

Program on Negotiation 2007 Summer Fellowship Report
Alternative Energy Assistance to North Korea as a Means to Facilitate Negotiation
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Overview

Energy looms large in the ongoing Six-Party Talks to dismantle North Korea's nuclear program. Although the plutonium-producing nuclear reactor in Yongbyon, North Korea (or the Democratic People's Republic of Korea: DPRK) has never generated electricity, the DPRK has consistently made the provision of energy assistance a primary condition for halting its nuclear activities. If the current negotiations go beyond the suspension of the DPRK's nuclear weapons program as was agreed to during the 1994 Agreed Framework between the DPRK and the U.S. (the breakdown of which gave rise to the current crisis), and instead lead to the complete dismantlement of the program as well as eventually pave the way for a peace treaty formally ending the Korean War, a more fundamental and comprehensive approach addressing the DPRK's energy problems will be required. Implementing a comprehensive approach to energy problems in the DPRK will have repercussions for that country's long-term economic recovery, as well as implications for Korean re-unification.

The 1994 Agreed Framework stands out as a case from which important lessons can be drawn. In 1994, the North Korean regime was as motivated by the short-term goal of securing energy supplies (the energy shortfall was initially triggered by the cut-off of Soviet-bloc aid in the early 1990s) as it was by its long-standing aim to forge a direct relationship with the U.S. as a means to guarantee its survival. These short- and long-term goals remain key DPRK motivations today. The acute shortage of energy supplies has seriously hampered economic recovery efforts by North Korea. Therefore, notwithstanding North Korea's well-known negotiating tactic of trying to extract the most concessions from its counterparts, an energy

assistance package will form an integral part of any agreement that will come out of the Six-Party Talks.

A more important lesson from the 1994 agreement, however, is that the viability of such an agreement hinges on an accurate understanding of North Korea's energy situation, including the DPRK's energy needs and the limitations of its infrastructure and technical capacity, as well as of the appropriate means with which to provide the DPRK with energy assistance. Lacking such understanding, diplomats from both sides of the negotiations for the 1994 agreement were effectively "flying blind," dooming the ensuing agreement to be based more on political expediency than on economic and technical realities. The provision of heavy fuel oil (in both the 1994 and current Six-Party Talks agreements) and of light-water nuclear reactors has largely overlooked the sustainability of such provisions as well as North Korea's capacity to receive them.

Working for Nautilus

One key difference from the surprisingly similar situations of 1994 and today is the role of NGOs, especially the Nautilus Institute (NI), in shaping and influencing the debate on DPRK's energy sector. NI's reputation was well-earned; since the mid 1990s it began compiling the most reliable to date information on the field, making such data available to both government and the public. Most notably, NI took the initiative to build a small wind energy facility in a rural village in North Korea, despite significant obstacles in both the U.S. and DPRK, thereby demonstrating the existence as well as the feasibility of new options to provide energy assistance.

My internship with NI during the summer coincided with the new momentum created by the Six-Party talks to (again) suspend and disable North Korea's nuclear program. Eager not to repeat the mistakes of 1994 and to forge a deal that would be irreversible and sustainable, the negotiating teams (especially those of the U.S. and South Korean governments) actively sought the advice and input of non-governmental actors.

My first assignment involved editing and research assistance for NI's DPRK energy literature. In particular, I reviewed, edited, and provided comments to the most recent NI report on DPRK's energy situation. This report uses the best available information to provide a breakdown of the DPRK's energy supply and demand from 1990 to 2005. Drawing from NI's direct work in the DPRK, as well as collaborations with fellow academics and policy experts in the field, this report compiles the most extensive and comprehensive data and analysis available on the subject.

A key conclusion that is drawn from observing the nature of DPRK's energy sector problems is that an approach that focuses on one or several massive projects (such as providing light-water nuclear reactors as agreed to in the 1994 agreement) will not work. Given the DPRK's limited capacity to absorb concentrated energy generating facilities, as well as the time constraints for delivering immediate energy relief, the NI report recommends a suite of coordinated, smaller, incremental projects. These include policy reforms, transmission & distribution rebuilding, energy-efficiency measures, small-scale alternative energy projects in rural areas, and the creation of gas networks.

I also conducted independent research to update NI's data on current DPRK energy resources, particularly information that is more reliant on Korean sources. In particular, the recent reports in Korean media of the discovery and exploration of offshore petroleum on DPRK's west coast have raised interesting questions about its future impact on North Korea's energy balance. Another research topic involved DPRK's interest in developing renewable energy capacity, in no small part thanks to the success NI's wind farm project. It has (until recently) worked with a UN development agency, and more recently with South Korean counterparts, in projects to survey wind resource potential, develop a domestic production capacity, and deploy wind turbines. In addition, I provided periodic updates of press reports in the South Korean media concerning North Korea's energy sector. Incorporating these findings in future NI reports should help policymakers appreciate DPRK energy supply trends and

identify areas for effective assistance.

My work experience at the South Korean foreign ministry has also helped me to facilitate communication and sharing of information between NI and the South Korean government. Through constant contact with both sides, I was able to inform each of the developments of the other and provide relevant information in a timely manner. In preparation for the Working Group Meeting on Energy and Economic Assistance of the Six-Party Talks scheduled for early August, the South Korean government, which was to chair the meeting, began to actively seek advice from expert groups on possible options to lay on the table. After having already relayed a list of recommendations by NI in the spring, which received positive feedback, I was in an effective position to do so again. Shortly following my trip to San Francisco to meet with my NI supervisors in late June, the chief South Korean negotiator also visited San Francisco to meet with NI officials to listen to their advice first-hand.

Lessons Learned: Implications for Negotiations

During the course of studying North Korea's energy sector and exploring negotiating options to help address various security, economic and social issues, I gained a deeper appreciation for the importance of the following ingredients to produce successful outcomes in a negotiation.

First, one needs to take a holistic approach to negotiate sustainable outcomes.

Exploring options to address energy shortages requires not only the consideration of how to satisfy energy supplies, but also the determination of which demands must be met. In other words, it requires concerted thought into the overarching economic structure one envisages.

The 1994 Agreement to supply two large-scale nuclear power plants to a country with a broken transmission infrastructure was doomed from the start. Also, political concerns such as nuclear proliferation and risk of military diversion must be accompanied by considerations of economic feasibility, institutional capacity (or lack thereof), and environmental sustainability. In some cases (such as this), this also calls for the inclusion not only of other issue areas but also of actors

other than government that can better represent these other considerations.

Second, opportunities often lie not in options already on the negotiating table but in the unexplored alternatives whose discovery and development need creativity and initiative. NI's efforts to provide fast, reliable, and relatively cheap energy to rural villages at a time when government negotiations were at a standstill demonstrated a new way to approach and address the issue of providing energy to the North Korean population. Both renewable and other practical sources of energy such as liquid gas that were first proposed by NI have become standard agenda in the energy working group in the Six Party Talks.

Third, establishing trust between the parties is more than helpful to negotiations; it is an essential prerequisite. Although the objectives of both the U.S. and North Korea governments have remained the same, namely denuclearization and regime survival respectively, it has taken more than 3 years to roughly return to the status quo and more than 8 years to re-engage these two governments in any meaningful discussion. Trust in a negotiating partner is easy to lose but difficult to restore.

Moving Forward

My collaboration with Nautilus will continue well into the following school year. We are planning to incorporate the research on North Korea's energy balance with the economic, institutional, environmental, and other social aspects of rebuilding the DPRK's energy sector, as well as provide perspectives of the negotiating strategies of each of the stakeholder countries in the region by publishing a comprehensive book on the DPRK energy sector. We are in the process of contacting potential publishers and drafting a manuscript. Hopefully, a publication will be made available in time to benefit policymakers as they chart the way forward in addressing North Korea's energy issues.

Conducting research as well as meeting with individuals with experience working in North Korea also encouraged me to begin a student group at the Kennedy School to raise

awareness of North Korea. Rather than focusing on the nuclear issue, as seminars in the school are prone to do when dealing with the DPRK, the North Korea Research Club plans to invite speakers with experiences in dealing with North Korea as well as organize screenings of revealing documentaries. One of the group's objectives is to provide a context to understand this surprisingly unknown country with the least possible bias and moral pre-judgment. The untapped interest in learning more about North Korea was demonstrated by the more than 40 students who signed up during the recent club fair to help plan and participate in the events.

In closing, the internship with NI provided me with a deeper understanding of the challenges that lie ahead in negotiating a sustainable solution to the threats posed by and to North Korea. It has also reinforced my commitment to work toward achieving this goal. I am deeply gratefully for the Program on Negotiation's Summer Fellowship Program for giving me the opportunity to pursue this internship.