

# Sanctions' Role in Dealing with the North Korean Problem

JOSEPH M. DETHOMAS

JANUARY 2016



NORTH KOREA'S  
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## SANCTIONS' ROLE IN DEALING WITH THE NORTH KOREAN PROBLEM

### Introduction

For almost a decade, sanctions have been the principal coercive instrument available to the United States and the international community in trying to deal with North Korea's nuclear weapons and long-range ballistic missile programs. As bilateral and multilateral negotiating tracks with the DPRK have withered, sanctions that were initially crafted to slow North Korean proliferation programs and steer Pyongyang toward a negotiated reversal of those programs now seem untethered from overall policy. Given the evolution of North Korean policy and the status of its proliferation programs, the current sanctions are inappropriate and overmatched. This is not to say sanctions have no role in dealing with the issue, but rather they must be put into the service of an overall strategy relevant to the realities of the region, particularly since, given the steady increase in the DPRK's nuclear capabilities, the next decade could lead to severe effects on vital US interests.

### Sanctions Today: Hammers Without Nails

Since the Democratic People's Republic of Korea (DPRK or North Korea) conducted its first nuclear test in October 2006, sanctions have been the principal coercive tool available to the United States and the international community to press Pyongyang to reverse course. The negotiation and passage of a series of United Nations (UN) Security Council resolutions between 2006 and 2013 were no small accomplishments. And the evolution and sharpening of the sanctions effort in successive resolutions and presidential statements are a credit to the governments that took the lead in the effort.<sup>1</sup>

Similarly, the United States government has demonstrated for an even longer time considerable persistence and creativity in creating sanctions pressure on Pyongyang. These national measures have occurred despite the fact that the United States had seemingly expended most of its economic leverage through a Korean War vintage set of economic embargos long ago. The United States managed to adapt its non-proliferation legislation, regulations, and operational capability in order to interdict illicit arms shipments and reduce North Korean export earnings in this field. In particular, it put into play new financial tools that had been developed for counterterrorism purposes post-September 11, 2001, in order to have a surprisingly large impact

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<sup>1</sup> For an analysis of the sharpening of sanctions in successive resolutions and presidential statements, see Jina Kim, "UN Sanctions as an Instrument of Coercive Diplomacy against North Korea," *Korean Journal of Defense Analysis* 26, no. 3 (September 2014): 319–21.

on North Korean international financial flows.<sup>2</sup> The UN, US and other national sanctions have increased the costs to Pyongyang of its proliferation programs; they have punished North Korean and third-country brokers and financial enablers of those programs; and they have sent a signal to other potential proliferators that sanctions would impose real costs on them if they followed North Korea's example.

But no one can argue that the sanctions have been successful in preventing North Korea's nuclear future; this has been outlined in previous papers in *38 North's North Korea's Nuclear Futures Series*. It is not a matter of whether sanctions have operated effectively or whether all UN member states have fully implemented their obligations under the resolutions. Nor is it a matter of whether every sanctionable entity in the DPRK or elsewhere has been designated. Clearly, sanctions could have been more fully enforced, but this is not the core issue. This is not primarily a failure of will or execution by either the US administration or the international community as a whole.<sup>3</sup> Rather, it is because the sanctions are not appropriate to the size of the policy objective they are supposed to achieve.

Whatever the case was 10 or 20 years ago, it is clear in 2015 that Pyongyang was pursuing a grand strategy that included reliance on nuclear weapons as reflected in the assertion of nuclear weapons status in the DPRK's constitution and the enunciation of the *byungjin* policy of parallel development of the national economy and a nuclear deterrent. It has committed significant resources to producing fissile material, testing nuclear weapons, fielding ballistic missile delivery systems, testing other possible delivery systems, creating a military command structure for nuclear forces, and enunciating a nuclear weapons doctrine.<sup>4</sup>

No country has taken so many steps down the nuclear weapons path and stepped back except for South Africa in the context of a fundamental shift in the nature of its society and its political architecture. While the regime in Pyongyang is capable of remarkable strategic gymnastics when the top leadership is so motivated, it would take a great deal more impetus than current sanctions to effect a strategic shift of such magnitude.

Moreover, the sanctions currently in place are not designed for such a heavy strategic burden. The basic strategic assumption behind the sanctions was that a marginal negative shift in the balance of costs of the North Korean nuclear program compared with what Pyongyang could gain from negotiating it away would be sufficient to compel a change in North Korean nuclear policy. Thus, sanctions were targeted rather than being general in nature.

The post-test sanctions imposed by the UN Security Council were primarily intended to increase the economic and political costs of the nuclear and missile programs and key elements of the regime as well as to impede access to outside assistance or financing for the nuclear and missile

<sup>2</sup> Juan C. Zarate, "Harnessing the Financial Furies: Smart Financial Power and National Security," *Washington Quarterly* 32, no. 4 (October 2009): 49–51.

<sup>3</sup> For a less charitable view of sanctions implementation, see Claudia Rosett, "The Unbearable Lightness of UN Sanctions on North Korea," *Forbes.com*, October 30, 2015, <http://www.forbes.com/sites/claudiarosett/2015/10/30/the-unbearable-lightness-of-un-sanctions-on-north-korea/>.

<sup>4</sup> Joseph S. Bermudez Jr., "North Korea's Development of a Nuclear Weapons Strategy," US-Korea Institute at SAIS, August 2015; Shane Smith, "North Korea's Evolving Nuclear Strategy," US-Korea Institute at SAIS, August 2015.

programs. In addition, certain US sanctions were intended to halt illicit DPRK activities and to preserve the global financial system from contamination by those illicit activities. While those US financial actions had second-order effects on the broader DPRK international financial sector, the sanctions were never broad enough or powerful enough to be regime threatening.

First, only full Chinese commitment to strong sanctions on key economic lifelines of the North Korean economy could promise such an effect, and a willing Chinese commitment to such steps is unlikely. If mishandled, coerced Chinese cooperation through secondary US sanctions is a highly risky enterprise with serious implications for global economic security. But if the North Korean program is fundamental to its national strategy, only sanctions seen as regime threatening may be sufficient to compel policy change.

Second, both the nature of the DPRK proliferation programs and the outside world's knowledge of their sources of technology and financing limited the impact of the targeted sanctions. The United States and other countries could cause delays, create financial discomfort and harass the North Korean efforts, but halting programs that are still largely opaque to Western intelligence and not heavily reliant on outside support through sanctions enforcement was never in the cards.

Third, the fundamental assumption behind the internationally accepted sanctions approach was the existence of a diplomatic track in which the DPRK could bargain away at least some aspects of its strategic programs in return for other political, economic and security objectives it wished to obtain from the participants of the Six Party Talks (the United States, Japan, Russia and China in addition to the ROK and DPRK). Using sanctions to slow the North Korean program and to increase its costs made sense if a diplomatic solution was at least a medium-term prospect. But since the collapse of the 2012 Leap Day deal, the negotiating track has been moribund. Even if Washington could now be persuaded to risk another attempt at reviving the process, Pyongyang's programs are creating a reality far removed from that goal.

The current sanctions regime for North Korea, therefore, is the diplomatic equivalent of a hammer without nails. Without the necessary supporting elements, a hammer can make noise and even do damage, but it cannot do much constructive work. This is not to say sanctions are useless. They clearly have a role in delegitimizing the North Korean nuclear and missile programs and in denying them outside assistance. They also provide mechanisms to help cope with outward proliferation from North Korea. They just cannot be the sole tool used to cope with a new strategic context—one in which North Korea is deeply wedded to a nuclear deterrent strategy. Unless a means were to be found to persuade China to be far more enthusiastic about upping sanctions pressure on Pyongyang, a new role for sanctions has to be developed for a new strategic context.

### **The Strategic Context**

Previous papers in the North Korea's Nuclear Future Series have outlined the strategic context with regard to Pyongyang's capabilities and its probable intent. North Korea's nuclear and missile capabilities will grow,<sup>5</sup> and it intends to use those capabilities at minimum to achieve

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<sup>5</sup> See Joel S. Wit and Sun Young Ahn, "North Korea's Nuclear Futures: Technology and Strategy," US-Korea Institute at SAIS, February 2015.

assured strategic deterrence against potential attackers and possibly pursue higher cost and higher risk nuclear war fighting strategies.<sup>6</sup> The central strategic fact that will confront those wishing to deal with this issue over the next five years is that the DPRK will be walking down the always dangerous path of fielding a strategic nuclear force in an already heavily nuclearized and militarized environment. Because it does not yet have a capability to strike the United States with its nuclear forces, Pyongyang will probably feel that its ability to deter the US is not foolproof during the next few years. This could be a period of risk.

Historically, the first result of the introduction of nuclear weapons by a strategically weaker party has not been stability; it has been a spike in adventurism and in the possibility of nuclear war. Both the weaker and stronger parties can be prone to this syndrome. This was the case with Nikita Khrushchev's bombast and risk taking as the Soviet premier fielded his fledgling intercontinental ballistic missile (ICBM) force in the late 1950s and 1960s only to face annihilation when the Kennedy administration reacted to his ill-conceived effort to deter a potential American invasion of Cuba by covertly introducing nuclear-armed missiles there. It nearly was the case when China fielded its nuclear forces. The United States proposed a preemptive attack on Chinese nuclear capabilities to the Soviet Union in 1963; it also seriously considered providing India with nuclear weapons to counterbalance China.<sup>7</sup> While the Soviets rejected Washington's feelers about preempting the Chinese nuclear program as its border dispute with the People's Republic of China (PRC) heated up in 1969, it made a very serious proposal to Washington to attack Chinese nuclear facilities. The proposal was quickly rejected.<sup>8</sup>

Recent efforts to introduce nuclear deterrence into tense environments have been similarly risky. The initial aftermath of the 1998 nuclear tests by both India and Pakistan was a sharp increase in confrontation. Pakistan initiated a military confrontation at Kargil in 1999, which was seen by many experts in and out of the US government as being responsible for two terrorist attacks that brought India and Pakistan to the brink of war in 2002. In both cases, nuclear threats were made quite explicit. It is likely that US intervention was instrumental in preventing one or both of those crises from erupting into general war between the two countries. Whether Saddam Hussein's nearly suicidal attempt to deter Iran with phantom weapons of mass destruction was a major factor in the US decision to invade Iraq in 2003 is probably a matter of conjecture, but it certainly did little to stabilize a deeply unstable situation.

There is logic to this. New entries in the nuclear arena are almost always vulnerable entities. Appearing to be less than serene and more than willing to pull the trigger in order to create doubt in the mind of a strategically superior opponent is consistent with the theory of deterrence as well as its practice.<sup>9</sup> Pyongyang has decades of experience with this method of deterrence, although the North also has considerable experience in "dancing on the edge" of crisis and pulling back from the brink in time. That skill in managing crisis could continue. But it is also not

<sup>6</sup> Bermudez, 12–15; Smith, 9, 14–19.

<sup>7</sup> Francis J. Gavin, *Nuclear Statecraft: History and Strategy in America's Atomic Age* (Ithaca, NY: Cornell University Press, 2012), 78; George Perkovich, *India's Nuclear Bomb: The Impact on Global Proliferation* (Oakland, University of California Press, 1999), 90–93.

<sup>8</sup> Lorenz M. Luthi, "Restoring Chaos to History: Sino-Soviet-American Relations, 1969," *China Quarterly* 210 (June 2012): 390–91.

<sup>9</sup> Thomas C. Schelling, *Arms and Influence* (New Haven, CT: Yale University Press, 2008), 36–43.

impossible to imagine that the DPRK will be even freer with nuclear threats and perhaps even more provocative in its behavior as it fleshes out a deterrent force. If that proves to be the case, a provocation involving nuclear weapons could draw reactions vastly different than there have been to incidents involving a few landmines, artillery shells or torpedoes.

One additional component seems to coincide with the early stages of creation of a nuclear deterrent: outward proliferation. The United States, USSR, China, France, Israel and Pakistan all flirted with and in many cases consummated arrangements with other nations interested in acquiring nuclear weapons. To be sure, with the exception of Pakistan, all of these flirtations were in a different era before the nonproliferation regime was fully formed. But given the case of the al-Kibar reactor in Syria, Pyongyang's contempt for the Nuclear Non-proliferation Treaty (NPT), and the regime's long history of profiting from sales of surplus strategic goods and weapons once its own needs are met, the possibility of a North Korean role in the sale of a nuclear weapon or a large quantity of weapons-grade fissile material to another government or a terrorist group is likely to become more probable rather than less. This is especially the case if the regime believes its own strategic programs can shield it from a US response.

On the other side of the equation, a strategic consensus on how to proceed with North Korea does not seem more likely today than it has been over the past decade. While Washington continues to press Beijing to take a tough line and there is no love lost between the Chinese and North Korean leaderships, it seems unlikely that China will acquiesce in, let alone press for, sanctions or other steps that would destabilize Kim Jong Un's regime. Nevertheless, Washington's continued dialogue with the PRC leadership remains vital if only because there may come a more difficult time in the North Korean nuclear future when Beijing is looking for more far-reaching options.

The ROK and Japan clearly are prepared to put some pressure on the DPRK, but it is hard to predict how they will respond to a much more explicit nuclear weapons-based North Korean diplomacy and strategy. Denial of this unpleasant reality is very likely to be a first response. As the United States considers how it will respond to this North Korean strategy, it will have to consult closely with these parties. The US should not be surprised to discover that there might be severe differences in perspective. One obvious reason for this gap will be that, unlike the United States, Seoul and Tokyo are vulnerable today to a North Korean nuclear attack should deterrence fail.

A final element of strategic context is that diplomacy is not impossible in this new environment, but it is going to take a great deal of flexibility and creativity to come up with an agenda and format that can be productive. In particular, Washington will have to find a way to look at the harder realities of nuclear deterrence on the Korean peninsula while simultaneously seeking to open a channel in which to deal with those realities diplomatically.

In reality, the prospect of true denuclearization is very unlikely. Diplomatically, however, it is likely that the US, ROK, Japan and China will wish to keep the corpse of the objective propped up indefinitely. It is too important politically and in terms of global and regional nonproliferation objectives for those parties to drop it. But if the negotiating parties fall into zombie diplomacy (that is, the pursuit of long-dead, unachievable objectives at the expense of important interim goals), it will be difficult to revive a diplomatic track.

As the Korean peninsula enters into a period of significant nuclear danger, it is more important than ever to find means to limit the threat, to communicate strategic redlines and to flag steps that any of the parties might find so threatening as to cause war. Finding a forum, format and agenda that will permit the parties to constrain nuclear developments on the peninsula without giving up on the ultimate objective of denuclearization should be the first task before the Six Parties or any other group formed for the purpose of reviving a diplomatic track.

## **The Response**

This new strategic reality requires a new policy. While sanctions have become a rote response to any North Korean action, it is time for a fundamental rethinking of this approach. The first item to consider is the objectives of the United States and other interested governments, then to discuss what instruments are available to permit them to achieve those objectives. It is only through such a process that the role sanctions should play going forward can be determined. It is a process that the US government has not pursued seriously for at least five years. Since this paper is designed primarily to focus on the sanctions component of a future policy, elements of a strategic response will be mentioned only cursorily and will be left to others who are better placed and more qualified to consider it in detail.

### *Possible Objectives*

1. *Regime change.* The most extreme, ambitious and risky end would be eliminating the problem by eliminating the Kim regime. While not impossible to imagine this scenario either militarily or by means short of war, it is, however, not feasible to implement on any level—militarily, politically, economically or diplomatically—at a cost that any rational leadership in Seoul, Washington, Tokyo or Beijing would consider today. It is not that the North Korean state is impossible to kill; it is simply too expensive in military, monetary and human terms given what the parties would gain.
2. *Deterring the worst.* However, regime-ending methods need to be considered in order to support more modest ends. North Korea's choice for nuclear deterrence as a core national security doctrine raises the risks to the US and its allies if peace cannot be maintained on the peninsula. Pyongyang will need to understand that regime elimination could be the US response to certain highly threatening steps it takes. Regime elimination is not a new reality on the peninsula. For many years, US conventional war plans have had the military defeat and occupation of North Korea as their objective should deterrence fail. Pyongyang is well aware of this. But, as North Korea builds out its nuclear forces, new actions could be seen as so threatening to US, allied or even Chinese vital interests as to merit such a draconian response. Among the steps that might merit such a reaction would be the transfer of nuclear weapons to terrorists or any use of nuclear weapons, even in some sort of limited scenario (for example, use of a tactical weapon against a US or ROK ship). At the same time, the means to regime ending would have to be reconsidered in a nuclear environment. Sanctions could play a role here.
3. *Deterrence on terms favorable to the United States and its allies.* The United States in particular will need to consider how to achieve this objective before it pursues any of the other components of a North Korea strategy. What military steps will best ensure peace

in the new nuclear environment? What steps either prevent North Korean use of nuclear weapons or defeat the DPRK with the least damage to the United States and its allies if they do use nuclear weapons? How will those steps be received not only by Pyongyang but also by Seoul, Tokyo and Beijing? Sanctions have a very small role to play here. First and foremost, the US administration will need to get back into the habit of thinking about nuclear deterrence, a topic for which it has no appetite and for which much of the expertise has long since departed government. Given the Obama administration's laudable efforts to deemphasize nuclear weapons in US national security policy, this is a sad moment. However, nuclear war must be put back on the menu if Kim Jong Un is ever to learn the hard facts about the choices he has made.

While it relearns the subject, the United States will have to unlearn many of the lessons it gained from the Cold War. North Korea is not the USSR, and it never will be. Even if the DPRK achieves the most optimistic levels of nuclear capability described in the Nuclear Futures papers, it will be a weak nation with primitive strategic forces and even more primitive early warning and command and control capabilities. The lessons of mutually assured destruction may not apply to North Korea. Any serious application of US strategic war fighting capability will result in unilateral assured destruction for North Korea. As with the conventional situation on the peninsula, this does not make the cost of war palatable, but it does make certain how a war would end. A deadly serious effort to think about the unthinkable of nuclear war on the peninsula could well result in the creation of a mix of weapons deployment and doctrine that could greatly reduce the cost of war to the United States and its allies and make strategic deterrence appear far less attractive to Pyongyang. This is, however, a two-edged sword. It will take great skill and care to ensure that this sort of military planning and related diplomacy does not force Pyongyang into panicked precipitate action, create a dynamic that impels the DPRK to increase its nuclear efforts, or cause a backlash among US allies or the Chinese.

4. *Containing the program.* Short of denuclearization, North Korea could take a number of steps to contain its program. The most obvious would be capping the program in terms of overall size, capability, or both. In theory, this could be a rich area for a diplomatic track to pursue. Ideally the process could resemble the P5+1 negotiations with Iran in which China, France, Russia, the United Kingdom and the United States plus Germany, traded sanctions relief for specific steps by Iran to cut back its nuclear program. Among the limiting steps that might merit sanctions relief could be a nuclear test moratorium; a ban or constraints on long-range missile testing; caps on fissile material production; and limitations on types of delivery means (for example, halting development of sea-based or tactical systems).

However, a number of obstacles exist. Most of the mechanisms for capping nuclear programs that other nuclear powers have taken could be antithetical to a closed regime like North Korea since they would require inspections. Given Pyongyang's past behavior, steps that it could take to cap the program (such as limiting fissile material production) would not be believed in the West absent of verification. Beyond the obvious reluctance of anyone in Washington to be exposed to another round of charges of being duped by Pyongyang, this approach will, at best, leave denuclearization to a distant and undefined

future time. It will be difficult to pursue this path without giving North Korea what it wants—diplomatic treatment as a nuclear weapons state with status equal to that of the recognized nuclear powers. In short, trading existing sanctions for something valuable has some theoretical appeal, but it comes with downsides.

What about using sanctions to create firebreaks in North Korea's nuclear development? Are there sanctions that can be threatened that would be sufficient to enforce constraint? It seems unlikely that threatening new sanctions will be able to contribute much to achieving this objective. After all, they have failed in deterring North Korean nuclear and missile testing and its resumption of plutonium production. One area where sanctions may play a role is in the creation of a cap on the development of a reliable ICBM warhead and possibly of militarily useful ICBMs. Such an outcome would be one objective for negotiations. But, certain sanctions options could assist in establishing the beginnings of a deterrent strategy to halt it, particularly if diplomacy were not in the cards.

5. *Establishing nuclear rules of the road.* It could be argued that the single most important lesson the superpowers learned during the Cold War was that, in the absence of clear and direct communication, they were unable to predict how the other side would perceive the actions they took in the realm of nuclear weapons. Steps that one side believed were stabilizing or that redressed a gap in deterrence were seen instead by the other side as efforts to create dangerous unilateral advantages. One side's defensive moves were perceived as offensive by the other. The two sides developed the habit of communication through arms control talks and other confidence-building channels over decades that reduced—albeit never eliminating—the tendency to misperceive and overreact. A sad alternative dynamic to that of the US and USSR is seen in South Asia where the two sides seem unable to establish mechanisms to reduce nuclear suspicions and worst-case thinking. The peninsula may be entering a period of high risk of misperception. It seems unlikely that sanctions can play any immediate role in developing a habit of communications on this topic among North Korea, its neighbors and the United States. But at minimum, a future sanctions policy should not sabotage an effort to establish this process through sanctions decisions that damage new efforts at dialogue.<sup>10</sup>

### **Applying Sanctions to the New Strategic Objectives**

Sanctions are not an easy tool to use against North Korea. Whether their impact is viewed from an economic or political perspective, the verdict seems to be negative.<sup>11</sup> In the academic literature, the North Korean regime is considered to be the type most resistant to the successful application of sanctions. The regime is able to impose tremendous hardship on its population

<sup>10</sup> Unlike the situation in the case of Iran, sanctions and diplomacy are not wired together well in the case of North Korea in the Obama administration. North Korea diplomacy is closely held, and the agencies and bureaucratic entities that implement sanctions are held at arm's length. While senior levels can prevent policy fratricide if they are well informed and paying attention, the reality of government is that those two conditions are not common in any administration.

<sup>11</sup> Brendan Taylor, *Sanctions as Grand Strategy* (London: International Institute for Strategic Studies, 2010), 52–59.

and its ruling elite are inward-looking, authoritarian in the extreme and closed.<sup>12</sup> Sanctions that cause harm to the general population have little impact on the regime. This should make targeted sanctions more attractive and effective. However, economic sanctions targeted primarily on the regime simply cannot be enforced broadly and effectively enough to have a policy impact given the differences of interests among powers essential to effective sanctions and because of the dearth of reliable data. Moreover, the regime's own policies do far more harm to the country's economy, sustainability, and legitimacy than anything conceived by outside sanctioners.

Of course, simply tossing the current sanctions into the waste bin would be much worse for the effort to halt North Korea's nuclear and missile efforts. As mentioned, the existing sanctions do have some positive impact, and their implementation should be tightened as much as possible. The point here is that, unless there is a major breakthrough with Beijing or a willingness to court global economic warfare to coerce China, sanctions alone do not offer a fundamental solution to the North Korea nuclear problem. As currently employed, they too often allow the United States and its allies to present the illusion of toughness without the reality of policy effectiveness. But used in conjunction with other tools, sanctions may be able to contribute toward achieving the objectives described above.

### *Deterrent Sanctions*

The question, of course, is what sanctions can have a positive impact on which objectives. Sanctions appear to be most relevant primarily as deterrents to future North Korean actions or decisions. They would be used in response to significantly important actions directly threatening US vital interests or those of the international community at large. It may well be that the threat of sanctions of very severe impact could serve as non-military signaling devices to help constrain certain North Korean nuclear actions and might also be useful in getting the Chinese more positively involved in such an effort. For deterrent sanctions to be effective, they need to be large, painful to the decision maker, and seen as very likely to happen if the decision maker takes the step that the sanctioner wishes to prevent. To be clear here, sanctions large enough to deter North Korea are also likely to be of the type that might tip it into a desperate war. They can be used only for issues so serious that the US government or its allies would contemplate war. In the author's view, these issues would be limited to the actual use of nuclear weapons or transfer of the weapons to terrorists.

An equally important question is whether China can be persuaded or compelled to support deterrent sanctions. The key variable in the effectiveness of sanctions against North Korea is the nature of Chinese participation in the sanctions.<sup>13</sup> The Obama administration has persistently lobbied the Chinese government on the issue of sanctioning North Korea. Progress has been slow but measurable. The primary objective of the dialogue has been to increase Chinese sanctions pressure on Pyongyang under the current sanctions approach. The idea is to plant the seed in Beijing that the United States would want to use sanctions to prevent more radical North Korean nuclear actions. Introducing this much more difficult level of sanctions into the equation should

<sup>12</sup> Alireza Nader, "Engaging North Korea: The Efficacy of Sanctions and Inducements," in *Sanctions, Statecraft and Nuclear Proliferation*, ed. Etel Solingen (Cambridge: Cambridge University Press, 2015), 236.

<sup>13</sup> Jinhwan Oh and Jiyong Ryu, "The Effectiveness of Economic Sanctions on North Korea: China's Vital Role," *Korean Journal of Defense Analysis* 23, no. 1 (March 2011): 117–31.

begin immediately if it has not begun already. Ideally, there would be either a formal or tacit US-PRC agreement that in certain extreme cases the PRC would support a very strong economic sanctions effort that would halt Chinese energy assistance, non-humanitarian trade and financial and investment support for Pyongyang.

In the case of North Korea, two types of sanctions might be painful enough to give the regime pause. The first would be an international embargo of the type used against South Africa, Libya and Iraq. These types of sanctions contributed to regime change in the case of South Africa, denuclearization and an end to state-sponsored terrorism in the case of Libya, and deep economic destruction in Iraq (although without achieving all the stated and unstated policy objectives for the sanctions). In the case of North Korea, this would involve a UN Security Council resolution that would, at minimum, prohibit the export of fuel and all capital goods into the country and the import of goods from North Korea, as well as banning foreign investment in the country. There would be exceptions for humanitarian goods. Of course, this could not pass the UN Security Council or be enforced without Chinese support. But could it be acceptable to the Chinese if such a resolution were to be introduced only in response to a North Korean transfer of weapons to terrorists or Pyongyang's own use of nuclear weapons? Could Beijing be persuaded to agree to the terms in advance and to let Pyongyang know about its agreement? For more than 12 years now, Beijing has slowly moved toward acceptance of increasingly stringent sanctions against North Korea.<sup>14</sup> This sanction would be an order of magnitude more severe, but the prospect of nuclear war on China's border might make the idea of a non-military deterrent of this scale more attractive.

A similar sanction could be effected without PRC acquiescence through unilateral US action. The United States could pass legislation that would cut off any entity—including foreign governments or their central banks—from the US financial system if they supplied fuel, energy or investment to North Korea if Pyongyang used a nuclear weapon or took some other step of equal impact on vital US security interests. Admittedly, this is the sanctions equivalent of the Soviet doomsday machine in “Dr. Strangelove.” In the 1964 movie, the doomsday machine kills everybody, including the country that builds it. Banning China from the US financial system, if it refused to halt trade with North Korea, would have cataclysmic effects on both the global financial system and the US economy. But if the sanction was triggered only by a North Korean act that the United States believed could lead to nuclear war on the Korean peninsula, it might well be used to signal to China and the DPRK that some steps are so serious, so devastating that the United States was prepared to contemplate the most severe steps in response.

### *The ICBM Issue*

This paper mentioned one technical development of direct interest to Washington: the work North Korea has yet to do on developing and fielding an effective inter-continental ballistic missile (ICBM) that can target the United States. This step is the most important unfinished piece in North Korea's nuclear deterrence strategy.<sup>15</sup> Without being able to target the US homeland, Pyongyang cannot be sure that it can deter US military action against it. At the same time, with even a very limited North Korean ability to strike US cities with an ICBM, US options

<sup>14</sup> Taylor, 45–46.

<sup>15</sup> Smith, 19.

on the Korean peninsula are likely to become extremely constrained, its alliances could be stressed, and the domestic pressures on the US government to do something about the North Korean threat to the American homeland will grow. Whether North Korea would be open to diplomatic discussions aimed at ending this threat is unclear, but seeking a firebreak also through sanctions makes sense. If the United States considers the development of a militarily credible ICBM—particularly an effective reentry vehicle for a nuclear warhead for such a missile—to be fundamental to its security interests, it should seriously consider putting down a difficult and risky unilateral sanctions marker to make that clear.

For example, the US could consider passing legislation somewhat similar to the Iran and Libya Sanctions Act that so bedeviled US-European relations in the 1990s. This legislation would not mandate sanctions of the same severity as those described above. But the sanctions would target important sources of income and economic growth for North Korea. In particular, they would target investment in the mining and export industries—the two areas of growth in a still moribund North Korean economy. In effect, it would deny the regime the second half of its dual strategy of nuclear weapons and national prosperity.

If North Korea, for example, tested an ICBM reentry vehicle, firms or entities that invested more than a minimal amount in the mining and export sectors would be subject to US sanctions. This would affect Chinese entities almost exclusively, but if enforced, it would hurt the North Korean economy. Of course, that would come at the expense of US-Chinese relations. While this sanction has some theoretical appeal since it targets a particularly worrisome component of North Korea's future nuclear development, it is hard to generate much enthusiasm for it. It is unlikely to be enough to dissuade the North Koreans, and it comes with a high cost in Beijing.

US responses to North Korean ICBM developments in the sphere of missile defense as well as other upgraded strategic responses are likely to be more effective—albeit with a significant risk premium of their own. Of course, establishing negotiated or unilateral constraints on North Korean missile progress would be the approach with the least cost and highest probability of success. It is possible to conceive of the proposed sanctions as some form of bargaining chip in such a process.

### **Conclusion: A Much Smaller Role in a Much Bigger Problem**

The evolution of North Korea's nuclear and missile programs has created a new strategic reality. In that reality, the current sanctions approach cannot lead to the denuclearization of North Korea and may not do much more to slow it. It is time to take a step back and reconsider how sanctions might be used productively to achieve strategic ends rather than be treated as a policy in themselves. While there are reasons not to give up formally on North Korea's denuclearization, a new strategy might better be aimed at limiting the dangers that would emerge from an unconstrained North Korean nuclear deterrent strategy. In such a strategy, the threat of severe sanctions might help serve as deterrents on the worst potential North Korean actions, while negotiations over relief from specific existing sanctions could contribute to a revived negotiation process aimed at limiting North Korea's nuclear programs. This new approach to sanctions should be considered whether or not China is on board with it, but it would certainly be less risky and more likely to succeed if Beijing were to agree.





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