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## Outlook on North Korea's Inter-Korean Arms Control in Line with the New Economy-Oriented Initiative

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### Background and Purpose

- This Research aims to leverage North Korea's economy-oriented initiative that impacts its military policy direction on making progress in inter-Korean arms control.
  - During the third round of the Seventh Plenary Session in April 2018, North Korea declared that it will focus on economic development to improve the livelihood of its citizens through a "full mobilization of national manpower and resources".
  - The research looks for the possibility of leveraging the new economic initiative on reducing the number of North Korean provocations and making progress in arms control while the country is executing the new economic initiative.

### Research Results

- This Research proposes an outlook of North Korea's position on inter-Korean arms control and required a South Korean response for each phase of denuclearization.
  - The economic initiative is the national strategy that justifies the Kim Jong-Un regime.
    - When their confidence in security issues rose in early 2018, North Korea decided to focus on economic development, which became a mandatory regime challenge after Kim Jong-Un took office.
    - The economy-oriented initiative encourages for construction of an economically prosperous nation and the execution of a five-year plan, laid in the Seventh Worker's Party Congress.
  - The gradual change of commitment of military forces to economic activities throughout different phases of denuclearization negotiation.

- Structural downsizing of the military was contemplated during a smooth negotiation period for denuclearization.
- Enlarging the military was re-considered to deploy the forces to economic fronts following the stalemate of the denuclearization negotiation.
- North Korea's endeavor in economic development, during the early and mid-phase of denuclearization dialogue, carries inter-Korean arms control requirements in parallel.
  - During the times of sanction, North Korea requires operational arms control between Koreas to mobilize the rear military units for economic activities. In case regime instability increases due to internal control problems, the economy-oriented initiative would be weakened as well as the need for inter-Korean arms control.
  - North Korea may consider structural arms control for downsizing its military during the partial denuclearization phase.
  - However, the conditions for arms control would be less attractive for North Korea during the complete and irreversible denuclearization phase. Hence, there shall be a way to secure irreversibility in arms control while agreeing on the appropriate level of sustained military forces in due process.



Since the “No Deal” from Hanoi Summit in 2019, the North Korean economic initiative from 2018 has somewhat weakened, but its general direction is still sustained. This Research addresses the possibility of guiding North Korea's military policy in line with the country's focus on economic development to reduce the number of military provocations while making progress on inter-Korean arms control.

North Korea's adoption of a policy to focus on economic development from April 2018 called for a change within the military organization, which was one of the main pillars of the North Korean national strategy. North Korea announced the suspension of nuclear and ICBM development tests to concentrate human and material resources for economic development pursuant to its new economy-first policy. This announcement manifested that the country's new economic direction was universally pervaded even to the military sector. In the past, socialist nations' prioritizing of economic development led to the adoption of more moderate military strategies and improvement in the diplomatic relationship with



the neighboring states. It is necessary, hence, to examine the dynamics of North Korea's new economy-oriented initiative on its military strategies and inter-Korean relationship.

While North Korean economy-oriented initiative was taken with reduced concerns on national security threat and urgency, the principal driver was dedicating resources to achieve the economic development goals addressed in the Seventh Worker's Party Congress. Since the beginning of Kim Jong-Un's regime in 2012, economic development has been an enduring obligation, which North Korea could no longer overlook further deterioration from economic sanctions imposed on North Korea for pursuing nuclear and missile programs between 2016 and 2017. It appears that North Korean leadership has decided to re-distribute and re-prioritize internal resources to economic development since April 2018 as the regime became more confident with the achievement of the nuclear objectives and improvement in the prospect of the national security from the dialogues with the United States and South Korea. The long-term and short-term objectives of the economy-oriented initiative were enrooted in turning North Korea into an economically prosperous nation and executing the five-year economic development plan, laid out in the Seventh Worker's Party Congress in May 2016. Kim Jong-Un's speech on the long-term objective of the economy-oriented initiative during the third round of the Seventh Plenary Session was also consistent with his strategy in achieving an economically prosperous nation mentioned during the Seventh Party Congress. His explanation on the five-year economic development plan at the Plenary Session was slightly different in expression but principally maintained the same general disposition of the initiative proposed at the Seventh Worker's Party. Since the "No-Deal" incident from Hanoi Summit in 2019, the initiative on economic development has declined to some extent. However, the overall direction is still maintained. North Korea's head-on collision policy in 2020 should be taken as a sub-tactic of its economy-oriented initiative. Despite calling for the head-on collision, Kim Jong-Un's position is still maintaining the economy-oriented initiative by stating, "Now is the time to open the struggle to concentrate all on the country's economic development." It was anticipated for the Eighth Worker's Party



Congress in early 2021 to issue a new five-year economic development plan, continuing the spirit of the previous five-year strategy.

It has only been around three years since the declaration of the new economic initiative, revealing a different level of progress depending on the negotiation on denuclearization. Nonetheless, North Korea has continued the efforts related to its military in promoting economic development. In 2018, when the denuclearization negotiation was making good progress, the North Korean military contemplated its structural downsizing in line with the “full mobilization” policy for economic development. Following the announcement of the economy-oriented initiative in the first round of the Seventh Central Military Committee in May 2018, there was a discussion on downsizing the infantry units. Also, the budget plan issued from the first round of the Fourteenth Supreme People’s Assembly in the spring of 2019, which was held under the momentum denuclearization talk from the previous year, showed a symbolic reduction of the announced defense budget by 0.1%p. There has not been alleged augmentation of conventional forces until the end of 2018, which would have been incompatible with the economy-oriented initiative, while the weapons testing of conventional systems were also suspended.

However, North Korea reduced or withdrew from the reviews on downsizing military investment and organization following the stalemate the country ran into with the United States with the No-Deal for denuclearization from Hanoi Summit. From December 2018, when the United States started to revert to its original and hard stance on denuclearization, North Korea resumed live-fire testing of the conventional weapon systems and picked up the defense spending back to the level before the declaration of the economy-oriented initiative at the second round of the Fourteenth Supreme People’s Assembly. There was also no further progress on downsizing the infantry in the North Korean People’s Army. In lieu of the structural downsizing of its military, North Korea has increased mobilization of the military units to assist economic activities since the stalemate of denuclearization dialogue. In the summer of 2019, Kim Jong-Un gave field guidance in Jagangdo Province, where the defense industry was concentrated and complimented the factory’s performance of commercial commodity production



while encouraging for more production to overcome the economic sanctions against North Korea. With the commencement of the head-on collision policy in 2020, more military forces have been committed to economic development fronts. In 2020, North Korea's Rodong (Labor) Newspaper revealed that the number of civil construction sites where military labor was put in has doubled compared to the last year and the year before.

Assuming that the economy-oriented initiative is maintained, a noteworthy point in observing North Korean position on denuclearization during the early and mid-phase would be the possibility of North Korea taking a more proactive stance on conventional arms control. The control of conventional arms along with South Korea may be necessary for its economic development amid enduring economic sanctions and diplomatic stalemate in the denuclearization negotiation. Even with partial progress on the nuclear issue, North Korea may still look for ways to structurally downsize the military and control more conventional arms to commit more manpower and resources for economic development.

With the impasse in denuclearization dialogue and continued sanctions throughout 2020, North Korea is expected to mobilize more military units from the rear to employ more labor and facilities for economic development in compliance with the initiative. Under these conditions, North Korea would feel *the need to continue the arms control with South Korea*. For stable deployment of rear forces in mobilization, the concern for contingent confrontation alongside the Military Demarcation Line (MDL) shall be controlled through inter-Korean Military Agreement. However, the rationale behind the economic initiative may be weakened if the sanctions continue and the COVID-19 pandemic risks Kim Jong-Un regime's loss of internal control. In such a case, the military will regain the influence, once subdued during the economy-oriented initiative, which may lead to escalating the inter-Korean tension again and walking away from the Military Agreement.

In case there is partial agreement on denuclearization, North Korean leadership will be more favorable to the situation and expected to continue the investment for economic development while deferring conventional arms acquisition and



investment. North Korea may take a more proactive stance in large-scale military downsizing and arms control. While maintaining some nuclear arms capacity and thereby freeing itself from the threat to regime security, North Korea may be more flexible in committing military manpower and resource to economic activities. At the partial denuclearization phase, North Korea may subsequently suggest a structural arms control approach to focus on economic development.

Reflecting on North Korean logic that committing military resources to economic development is only possible with nuclear arms capacity, the complete and irreversible denuclearization may turn North Korea to become less proactive in the structural arms control. During the partial denuclearization phase, North Korea may be more proactive in conventional arms reduction leveraging its logic on nuclear capacity. However, it may overturn completely its stance upon the phase of complete denuclearization. Even if the United States and South Korea provide a guarantee for regime security in response to complete and irreversible denuclearization, North Korea may still believe in the need for augmented arms capacity against its neighboring states in case of the improved US-DPRK relationship results in aggravating the PRC-DPRK relationship. Therefore, we need to develop a conceptual framework on the appropriate level of arms capacity that contributes to making the arms control irreversible while addressing the issues on force augmentation, so that North Korea does not detract from operational and structural arms control between Koreas and continue the dialogue throughout the complete and irreversible denuclearization phase. As a part of that effort, we shall promote complete conversion of a part of the North Korean defense industries and build more trust between South and North Korea from the early phase of partial denuclearization.

*\* The view expressed in this paper is that of the research conducted at Korea Institute for Defense Analysis(KIDA) in 2020 and does not represent or reflect the official position of this Researcher.*