



## **Dynamics in and around North Korea: Finally, business as usual**

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### **Executive Summary**

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- \* The dynamics in and around North Korea are finally settling into the anticipated long-term dynamics – focus on joint macro-economic development by the regional states and a growing rift with the US over the future, if not viability, of the denuclearization process.
- \* In late August 2018, Pyongyang felt sufficiently confident in the regional dynamics to refuse Washington's diktats to the point of near breakdown of the bilateral negotiations. Indeed, all regional states rallied behind Pyongyang, at least to some extent, thus rebuffing Washington.
- \* In retrospect, the cancellation of Pompeo's visit to Pyongyang might prove a watershed moment. The regional powers refocus their policies on integrating North Korea through mega-projects. There is a concurrently building pressure in South Korea to move fast on bilateral reconciliation while ignoring the US.
- \* Moreover, Russia is preparing to launch the Vostok-2018 military exercise on 11-15 September. It will be the largest military exercise ever and will see large participation of Chinese and Mongolian forces. Vostok-2018 will simulate regional defense against notional invasion and attacks by the US.

### **About ISPSW**

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The Institute for Strategic, Political, Security and Economic Consultancy (ISPSW) is a private institute for research and consultancy. The ISPSW is an objective, task-oriented and politically non-partisan institute.

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## Analysis

The dynamics in and around North Korea are finally settling into the anticipated long-term dynamics – focus on joint macro-economic development by the regional states and a growing rift with the US over the future, if not viability, of the denuclearization process.<sup>1</sup> In late August 2018, Pyongyang felt sufficiently confident in the regional dynamics to refuse Washington's diktats to the point of near breakdown of the bilateral negotiations. Indeed, all regional states rallied behind Pyongyang, at least to some extent, thus rebuffing Washington. Moreover, Russia is preparing to launch the Vostok-2018 military exercise on 11-15 September. It will be the largest military exercise ever and will see large participation of Chinese and Mongolian forces. Vostok-2018 will simulate regional defense against notional invasion and attacks by the US.

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Preparing for the next round of high-level talks with the US, that was to culminate in Secretary of State Mike Pompeo's visit, the upper-most leaders in Pyongyang gave up. The gap between their and the US interpretation of the understandings reached in Singapore became unbridgeable. Pyongyang is convinced that both leaders – Kim Jong-Un and Donald Trump – committed to a gradual reciprocal process where small-steps of denuclearization will be rewarded by gradual lifting of sanctions and provision of economic aid. North Korean senior officials point out that at the time of Singapore, the US assessment was that denuclearization will take 10-15 years to complete. In contrast, Washington presently demands unilateral and swift denuclearization – within a year, according to some senior Trump officials – accompanied by most intrusive inspections of the entire DPRK. Rather than give Pyongyang incentives to comply, Washington adds new sanctions rather than lift some. In the latest communications, US officials refused to hear the complaints of their North Korean counterparts.

Frustrated and despaired, Pyongyang quietly consulted with Beijing and Moscow, and, to a lesser extent, with Seoul. Beijing and Moscow, who were never enamored with the Singapore-process, agreed with the Pyongyang interpretation. They also assured Pyongyang that additional US sanctions will not affect the loosening of their own constraints on economic relations with the DPRK. Seoul also sided with Pyongyang – realizing that an open conflict between the US and the DPRK will ruin the RoK's own ability to reestablish close relations with the DPRK. Seoul also warned Washington of the widening gap over the crux of the denuclearization process and offered to mediate with Pyongyang - only to be sternly rebuffed.

On 24 August, the DPRK raised the issue publicly. Initially, Pyongyang issued an unsigned commentary in the low-key propaganda website *Uriminzokkiri*. The article opined that Pompeo's planned visit to Pyongyang "will be a wasted one" given the overall context of US policy. "It's a foolish idea if the US thinks our country would surrender by itself, like other countries who gave in to persistent American sanction pressure," the *Uriminzokkiri* commentary concluded.

Later that day, President Trump canceled Pompeo's visit. Earlier in the morning, Pompeo received a secret letter from Kim Yong-Chol, his counterpart in the negotiations process. US senior officials told *The Washington Post* and CNN that the letter warned that the denuclearization talks were "again at stake and may fall apart," and that Pyongyang now believed that this was because "the US is still not ready to meet [North Korean]

<sup>1</sup> For background, see: Yossef Bodansky, *Seoul Seizes the Initiative*, ISPSW Issue No. 569, August 2018; Yossef Bodansky, *After the Pyongyang Talks*, ISPSW Issue No. 561, July 2018; Yossef Bodansky, *The Trump-Kim Summit: What's Next?*, ISPSW Issue No. 560, July 2018; Yossef Bodansky, *The Korean Crisis: Kim's New Posture, and the US Position*, ISPSW Issue No. 509, September 2017; and Yossef Bodansky, *After the Era of the Kims?*, ISPSW Issue No. 481, April 2017



expectations in terms of taking a step forward to sign a peace treaty.” The letter was “sufficiently belligerent” for Trump to cancel Pompeo’s trip.

In a series of Tweets, Trump justified the cancellation by lack of denuclearization progress. Trump’s Tweets also blamed Beijing for the impasse. “Additionally, because of our much tougher Trading stance with China, I do not believe they are helping with the process of denuclearization as they once were,” Trump Tweeted. At the same time, the end of Trump’s Tweet left the door open for future contacts. “In the meantime I would like to send my warmest regards and respect to Chairman Kim. I look forward to seeing him soon!”

Pyongyang was even more frustrated. On 26 August, North Korea’s policy was articulated in a series of articles in all local media. First came editorials in the *Rodong Sinmun* that were later cited and elaborated on by the KCNA to give added weight. The delay in publishing the reaction means that there were consultations at the highest levels of government before issuing the public statements.

The Pyongyang media berated the Trump Administration for its “double-dealing” and “hatching a criminal plot” against the DPRK. The *Rodong Sinmun* reported on a US Special Forces long-range exercise as a reflection of the reemerging US military threat. The paper claimed that “the drill aimed at ‘the infiltration into Pyongyang’ in case of change of direction.” As such, the US drill “was extremely provocative and dangerous military moves [aimed] to mar the hard-won atmosphere of the peace on the Korean peninsula and the dialogue between the DPRK and the US and prevent the implementation of the Singapore DPRK-US Joint Statement.”

The *Rodong Sinmun* Editorial, the KCNA reiterated, “urged Washington to give up the ‘pointless military gamble’ and implement the Singapore agreement. North Korean leader Kim Jong-Un met with Donald Trump in Singapore in June. The two sides agreed to the denuclearization of the Korean Peninsula.” The KCNA emphasized the widening gap between the US and DPRK positions. “The North Korean leader has already told Trump that denuclearization depends on ceasing antagonism between the two nations, while the United States says tough sanctions will remain in place against Pyongyang until its complete denuclearization.”

The *Rodong Sinmun* Editorial concluded with grim prospects for resolving the current impasse. “Such [US] acts prove that the US is hatching a criminal plot to unleash a war against the DPRK and commit a crime which deserves merciless divine punishment in case the US fails in the scenario of the DPRK’s unjust and brigandish ‘denuclearization first’. We can not but take a serious note of the double-dealing attitudes of the US as it is busy staging secret drills involving man-killing special units while having a dialogue with a smile on its face. The US would be sadly mistaken if it thinks that it can browbeat someone through trite ‘gunboat diplomacy’ which it used to employ as an almighty weapon in the past and attain its sinister intention.” Pyongyang will not continue the denuclearization under Washington’s mounting threats because “North Korea has said its nuclear arsenal is a deterrent against potential aggression by the United States.”

Also on 26 August, the DPRK returned to celebrating Day of Songun (Military First Day) and to the rhetoric of the confrontation with the US. The significance of the development was explained in another Editorial of the *Rodong Sinmun*. “The Day of Songun is a significant day to last forever in the history of the founding of the Korean revolutionary armed forces and in the history of the country,” the Editorial asserted. “Leader Kim Jong-Il ... put forward single-minded unity as the most powerful weapon, lifeline of Korean-style socialism during the whole course of his Songun revolutionary leadership and put his heart and soul into cementing the ideological and volitional unity of the Party, army and people.” In view of current circumstances, Kim Jong-Un



rightly elected to further accelerate the implementation of the tenets of the Songun policy. “Today the revolutionary career and immortal revolutionary exploits of Kim Jong-Il shine to the full thanks to the respected Supreme Leader Kim Jong-Un. Our army and people have confidence in a rosy future of Juche Korea under the veteran and experienced leadership of Kim Jong-Un. Only victory and glory are always in store for the road ahead of the Juche revolution advancing on the basis of the great idea and exploits.”

Meanwhile, Beijing went apoplectic about Trump’s accusations. On 25 August, Chinese Foreign Ministry spokesman Lu Kang expressed “serious concern” that Trump’s Tweet “partly blamed China for a lack of progress in denuclearization talks.” The US claim was not based on facts and was “irresponsible”, Lu Kang stated. “We are seriously concerned and have made solemn representations to the US side,” he added. “All related parties should stick to the path of political settlement ... and show more sincerity and flexibility rather than being unpredictable and passing the buck to others.” Beijing “urged all parties” to refrain from “flip-flopping and shifting blame to others.” Beijing will continue to support a genuine quest for peace and stability in the Korean Peninsula. Toward this end, “China will keep in close contact with all relevant parties and continue to play a positive role in realizing denuclearization of the Korean Peninsula and enduring stability in East Asia,” Lu Kang concluded.

On 26 August, an Editorial in *The Global Times* elaborated on Beijing’s reading of the situation. Beijing is convinced it is “absurd to link trade with denuclearization” the way Washington does. “Obviously, the US is shifting the blame to others. Washington should bear the main responsibility for the stalemate in talks with North Korea. After the summit between Trump and North Korean leader Kim Jong-Un in June, Pyongyang showed sincerity by demolishing its Punggye-ri nuclear test site, dismantling missile facilities and returning the remains of US soldiers killed during the Korean War. However, Washington did not make corresponding moves but kept threatening Pyongyang with unilateral sanctions.”

Having failed to coerce North Korea into abiding by the US illogical demands, *The Global Times* explained, the Trump Administration is trying to blame others for its major failure. “It seems that the White House has found a good excuse. By linking denuclearization of the Korean Peninsula with China’s firm countermeasures against the trade war, the White House can not only ease the skepticism within the US about the outcome of the Trump-Kim summit, but also counter the rising criticism of its trade policy. Nonetheless, this reveals that the White House has no sincerity on the issue of denuclearization.”

Beijing has growing doubts about Washington’s genuine commitment to defusing the crisis on the Korean Peninsula. “Whenever a breakthrough on the peninsula issue is almost in sight, there is a setback when the US acts of its own will. When it needs to show sincerity, the White House displays a positive posture. When real policy changes are needed, it goes back to the starting point of its North Korea policy: pressuring North Korean security, the issue Pyongyang most values. But this time, the White House is trying to make China take the blame.” *The Global Times* warned that this will not work this time or anymore. “China has been facilitating talks between the US and North Korea. Without China’s support, the two could not have been where they are today. China is willing to continue to play this role and lay the foundation for denuclearization. But Washington should realize that it is impossible for China to do what it used to when the US acts preemptorily against China on trade issues.”

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In retrospect, the cancellation of Pompeo’s visit to Pyongyang might prove a watershed moment. The self-



imposed constraints of regional powers on account of US policy and priorities have begun to evaporate. The regional powers, led by Beijing and Moscow, refocus their policies on a more pragmatic assessment of a nuclear North Korea being defused and integrated through economic, transportation and energy mega-projects.

According to Chinese experts in Shanghai, the PRC prefers to maintain the status quo where the DPRK remains under their influence. “Reunification, the long-held Korean dream, is already unviable,” they explain. The huge economic-technological gap between North and South Korea must be bridged gradually while simultaneously reducing the North Korean fears of external aggression against the Kim dynasty. While China will be crucial to shepherding such a process – South Korea is the key and crucial partner of North Korea. Therefore, both Seoul and Pyongyang should focus on a bilateral peace deal while putting aside US pressure and the denuclearization issue. Only the confidence provided by such a peace agreement “would give North Korea the chance to become self-sustaining and begin the long process of catching up economically.” The Chinese experts accept that such a peace deal will postpone reunification for a long time – but are convinced that the interim inter-Korean stability will become irreversible.

There is a concurrently building pressure in South Korea to move fast on bilateral reconciliation while ignoring the US. In late August, official Seoul noted that President Moon Jae-In’s approval rating fell to the lowest point since his inauguration. Polls by both the media and the Blue House confirmed that the primary reason for the drop is that Moon is not implementing the Panmunjom agreement fast enough and instead is succumbing to Trump’s pressure. Blue House senior officials concurred that “the recent fall in the approval rating of South Korea’s leadership has been caused by its failure to faithfully carry out the Panmunjom Declaration signed at April’s inter-Korean summit to promote peace and prosperity on the Korean Peninsula.” Significantly, the North Korean media picked up on the reports from Seoul and stressed the urgent imperative to put the bilateral inter-Korean relations and cooperation on track.

Indeed, on 27 August, the Blue House announced that Moon Jae-In’s plans for a September inter-Korean summit in Pyongyang would continue unaffected by the cancellation of Pompeo’s visit and the ensuing tension with Washington. “We did have hopes for Secretary Pompeo’s North Korea visit, but unfortunately it did not happen,” Blue House spokesperson Kim Eui-Kyum said. “We got the sense that shifting the paradigm on Korean Peninsula issues is a tremendously difficult task,” he added, and consequently “President Moon Jae-In’s role has grown. ... The objective situation is one in which President Moon now has a greater role as catalyst and mediator in breaking through the impasse and broadening the scope of understanding amid the strain in North Korea-US relations.” Therefore, the inter-Korean summit would “be pursued without setbacks.” Kim Eui-Kyum hinted that Washington will not be able to affect Seoul’s resolve and commitment. “The current is not going to stop, as it is evident that progress in inter-Korean relations is helpful in denuclearization and the establishment of peace on the Korean Peninsula.”

Just how profound the emerging gap between Seoul and Washington became clear on 29 August during internal deliberations about Moon’s next steps. Moon’s growing frustration with the US was aggravated the day before when Trump’s Washington – hiding behind the UN Command – refused to grant permission for a South Korean train to travel to Sinuiju for a joint inter-Korean inspection of the railway conditions in the DPRK. No concrete reason behind the refusal was offered. (On 31 August, Moon decreed that the UN Command has no mandate over the survey and that the inter-Korean cooperation on railways will be conducted as originally planned. The US continues to insist RoK trains must not cross the DMZ.)



Suh Hoon, the Director of the National Intelligence Service, sided with Pyongyang over the cancellation of Pompeo's visit. "The US is asking [North Korea] to present a denuclearization list first, and North Korea wants to have a war-ending declaration first," senior intelligence officials explained. One cannot expect a country to give up on its deterrence while the state of war continues and the other side adamantly refuses to cancel it, they added. Unlike the US, the RoK is not expecting complete denuclearization in the foreseeable future. Suh Hoon said Seoul is "setting the first goal at 60 rather than 100 percent" denuclearization.

Regarding the announcement by US Secretary of Defense that the US will end the suspension of US-RoK military exercises, Minister of National Defense Song Young-Moo responded tersely that all these exercises take place on South Korean territory, involve the South Korean Armed Forces, and thus require the pre-approval by the South Korean Government. This, he stated, has not been given and will require lengthy deliberations given the overall situation on the Korean Peninsula. (Song Young-Moo was replaced by Jeong Kyeong-Doo on 30 August over an unrelated issue.)

Senior officials from the Unification Ministry announced the increase of the inter-Korean cooperation fund by 14.4% to 1.1 trillion won [~\$1billion] next year. The largest increase will go to "inter-Korean economic cooperation businesses such as modernization of railways and roads in North Korea as well as establishment of a foundation for the Kaesong Industrial Complex." As well, Seoul and Pyongyang continue to discuss "when to open their promised joint liaison office" independent of the denuclearization talks. On 30 August, the RoK's central and 17 local governments met with Moon at the Blue House and vowed to jointly expand their economic cooperation with the DPRK. "While noting the need for a new economic plan for the Korean Peninsula based on peace and cooperation between the South and the North, [we] actively pursue South-North cooperation projects that best fit the conditions of each region," the leaders' joint statement read.

Pyongyang immediately cheered Seoul's resolute position with an Editorial by the KCNA published on 29 August. "The thorough implementation of the historic Panmunjom declaration is the unanimous desire and firm will of the Korean nation." Seoul must not succumb to pressure to permit Washington's priorities to dominate relations with Pyongyang. "The north and the south should trust and take care of each other and make joint efforts to ensure the prompt implementation of the Panmunjom declaration reflecting the unanimous desire of the entire Korean nation. No matter how the surrounding environment and situation may change, we have to firmly maintain the principle of national independence and open up the epochal phase for the improvement and development of the north-south ties." All South and North Koreans, including the leaders, must remain "aware of the mission and obligation before the nation to end the history of division and confrontation and open up a new era of peace and reunification."

Subsequently, an Editorial in the *Rodong Sinmun* reiterated the point more explicitly. "We need to urge the implementation of the historic Panmunjom Declaration if we are to keep pursuing the current political tide heading toward reconciliation and reunification. The North and South must combine the will of our people and solve the problems involving reunification by ourselves without relying on outside powers."

Ultimately, the greatest dread in the region is the possible US reaction to the fading prospects of denuclearization and the shielding of North Korea by a new regional macro-economic posture. Russian expert Andrei Lankov summed up the emerging new regional dynamics. "The threat of war has not necessarily been removed from the Korean peninsula – it has likely been merely postponed. One thing should be clear: denuclearization is not going to happen. The North Korean leadership has no intention of surrendering their nuclear weapons, and their major goal now is to outwait Donald Trump, who they see as dangerous and



trigger-happy.” The huge question on everybody’s mind, is therefore, will the region be able to outwait Trump? or will the frustrated US return to the policy of maximum pressure and threat of war?

Russia and its allies are not taking chances. Between 11 and 15 September, Russia will conduct the Vostok-2018 TVD-level (Theater of Military Operations) military exercise in the Trans-Baikal area. According to the Russian Ministry of Defense, “262,000 soldiers, 1,077 aircraft, up to 900 tanks, over 31,000 items of military equipment and 300 ships are taking part in the five-day drills.” Significantly, China will be sending a Regiment-level combat force to participate in Vostok-2018. The Chinese Defense Ministry announced that the exercise “would involve about 3,200 Chinese military personnel, more than 900 pieces of weapons, as well as 30 helicopters and fixed-wing aircraft.” Mongolia will also deploy a sizeable force as part of Vostok-2018.

The Vostok-2018 is described by Russian senior defense officials as a dress rehearsal of the future war in Northeast Asia. Preferably, such a war will remain non-nuclear – but the participating forces are capable of escalating if so ordered. The decision to conduct such a politically and militarily significant exercise reflects the dread in the Kremlin and among allies that, pushed to the corner, the US “might do the irrational thing” by which “an invasion of North Korea will inevitably escalate into a regional, even global, conflagration”. The Kremlin wants both to test the preparedness of Russia, China and their allies to cope with such a challenge, as well as deter the US from doing anything so reckless.

And, Russian military historians and senior officials remind, The American Expeditionary Force, Siberia (AEF in Siberia), under the command of Major General William Graves, fought in the Vladivostok area from 1918 to 1920. The AEF in Siberia led a large coalition force in an effort to prevent by force the nascent Soviet Union from reaching the Pacific Ocean. Given the current anti-Russia hysteria in the US, and given the viable threat to the US strategic-economic posture in the entire Far East, it is only prudent to prepare for an irrational US reaction and escalation, argue Russian officials.

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**Remarks:** Opinions expressed in this contribution are those of the author.



### About the Author of this Issue

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Yossef Bodansky has been the Director of Research at the International Strategic Studies Association [ISSA], as well as a Senior Editor for the *Defense & Foreign Affairs* group of publications, since 1983. He was the Director of the Congressional Task Force on Terrorism and Unconventional Warfare at the U.S. House of Representatives between 1988 and 2004, and stayed on as a special adviser to Congress till January 2009. In the mid-1980s, he acted as a senior consultant for the U.S. Department of Defense and the Department of State.

He is the author of eleven books – including *Bin Laden: The Man Who Declared War on America* (*New York Times* No. 1 Bestseller & *Washington Post* No. 1 Bestseller), *The Secret History of the Iraq War* (*New York Times* Bestseller & *Foreign Affairs Magazine* Bestseller), and *Chechen Jihad: Al Qaeda's Training Ground and the Next Wave of Terror* – and hundreds of articles, book chapters and Congressional reports.

Mr Bodansky is a Director at the Prague Society for International Cooperation, and serves on the Board of the Global Panel Foundation and several other institutions worldwide.



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