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Western Pacific Regional Dynamics & North Korean Nuclear Status

NSI Interest-Resolve-Capability (IRC)
Report



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Deeper Analyses
Clarifying Insights
Better Decisions

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Image Credit: Kim Jong-Un during one of Pyongyang's missile launches. (AFP)

Executive Summary

Given the current distribution of actor interests, capabilities and resolve (I-R-C), North Korean denuclearization is highly unlikely without significant change in regional interests and conditions. Under current conditions:

- **Neither economic incentives nor threats change the DPRK view of denuclearization –an outcome it can veto.**
 - I-R-C analysis demonstrates that achieving final and fully-verified denuclearization (FFVD) would require the Kim regime to agree to a path that is detrimental to multiple of its political, security and economic interests. Neither offers of economic and diplomatic rewards (carrots), nor threats of increased regional tension or US military action (sticks) is sufficient to change the North Korean decision calculus enough to make denuclearization appear acceptable from the perspective of the Kim regime. Moreover, North Korea is the single actor with the power to veto denuclearization, i.e., stalling or half-steps result in de facto international acceptance of its nuclear status.
- **China is both incentivized and has the ability to undermine FFVD.**
 - The I-R-C analysis shows both China’s and North Korea’s interests to be better served by moderate regional tension (as in the pre-summit status quo) than by a US, or South Korean-brokered FFVD. Both also gain more by a drawn-out process of US-DPRK talks that reduce regional tensions but do not make progress on denuclearization. The I-R-C indicates that China’s incentive to undermine FFVD is driven by its interests in gaining regional influence.
- **A US-brokered FFVD of North Korea would require change in core US, Chinese, Russian and DPRK threat perceptions and worldviews.**
 - US, Russia and China all to prioritize engagement and economic assistance to North Korea (DPRK) over increasing their own regional influence; a broader strategic goal of each.
 - Kim regime to radically alter one of its basis for legitimacy away from protecting North Korea from existential threats (through nuclear capability and economic self-sufficiency), toward provision of economic growth and development.

The current US approach to regional leadership may be out-of-touch with regional interests.

- **For regional actors, denuclearization is not primarily about security, but about regional stability and influence.**
 - While no regional actor (other than the DPRK) particularly wants to see a nuclear DPRK, most do not consider DPRK nuclear weapons to be a pressing national security issue or threat. The main DPRK-related threats to regional stability are indirect and have more to do with how others like Japan and the US would respond to North Korean provocations. In fact, concern for their future influence in regional affairs is what drives most regional actors’ preferences with regard to the DPRK nuclear issue. For China and Russia this means containing US regional influence and expanding their own. For South Korea, Australia, and Japan preferences over the issue are driven by their common interests in

taking on larger roles in regional security achieved by rules-based multilateral diplomacy.

- **Multilateral solutions to regional issues are preferred region-wide.**
 - The increasingly unilateral US approach to regional issues (such as DPRK denuclearization) conflicts with the preference of most regional states to work multilaterally and through international law to resolve disputes and increase stability.

The success of US efforts to balance China in security matters facilitates growth of Chinese regional influence at the expense of the US

- China's strategy of regional economic expansion is a major source of its regional influence which in turn, ensures its own domestic stability and regime legitimacy. Historic US security relationships guarantees, together with regional suspicion of China and Japan have been major source of US regional influence relative to that of China.
- China's economic growth and influence depends on regional stability, which is reinforced by US security guarantees and assurance of allies suspicious of Chinese intentions. As the region becomes more secure, it becomes more stable. Stability allows states to prioritize economic growth and prosperity. Over time, US security and extended deterrence relationships become less important for insuring a safe and stable region.

How the US approaches this issue may be equally important for its long-term regional interests and influence than whether an agreement on denuclearization is actually achieved.

- For most regional actors, heightened tension and competition for influence between the US and China is a greater threat to their interests than the failure to reach an agreement on DPRK denuclearization.
- US allies and smaller states interests will inevitably be compromised if they are forced to chose between China (critical to their economic interests), and the US (preferred security partner).
- Engaging regional actors through multilateral negotiations would reduce concern over US regional commitment and signal US recognition of the preferences and constraints facing smaller regional states. It would also make it more difficult for China and Russia to act as spoilers than does a bilateral approach.

Introduction

The June 2018 summit between Kim Jong-Un and Donald Trump has done much to focus attention on the dynamics of the Southeast Asian region and in particular, on the forces that might drive the region toward one future or another. For the US, the critical issue is how best to anticipate and position itself to achieve its regional objectives without inadvertently challenging the interests of regional allies or competitors. While we focus on means of achieving US objectives in the context of concerns about North Korea's nuclear weapons program, we recognize that it is just one of the issues of contention in the Asia Pacific region. However, as is demonstrated by the following analyses, it is one that touches on many of the region's most critical conflicts.

Study Approach: I-R-C Analysis

The outcome of any regional disagreement is rarely the result of a single actor's interests and actions, rather it is the product of the interests of multiple actors. However, even when an actor prefers one outcome over another, we cannot understand its behavior unless we know something about both how much it prefers that outcome over



others, as well as its capacity to encourage its preferred outcome. As we have argued elsewhere (Astorino-Courtois 2016), “the forces that determine one or another regional future reflect the confluences of actors’ interests, capabilities and resolve.”¹

For this study we applied NSI’s multi-layer **Interest-Resolve-Capability (I-R-C)** methodology to identify and compare the forces driving the region, based on three key factors: the **interests** of regional actors and the interactions among those interests, each actor’s **resolve**,² or, willingness to act on those interests, and its **capability** to do so. In shorthand the analytic model is thus: *Interest + Resolve + Capability = Expectations for the Region*

I-R-C Methodology

The following presents a brief description of each of the elements in the I-R-C methodology.

¹ Astorino-Courtois, Allison. 2016. Central Middle East Conflict System, Parts 1-4, Strategic Multi-layer Assessment publication. This report is available at nsiteam.com/publications.

² It has long been recognized in international relations literature that the resolve, or willingness of a government or organization’s leadership to apply all of its resources, or to “fight to the bitter end” for an objective or principle is a critical deciding factor in the outcomes of international conflict. This is the case even when capabilities are lacking. See for example, Zeev Maoz, 1989. Power, Capabilities, and Paradoxical Conflict Outcomes, *World Politics*, 41(2): 239-266.

Outcomes

To begin, six possible near- to mid-term outcomes of the North Korean nuclear deal were posited. These are as follows:³

Denuclearization. Sincere agreement by North Korea to initiate the process of CVID in return for normalized relations and economic incentives from the US resulting from US-North Korean bilateral talks.

Acceptance. US acceptance of DPRK as a controlled nuclear state.

Stalemate. The DPRK refuses to denuclearize, but does not conduct additional nuclear tests. However, talks end and the US works to re-intensify maximum pressure sanctions and activities possibly leading to heightened US-DPRK tensions. This is essentially the pre-summit status quo.

Bilateral Talks. Ongoing “three-way bilateral” talks (US, DPRK, ROK) on phased denuclearization (short of CVID) in return for easing of sanctions and improved bilateral relations, without the necessary expectation of resolution.

Multilateral Talks. Resumption of Six-Party talks, drawn-out without necessarily reaching a resolution.

US Limited Strike. A limited cyber or other electronic warfare (EW), or extremely limited kinetic strike on assets related to the North Korean nuclear program taken with the intent of encouraging North Korea to return to the bargaining table.

The “I” in I-R-C: Actors’ Interests

The interplay of actor interests is an important driver of regional relations. The next step in the I-R-C analysis is a comparative interests analysis – the “I” of I-R-C. It is based on a method applied by Maoz and Astorino (1992), Astorino-Courtois (1998), Astorino-Courtois and Trusty (2000), and Astorino-Courtois et al. (2009) to understand the bases of choice behaviors in interstate conflict. Rather than focusing on discrete choice problems, we use the method to compare the preferences of each of the ten actors included in this study (in box at right) over the posited outcomes.

ACTORS INCLUDED

Australia
China
North Korea (DPRK)
South Korea (ROK)
Japan
Indonesia
Malaysia
Philippines
Russia
United States

To do this, we consider five categories of core national interests for each of the ten state actors. These are interests relating to: national or population security and safety, economic survival and prosperity, domestic and constituent support, ideology and identity, and international or intergroup prestige and influence. An actor’s strategic or fundamental interests typically do not change significantly in the near- to mid-term, the tactics used to satisfy them can and often do change quickly..

A thorough survey of the core interests of each actors is conducted. Many data were sources used for this study, including the translated statements and interviews of Western Pacific state leaders where available, input from subject matter experts elicited as part of NSI’s Korea Strategic Outcomes Virtual Think Tank (ViTTa)[®] effort, and from peer-reviewed research and news reports. A summary table of how each of the actors defines its various interests relative to the DPRK nuclear issue appears in the appendix of this report. Full descriptions of the interests of each actor as well as the matrices and sensitivity tests used to inform the regional analysis are available at <https://nsiteam.com/key-actor-interests-in-the-asia-pacific-a-korea-strategic-outcomes-virtual-think-tank-report/>.

³ As used here, an “outcome” is not necessarily a stable resolution of a dispute but refers to conditions that could arise.

The impact of outcomes on states’ interests

How well an outcome meets, or threatens an actor’s interests provides an indication of whether or not an actor will support or oppose a particular outcome. Once state interests are researched and defined, matrices are constructed to gauge how well the posited outcomes satisfies (or fails to satisfy) each actors’ interests. Each of the posited outcomes (matrix rows) is evaluated and ranked by the value of that outcome in satisfying each of the actor’s interests individually. The resulting single-interest outcome preference orderings (matrix columns) are then summed to produce a multidimensional preference ordering, or aggregate “score” of best to worst outcomes per the actor’s interests⁴.

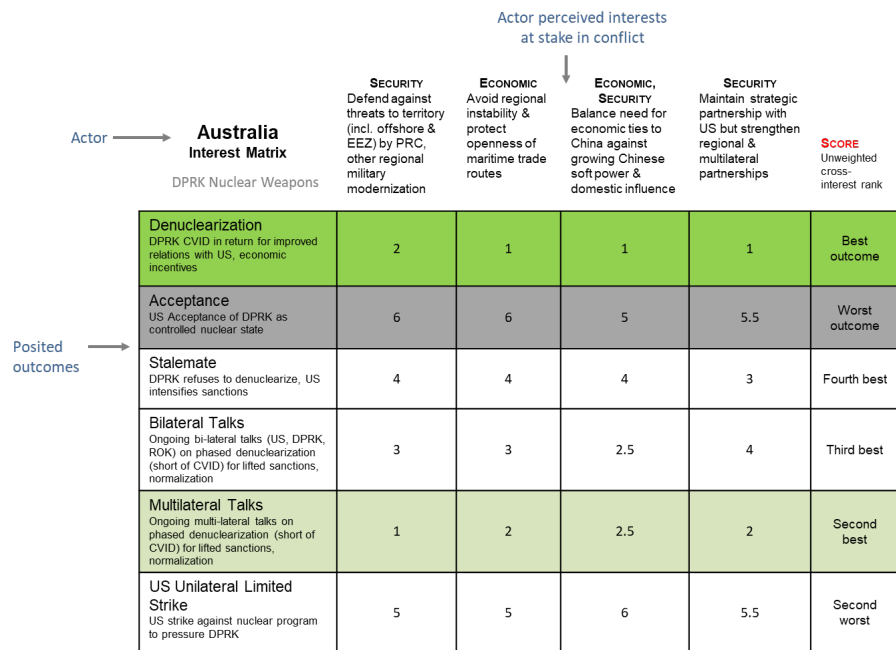


Figure 1: Australia's Interest Matrix for DPRK Nuclear Weapons Issue

Figure 1 shows Australia’s interest matrix as an example. The darker green indicates the unweighted, (simple normative) best outcome across all of the interests Australia perceives to be at stake in this issue. The lighter green is the second best outcome. Gray indicates the outcome that is overall the least satisfactory across the range of Australia’s interests.⁵ Once matrices are constructed for all actors, the outcome preference orders are compared to identify common preferences among actors, or alliances of preference relative to an outcome. Identifying which outcomes share the balance of actor preferences – even if their interests in favoring one over the other are different -- is one of the key features of the interest analysis and serves as the source of the interests input to the full I-R-C analysis.

The “R” in I-R-C: Actors’ Resolve

Completed interest matrices are used to calculate each actor’s resolve toward an outcome. Resolve is a binary measure that compares the value an actor would receive from one outcome versus another. Specifically, it measures the differences in rank value assigned to outcomes in the interest matrix to produce an empirical measure of how much more (or less) an actor’s interests are satisfied by one outcome versus another. Resolve scores range from 1 (complete resolve for one outcome) to 0 (complete indifference between two outcomes). Resolve scores nearing 1 indicate that an actor has very high resolve to achieve outcome A over outcome B. Scores approaching 0 indicate that an actor receives close to the same value from each outcome and thus is indifferent between the two. Thus, while the

⁴ Because the purpose of the study is to explore regional dynamics as they relate to the issue of North Korean denuclearization, for the sake of simplicity each of the state actors is treated as unitary actors. Also, we do not attempt to assign weights to particular interests but use later sensitivity analyses to explore the impact of different weighting.

⁵ The full interest descriptions, comparative interest matrices as well as the resolve and sensitivity analysis for each of the other actors can be found in a separate supplementary document Western Pacific Regional Dynamics & North Korean Nuclear Status, Individual Actor Analyses, available at nsiteam.com/publications.

comparative *interest analysis* indicates which outcome an actor prefers, *resolve* measures how likely an actor is to act upon its interests.⁶

The “C” in I-R-C: Capability

An actor’s capability to act on its preferences is a critical factor in assessing expected actor behavior. Most typically, capability is measured in terms of a state’s assets, e.g., the size of its military, size of its alliance networks, size of its economy, etc. Unfortunately, these relatively static measures are not as fungible as presumed, so they cannot necessarily explain how international events short of all-out warfare transpire. For this reason, the I-R-C analysis operationalizes an actor’s capability as fluctuating relative to its ability to impact a particular outcome for a particular event. In other words, we consider a state’s capability as context-dependent, so that in some contexts, for example, the US may be the state with the greatest relevant capability to determine an outcome (i.e., the most powerful in that situation), while in other contexts North Korea may be the more powerful.

In addition, the I-R-C model further distinguishes the capability to determine an outcome from the capability to influence an outcome. An actor has control capability relative to an outcome if it can independently cause, compel other actors to accede, or can veto a particular outcome. Influence refers to an actor’s capacity to indirectly affect an outcome, for example by offering inducements or issuing threats to sway other actors.

An actor can possess one of four levels of capability relevant to an outcome:⁷

Control capability: the actor has the capacity to directly and unilaterally cause or prohibit an outcome from occurring despite the interests and influence capacities of other actors.

High influence capability: the actor has many types of resources/assets that might be used to it can use to change (undermine or enhance the attractiveness of) the outcome despite the preferences of other actors, e.g., China can undermine the nature of the US-led bilateral talks outcome by initiating its own series of bilateral talks with DPRK; China and Russia have the capacity to undermine the nature of the strike outcome by responding militarily against the US or US allies in the region, sparking a war.

Moderate influence capability: the actor has fewer or less salient resources to offer threats or inducements that might change the pay-offs associated with the outcome for other actors.

Low influence capability: the actor has limited or low salience resources and that would have only minor impact on pay-offs others might expect from the outcome, e.g., relevant capability is limited to diplomatic communications or *démarche*.

Study Findings

While this study is specifically concerned with the issue of DPRK nuclear weapons, the interests and preferences of the included actors, reflect their national interests. Consequently, the I-R-C findings illuminate the multi-actor, regional dynamics that impact US success with regard to the DPRK nuclear issue and broader regional concerns. Each is discussed in turn.

⁶ $resolve = \sum_{i=1}^i \frac{(o^1 - o^2)}{(oi) - i}$ where i = interests in the interest matrix; o = outcomes

⁷ Note that the type of capability is different from the resources that might be used to employ it. As a result, the resources used for high, moderate and low influence capability can cover the full range from military weaponry to economic inducements to “soft power” resources such as cultural attraction or moral authority.

Resolving the North Korean Nuclear Issue

Of the six outcomes considered in this IRC analysis, three – denuclearization, acceptance and a US limited strike – appear unlikely due to the combination of actor interests and capabilities. Although denuclearization is the best outcome for the US and its allies, it is the worst outcome for North Korea, which has the capability to veto this outcome. Conversely, acceptance is the best outcome for North Korea, but the worst for the US (which has veto power relevant to this outcome) and its allies. No actor regards a limited US strike as consistent with its interests, including the US, which has the capability to veto this outcome as well.

Reaching a denuclearization outcome that is attractive to regional actors would at the very least require the US, Russia and China each to prioritize engagement and economic assistance to the DPRK over their strategic goals of increased regional influence. Additionally, the Kim regime would need to radically diminish the perception that it faces significant external threats to its survival in order to allow the external access that would inevitably come with increased economic growth and development. At present, there simply are no North Korean political or economic interests that could compensate for potential risk to security concerns⁸. This leaves multilateral talks, or stalemate as the most acceptable options.

Regional Interest-Based Outcome Preferences

Figure 2 summarizes each of the ten actors’ multi-interest preferences over the six posited outcomes. The most acceptable outcomes region-wide are outlined in blue, the overall worst outcome is outlined in red. With the exception of Russian opposition to bilateral talks, all ten regional actors see some form of negotiation as the most acceptable means of settling the North Korean nuclear issue. Interestingly, across the spectrum of its interests, even the US gains greater value from multilateral than from bilateral talks. There is also considerable regional consensus regarding the possibility of limited US military action intended to encourage sincere North Korean negotiations: it is either the worst or second worst outcome for all actors.

Multilateral talks emerges as the outcome with the widest appeal and thus is the most likely to find broad support—or at least avoid direct opposition.

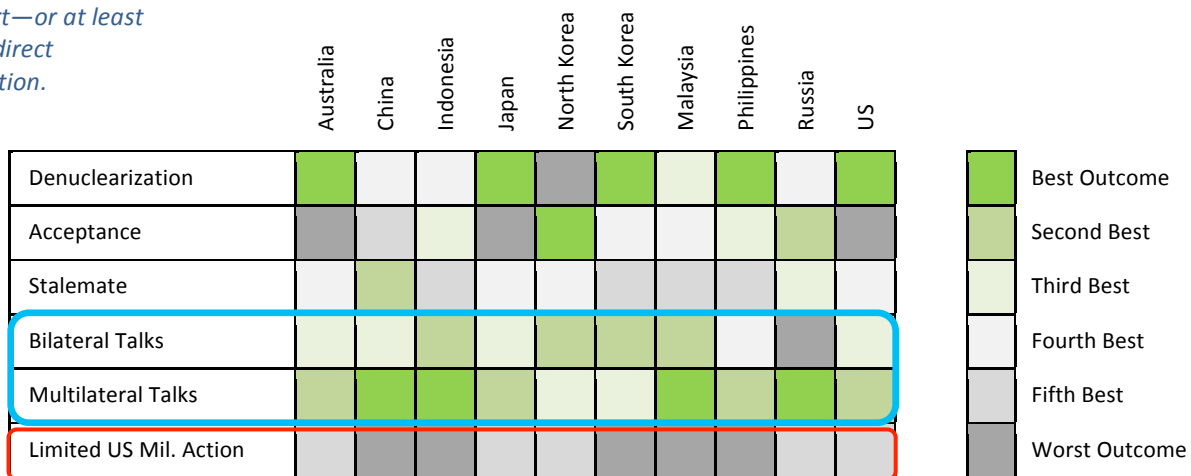


Figure 2: Comparison of Actors’ Preferences Over Outcomes – Regionally “Best” (blue) and “Worst” (red)

⁸ Denuclearization is the preferred outcome for North Korea only under the unlikely conditions in which the regime is solely concerned with economic transformation and development (i.e., no other interests enter its calculus). Unfortunately, single interest decisions are uncommon in foreign affairs; they are generally only found in the most desperate (or inconsequential) circumstances.

Regional Capability Scores

The combination of DPRK and US capabilities with interests makes both acceptance and denuclearization unviable without significant change in how one or both perceive their interests.

While analysis of regional actors’ interests illuminates actor preferences and which interests are driving these preferences, assessing whether an actor is likely to act on those preferences, requires two additional factors: capability and resolve. Figure 3 shows the individual actors’ capability ratings for each posited outcome. Note that capacity measures indicate potential capacity, not what is currently being applied.

Of the ten actors studied, only two are assessed to have the capability to directly cause or veto one of the outcomes (i.e., control capability). These are North Korea in relation to denuclearization, and the US in relation to US acceptance of North Korea’s nuclear status, and the US again in relation to military action against North Korea

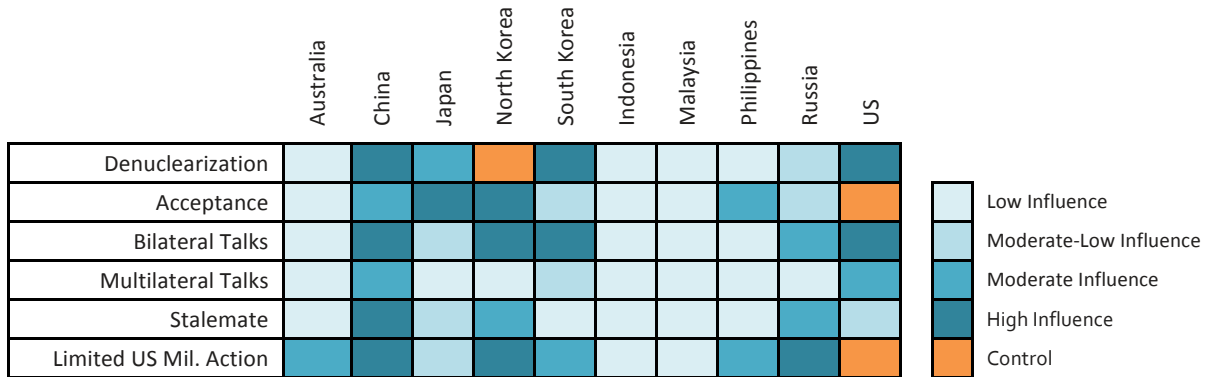


Figure 2: Comparison of Actors’ Relevant Capabilities by Outcome

Regional Resolve Scores

As mentioned above, resolve is a measure of the degree of interest satisfaction an actor receives from one outcome versus another. As the current status of the North Korea nuclear weapons issue is in flux, our discussion focuses on actors’ resolve relative to two posited outcomes: the pre-summit status quo, or “stalemate” with simmering tensions, and US-North Korea and South Korea-North Korea “bilateral talks.”

US allies and partners are resolved against stalemate, except when the alternative is acceptance or a US strike. While China is resolved against bilateral talks when the alternative is stalemate, it is equally as resolved in its preference for stalemate over acceptance or a US strike.

Figure 4 shows each actor’s resolve (x-axis) and relevant capability (y-axis) for each outcome as compared to “stalemate”.⁹ Best and worst outcomes from the interests analysis are also shown. In the figure, actors whose resolve scores put them on the right are resolved to achieve that outcome if the alternative is stalemate. Actors shown on the left are resolved to avoid the outcome in favor of stalemate conditions. The farther from the center an actor is located, the greater its resolve to achieve one outcome over the other. The closer to the center an actor appears the more indifferent it is between the two outcomes compared, i.e., it received similar value (or cost) from both. Thus the figure provides a graphic representation of the sources and strength of opposition and support for each outcome.

⁹ While an actor’s resolve for an outcome can appear to vary depending on the outcomes to which it is compared, the intervals indicating the amount that one outcome is preferred over another remain the same.

In interpreting these results it is important to remember that resolve is a measure of value calculated over a state’s full range of interests and thus is not necessarily a direct reflection of the policy a state’s leadership chooses. Rather, it indicates the approach that a leadership is incentivized to choose when considering its interests equally.

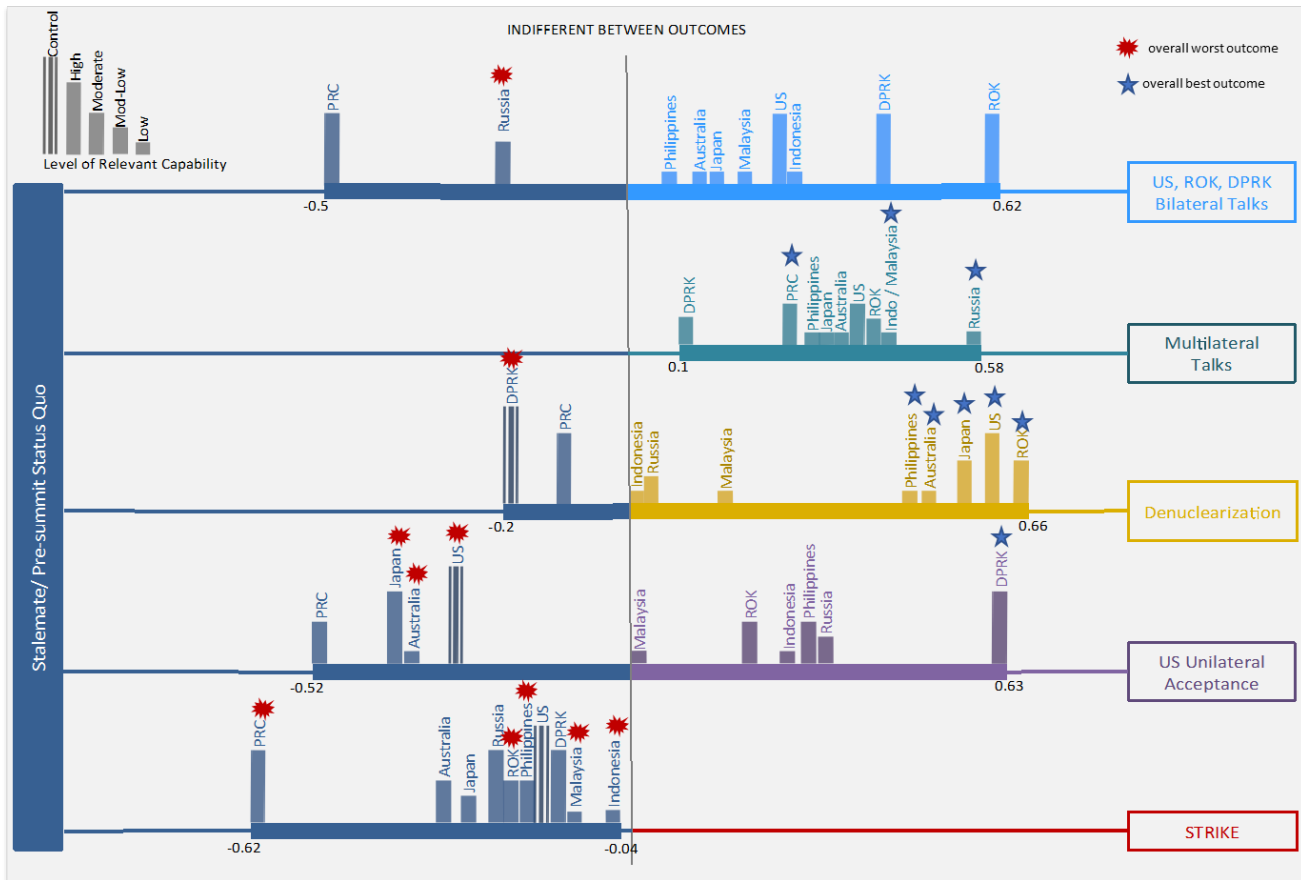


Figure 4: Actors' Resolve (x-axis) and Relevant Capability (y-axis) for all Outcomes, Relative to Stalemate

Multilateral and Bilateral Talks: The Regionally Most Acceptable Outcomes

Support for Bilateral Talks

The two actors with the strongest preferences and greatest resolves for achieving bilateral talks (versus stalemate) are North and South Korea. In addition, both possess high potential to influence events in favor of this outcome. As a result, barring severe North Korean provocations, we should expect to see both North and South Korea work to continue talks if they break down.

While North Korea’s second and third best outcomes are bilateral and multilateral talks respectively, North Korea’s resolve scores (Figure 4) show that bilateral talks are much preferred to stalemate (resolve = .62) while it is nearly indifferent between multilateral talks and stalemate. However, mirroring past experience with North Korea, as noted above, there is no indication in the I-R-C results regarding the denuclearization outcome to suggest that the Kim regime would enter into bilateral talks with the sincere intent of moving toward denuclearization. The DPRK benefits the most if it can use the façade of an ongoing bilateral negotiation to create the appearance of cooperation, and normalize relations with the US. If orchestrated well, and given continued conflict between US and Chinese regional influence objectives, this could put Kim in a position to play the US and PRC against each other to North Korean benefit (a strategy used by North Korea in the past). It also could make the US appear to be non-

cooperative or aggressive if, absent any progress toward denuclearization, it later sought to increase pressure on the DPRK through tighter sanctions or other actions.

South Korea's greater resolve toward bilateral talks may reflect its desire to avoid what South Korean elites refer to as "Korea passing" - the historical habit of larger states to circumvent Korean political institutions and impose settlements on the peninsula.

Opposition to Bilateral Talks

The interests analysis indicates that US unilateral action with regard to the DPRK, or even the US acting with limited communication with other stakeholders, violates key interests of actors across the region and reinforces the current narrative that the US is not sincerely concerned with, or committed to the region. In addition, as the analysis shows, both China and Russia have resolve to spoil US-centric bilateral talks in favor of stalemate. China's high influence capability with regard to bilateral talks suggests that if US pursuit of this approach seems to be making headway, we could see opposition or interference from China. This could happen in a number of ways, including China opening its own bilateral talks (excluding the US), or leading a regional coalition for multilateral talks. Although Russia has both less resolve against bilateral talks, and less capability to influence the outcome, coordinated Chinese and Russian opposition could prove problematic for the US.

Support for Multilateral Talks

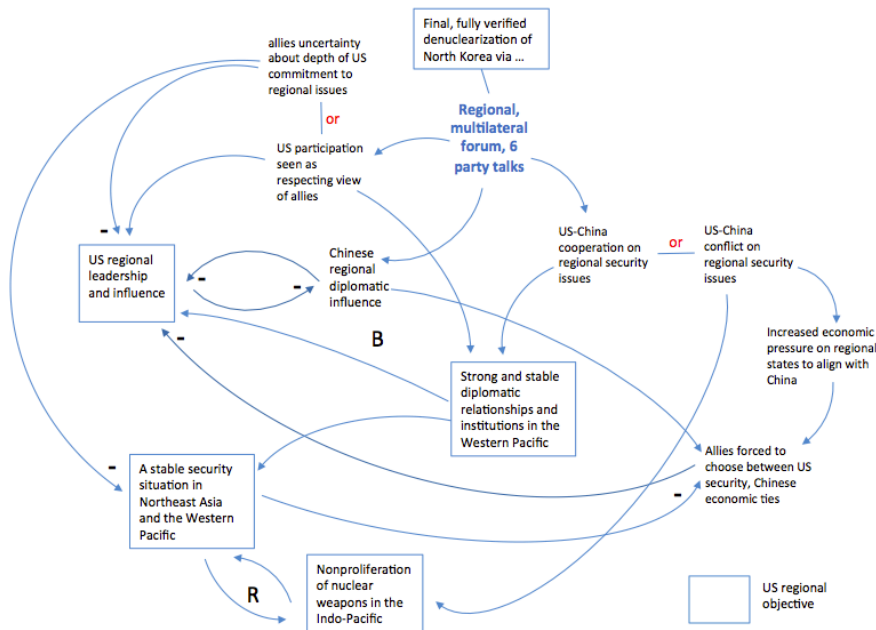
Although we would expect actors' preferences over North Korean nuclear status to be driven by security concerns, review of each actor's interests shows, in fact, that this result is driven by two factors: 1) actors' interests in gaining prestige and/or influence in regional affairs; and, 2) fear that the outcome of bilateral talks would not reflect regional actors' broader regional concerns.¹⁰

First, while actors share a common interest in gaining regional influence, how this is defined varies. For China and Russia, the more important concern in the context of North Korean nuclear capabilities is containing US regional influence while expanding their own. Multilateral talks ensure that their agendas are included in any bargaining involving North Korea. In fact, removing all regional influence concerns from Chinese and Russian interest matrices changes their best ranked outcome from multilateral talks to denuclearization brokered by the US. For Australia and Japan, on the other hand, the preference for a multilateral approach reflects a shared vision of a rules-based collective security order in which each plays a more active leadership role. In short, the analysis of actor interests indicates that, region-wide, even the potentially disturbing issue of a nuclear-armed North Korea is not viewed as an independent security problem to solve, but as a potential catalyst to broader challenges to regional stability in the future. This is largely because so many of the actors' domestic stability/popularity is directly linked to economic growth and prosperity.

Second, with the exception of South Korea, US allies and the smaller regional states have greater resolve toward multilateral talks than bilateral talks. Despite the broad preference for a multilateral approach, however, no actor has control capability or significant influence either to encourage or to veto multi-party talks from happening. This is because unlike bilateral talks, multilateral talks could occur without any single actor, including North Korea.

¹⁰ Sensitivity analyses run on the actor interest matrices demonstrate that the regional preference for multilateral solutions turns out to be extremely robust to obvious changes in context. These tests entailed including and excluding interests and outcomes into the matrix, manipulating interests weights, and applying different choice heuristics (weighted normative, expected utility, weighted expected utility, satisficing with different expedencies, lexicographic choice, and elimination by aspects) to determine what might produce changes to the simple unweighted normative preference orderings shown in the interest matrices for each actor. In this case, the outcome preference ranking is extremely robust to these types of structural changes meaning that a) uncertainty about precisely how North Korean decisions are made is not a critical deficit in this instance since the same result emerges from all but the most extreme manipulations; and b) changing North Korean preferences over these outcomes would likely require significant contextual change.

In contrast, pursuing FFVD through multilateral talks (as shown below) offers the potential to offset some of these negative consequences, but only if US participation is seen by allies and partners as a



signal of respect for their views and interests. If the US can demonstrate this case, it will have a positive spillover on US regional relations and Western Pacific institutions, reinforcing regional security and thus supporting nonproliferation.

However, if a multilateral approach was instead interpreted as further evidence of the weakening of US commitment to the region, the same negative impact on US regional influence and leadership that was generated by a bilateral approach should be expected here.

Tension between economic and security interests for regional allies and partners

For regional states any outcome that increases tensions between China and the US potentially places them in the position of having to choose between their economic (trade with China) and security (US deterrence) interests.

I-R-C analysis reveals that the national security interests and critical economic concerns of most regional actors are tightly intertwined. While we may expect this to be the case in a region of developing economies, in the Western Pacific most find themselves in a situation of dual dependence; relying on China for economic investment and growth, yet preferring to see the US as a regional security guarantor to balance their suspicions of China’s ultimate goals. Consequently, any increase in competition between the US and China is potentially destabilizing, and a greater risk than failure to reach an agreement on DPRK denuclearization.

China’s response to US actions is particularly critical. The I-R-C analyses indicate that China-US cooperation on regional security issues like North Korean FFVD could reinforce the strength of regional institutions, providing a concomitant boost to regional security and US regional influence and leadership. However, if China were to determine that its interests are better served by contesting US efforts at multilateralism and conflict between the US and China results, current US allies and partners may be forced to choose between their security interests (which lie with the US) and their economic interests, which depend on maintaining ties with China. Paradoxically, how they choose may depend on how secure they feel about the regional security situation, for which they rely on

For regional states, how the DPRK nuclear issue is handled, matters as much as what the outcome may be.

the US. The salience of security concerns (and thus maintaining close ties to the US) is closely tied to perceptions of risk and threat. If US allies and partners perceive no imminent risk to regional security – even in the context of increased US-China tensions – they are more likely to prioritize economic interests, and thus their ties to China. The balancing loop hinges on China deciding to use this potentially potent lever to divide the US from its allies by increasing costs of economic and ultimately domestic political support in these countries.

Yet China's economic growth and influence also depends on regional stability, which is reinforced by US security guarantees and assurance of allies suspicious of Chinese intentions. As the region becomes more secure, it becomes more stable. Stability allows states to prioritize economic growth and prosperity. Over time, US security and extended deterrence relationships become less important for insuring a safe and stable region.

Although most states in the region are closely tied economically to China, and have benefitted greatly from this connection, they view China's territorial aims and military expansion as a potential threat. US allies in particular, would prefer to see the US remain the guarantor of regional security, and as a buffer to Chinese expansion. However, despite this preference, there is a growing lack of trust in US commitment among even the US's strongest regional allies, and the US's increasingly unilateral approach to regional issues conflicts with the preference of most regional states to work multilaterally and through international law to resolve disputes and increase stability. If regional stability consistent with US interests is characterized by continued unilateralism, and actions that increase the likelihood of conflict (economic, diplomatic or military) between the US and China, it would be counter to the interests of US regional allies and partners.

Economic growth is the critical issue

The I-R-C results indicate that, while no regional actor (other than the DPRK) particularly wants to see a nuclear DPRK, most do not consider DPRK nuclear weapons to be a pressing national security issue or threat. The main DPRK-related threats to regional stability are indirect and have more to do with how others like Japan and the US would respond to North Korean provocations. In fact, concern for their future influence in regional affairs is what drives most regional actors' preferences with regard to the DPRK nuclear issue. Analysis of the relationships among the interests of regional actors shows that the

Influence, rather than security concerns, dominates the decision calculus of US allies and adversaries alike.

preference for multilateral approaches is driven in part by an interest in gaining relative prestige and/or influence in regional affairs, rather than any direct security benefit of North Korean denuclearization. These preferences also turn out to be extremely robust.

While actors do share a common interest in increasing their regional influence, not all actors define this in the same way. For Australia, Japan and South Korea, the preference for a multilateral approach reflects their shared desire for a rules-based collective security order in which they play a more active leadership role. For China and Russia, the more important interests in the context of North Korean nuclear capabilities involve containing US regional influence while expanding their own.¹¹ Furthermore, although China is not opposed to denuclearization, a successful bilateral negotiation by the US directly conflicts with China's interests. Such an outcome may lead to improved US-DPRK relations; economic and diplomatic. This in turn could decrease China's economic dominance in the DPRK, and increase the possibility of talks on reunification; opening the possibility of a US-friendly regime on China's border. Provoking Chinese insecurity could increase tensions with the US, potentially forcing US allies and partners to choose between the two, and this between their economic and security interests.

Conclusion

The I-R-C analysis indicates that, region-wide, even the potentially disturbing issue of a nuclear-armed North Korea is not viewed by regional states as an independent security problem to be solved, but as a potential catalyst to broader, future challenges to their ability to impact regional events (i.e., their

¹¹ This can be demonstrated by removing regional influence interests from the Chinese and Russian interest matrices: doing so changes China's and Russia's preferences from multilateral talks to denuclearization even if brokered by the US.

power and influence). The analysis of regional actors' interests and resolve suggest that US regional influence will no longer be won solely on the basis of security relationships—even if the US is perceived to be fully committed. Rather, US leadership will be reinforced by minimizing use of military means for demonstrating US regional commitment, and by expanding US engagement on issues (e.g., beyond nuclear weapons in North Korea) that have to do with a stable and prosperous trading environment.

Appendix A: Summary Table of Regional Actor Interests

Ali Jafri, NSI

	National Security; Population Safety	International Prestige and Influence	Domestic Politics / Constituent Support	Economics	Ideology/ Identity
Australia	<ul style="list-style-type: none"> Protect maritime approaches, resources Maintain defense capabilities in face of regional military modernization Retain strategic partnership with the United States Strengthen regional partnerships, promote rules-based international system to encourage regional stability and hedge against loss of US interest/ commitment 	<ul style="list-style-type: none"> Strengthen regional rules-based treaty regimes, international organizations, peaceful conflict resolution 	<ul style="list-style-type: none"> Economic growth through expanded regional trade while defending against Chinese soft power efforts that subvert Australian sovereignty 	<ul style="list-style-type: none"> Maintain openness of maritime trade routes Continue strong economic ties, regional cooperation with China, Australia's top trading partner 	
China	<ul style="list-style-type: none"> Reduce threat of regional US military action / influence by limiting US military presence and maintaining DPRK as buffer state against US / ROK Increase acceptance of China's as dominant regional power Maintain economic growth and development, energy security Avoid militarized regional conflict especially with the US 	<ul style="list-style-type: none"> Replace US-dominated international order with multipolar environment Increase global standing, bolster prestige and influence by acting as a good-faith international actor Pursue sovereignty claims to disputed territory 	<ul style="list-style-type: none"> Maintain economic growth and development Retain regime legitimacy by achieving China Dream objectives 	<ul style="list-style-type: none"> Uninterrupted trade Expansion of Chinese maritime and territorial control in the South and East China Seas Avoid fluctuations in trade, markets caused by regional instability 	
Indonesia		<ul style="list-style-type: none"> Enhance regional role as conduit for diplomatic resolution of regional issues Maintain utilitarian issue-oriented independent foreign policy and middle power status 	<ul style="list-style-type: none"> Conduct foreign policy based on values of independence, social justice, peace 	<ul style="list-style-type: none"> Enhance economy via economic cooperation and promotion of free trade Retain trade and infrastructure assistance from PRC 	
Japan	<ul style="list-style-type: none"> Pursue stronger regional security posture independent of the US - "Proactive Contributions to Peace" – and increase Japan's capabilities to lead regional collective security Strengthen security alliances with US and regional states to deter aggression against Japan, while avoiding escalation of territorial and maritime disputes with China Nuclear non-proliferation 	<ul style="list-style-type: none"> Raise Japan's profile in promoting rules-based regional conflict resolution and a peaceful order Take a more active and leading role in regional and international affairs, in part to hedge against perceived decline in US regional commitment 	<ul style="list-style-type: none"> Revitalize Japan's economy in line with Prime Minister Abe's Abenomics 2012 election promises; e.g., labor reforms, expanding trade partnerships 	<ul style="list-style-type: none"> Revitalize stagnant Japanese economy through free trade and expanded economic partnerships Maintain free and open maritime trade, and protect maritime resources through strengthened rule of law 	

	National Security; Population Safety	International Prestige and Influence	Domestic Politics / Constituent Support	Economics	Ideology/ Identity
Malaysia	<ul style="list-style-type: none"> Protect territorial integrity and maritime rights amid sovereignty challenges Maintain security cooperation with PRC, particularly on transnational crime 	<ul style="list-style-type: none"> Strengthen and bolster Malaysia’s role in international partnerships Promote and participate in international organizations and treaty regimes 	<ul style="list-style-type: none"> Continue system that privileges ethnic Malays and Muslims over other groups 	<ul style="list-style-type: none"> Strengthen regional partnerships to enhance development capabilities Strengthen economic ties with PRC 	
North Korea	<ul style="list-style-type: none"> Deter threat of Japanese, ROK/USA military action and designs of reunification (under control of ROK) Avoid subjugation by PRC; maintain independence of action and policy Regime survival (achieved through patronage and coercion); championing ideology of obedience to Kim family, self-reliance, privilege to military 	<ul style="list-style-type: none"> Enhance legitimacy and acknowledgment of state (and regime) as member of community of nations Promote a self-reliant DPRK 	<ul style="list-style-type: none"> Retain idea of eventual reunification of peninsula, and absorption of ROK into DPRK regime Improve domestic economic conditions (while retaining domestic control, patronage to military and military elite) 	<ul style="list-style-type: none"> Maintain flow of hard currency Abrogate sanctions Enhance economic development via improvements in domestic productivity, especially through science and technology 	<ul style="list-style-type: none"> Promote a self-reliant DPRK (juche), obedience to Kim family
Philippines	<ul style="list-style-type: none"> De-escalate North Korean military threat, especially to own citizens in ROK Pursue hedging strategy that balances independent security relationships with US and China (i.e., outside the ASEAN context) Maintain ASEAN cohesion to prevent regional conflict 	<ul style="list-style-type: none"> Work within international organizations to promote regional cooperation including “friendly” resolution of territorial disputes in the South China Sea Maintain strong ties with ASEAN 	<ul style="list-style-type: none"> Promote and protect “welfare and interests” of Filipinos abroad Manage PRC relations in light of public suspicion of China and public opinion favoring US military presence 	<ul style="list-style-type: none"> Protect interests and rights of over 10 million expat Filipinos, particularly their ability to send remittances (comprises 10% of GNP). 	
Russia	<ul style="list-style-type: none"> Maintain stability of border regions and minimize instability in neighboring states that might spread into Russia Contain US influence and power including US presence on the Korean Peninsula Oppose nuclear North Korea 	<ul style="list-style-type: none"> Expand Russian global influence, including through Russian involvement in any DPRK resolution 	<ul style="list-style-type: none"> Maintain popular support by improving economy and enhancing Russian international standing Mitigate impact of international sanctions on Russian citizens 	<ul style="list-style-type: none"> Ensure prosperity by expanding economic / political relations with Asian states; integrate Siberia, Russian Far East into region Preserve economic stability in face of sanctions 	
South Korea	<ul style="list-style-type: none"> Maintain deterrent relationship with DPRK, bolstered by US support Denuclearization of peninsula Avoid large destabilizing event on peninsula (regime change in North, refugee flows, armed conflict) 	<ul style="list-style-type: none"> Hedge between US and PRC ambitions in region Be active participant in regional affairs Maintain sovereignty claims on disputed territories 	<ul style="list-style-type: none"> Serve as vanguard of all Koreans (reunification with ROK control) Leadership role and control over Korean peninsular matters, rather than imposition by major powers 	<ul style="list-style-type: none"> Continue economic growth and development 	

	National Security; Population Safety	International Prestige and Influence	Domestic Politics / Constituent Support	Economics	Ideology/ Identity
United States	<ul style="list-style-type: none"> • Contain Chinese territorial expansion, aggression by maintaining strong relations with Taiwan, and impeding construction of artificial islands in the South China Sea • Assure freedom of navigation for US Navy vessels through South China Sea • Preserve security guarantees and deterrent capabilities with regional partners (ROK, Japan) • Strengthen nuclear non-proliferation regime • Defend against cyber, WMD, and other threats to US and regional partners 	<ul style="list-style-type: none"> • Retain US regional influence • Preserve regional security and diplomatic influence by maintaining a rules-based liberal regional order that privileges US • Maintain US extended deterrence guarantees 	<ul style="list-style-type: none"> • Grow support for current Administration by improving domestic economic growth, market valuations and achieving favorable foreign policy wins, e.g., outcome on DPRK denuclearization 	<ul style="list-style-type: none"> • Stem China’s growing economic weight and US allies’ economic dependence on PRC; reduce size of US and regional states’ trade deficit with China • Assure freedom of navigation through important trade routes in the South China Sea • Pursue politically palatable trade policies with China (and regional partners) 	