Korea’s current nuclear trajectory is pushed off track by firm international pressure will Kim Jong-un reach out to South Korea in a meaningful manner.

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i [http://www.hani.co.kr/arti/opinion/column/753961.html](http://www.hani.co.kr/arti/opinion/column/753961.html)

ii [http://ytn.co.kr/_ln/0101_201705241828249745](http://ytn.co.kr/_ln/0101_201705241828249745)


v South Korea’s diplomatic isolation and exclusion from US’ policy decisions regarding East Asia.

vi [http://www.huffingtonpost.kr/2015/08/16/story_n_7993452.html](http://www.huffingtonpost.kr/2015/08/16/story_n_7993452.html)

vii [http://theminjoo.kr/President/pledgeDetail.do?bd_seq=65856](http://theminjoo.kr/President/pledgeDetail.do?bd_seq=65856)


ix Recalculated using the current exchange rate (May 2017)


xiii Then-regime Number 2, Jo Myong-rok’s visited to the White House to meet with President Clinton, which was followed by the then Secretary of State Madeline Albright’s visit to Pyongyang two weeks later in October 2000.
During peacetime South Korean and US forces maintain two parallel and largely separate command and control structures. But when a major military crisis is imminent then the operational controls of the two forces are combined under US command, which is then called the Combined Forces Command (CFC).


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