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Executive Summary Report

Though the crisis with Iran is far from over, other areas and topics deserve attention. This Executive Summary is an update on North Korea and its evolving situation.

For decades, North Korea was appropriately called the “Hermit Kingdom.” Since its inception following World War II, three successive regimes led by the Kim family have employed isolation and gross misinformation as tools to control and govern. Employing perhaps the harshest authoritarian methods in the world, Kim Jong Un (KJU), like his father and grandfather, has continued to create conditions where his people live in squalor with recurring cycles of starvation – all to preserve an oppressive regime.

But with the return of Great Power Competition, North Korea has found an opportunity to improve relationships not only with its traditional and informal ally, China, but it is also dramatically rekindling its friendship with Russia, with whom it has historically had an off-and-on past. In this sense, North Korea arguably is no longer the “Hermit Kingdom”; rather, it has uniquely positioned itself on the world stage as a growing power player, albeit remaining a global malcontent.

North Korean Provocations:

KJU has continued his predecessors’ approach to international relations. Successive regimes have been aggressively antagonistic to the West, supported at varying levels over the decades by China and Russia, and fixated on a military build-up – often flexing its military in disruptive and highly provocative ways, destabilizing neighbors and the region.

North Korea’s contentious relationship and antagonistic approach toward its Southern neighbor and America’s long-term ally, South Korea, continues to escalate (more on this shortly). The situation is only worsened by North Korea’s steady advances in its short-, mid-, and long-range ballistic missile programs along with unrelenting progress with its nuclear weapons program. These advances present a real and increasing threat to South Korea as well as to Japan, the region and the United States. North Korea is infamous for its cycles of provocations – often aimed at inciting or threatening regional foes, the United States, or in some cases, for enhancing domestic political posture. Trends over the last several years support the idea that a slowdown is not on the horizon.

Let’s review North Korea’s most recent provocations. Since 2024, North Korea has conducted at least 66 ballistic missile tests and 22 cruise missile tests. This includes an apparently successful test of the North’s first solid-propellant ICBM (expected to range the continental U.S.), which could enhance both the readiness, reliability, and mass production of its nuclear-tipped ballistic missiles. Furthermore, North Korea has announced several new developments, including a new tactical miniaturized nuclear weapon and the planned development of an underwater drone capable of creating a “radioactive tsunami.” Additionally, KJU attended two missile tests that were using “unique and special technology,” apparently for the purpose of intercepting drones and cruise missiles.



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North Korea also has developed an advanced cyber force that adds to its already long list of capabilities in support of provocations. This force has been responsible for high-profile cyberattacks, financial theft, and espionage globally, targeting nations like South Korea, Japan, and the United States. North Korea's illicit revenue relies heavily on cybercrime, stealing \$3 billion in cryptocurrency from 2017 to 2023, which has funded about 40% of its weapons of mass destruction programs. In 2024, it stole \$1.34 billion in 47 attacks, doubling the previous year's amount. It appears that North Korea's cyber efforts are increasing exponentially.

Adding to these advances are recent North Korean pronouncements suggesting Pyongyang now considers a preemptive nuclear strike as a viable option for engaging perceived threats. North Korea modified its constitution to justify its right to employ nuclear weapons in certain scenarios. These developments reveal the increasing gravity of the current situation – while unprovoked tit-for-tat demonstrations continue, the backdrop and stakes have changed considerably for the worse. Combined, these actions suggest a newly emboldened KJU, likely due in part to a recent strengthening of relationships with China and Russia.

Making these threats even more dangerous are KJU's recent statements and constitutional modifications that removed words such as "reunification" and "peaceful coexistence" with its southern neighbor. North Korea's new stance with South Korea may be more aptly called "hostile coexistence."

Evolving Relationships in the Region:

China: Since its inception, North Korea has shared a strong relationship with China that has been essential for North Korea's existence. Of course, the very existence of North Korea can be attributed to the over 1 million Chinese soldiers who fought in the Korean War against the ROK, U.S. forces, and allies between 1950 and 1953. Some estimates from 2024 suggest China has accounted for nearly 98% of North Korea's foreign trade. While Xi's China ultimately seeks stability on the Korean Peninsula, rarely will it restrain North Korea. In the 2017 timeframe, for instance, China was frustrated with North Korea's expanding nuclear program and supported sanctions against it. Yet with the return of Great Power Competition, China appears to have increasingly supported North Korea in competition with the United States, perhaps due in part to KJU's new and enhanced relationship with Russia – Xi likely has a "friendship jealousy" with Putin's growing relationship with North Korea. Bottom line, China's leadership shows itself to be a mediator of North Korea leadership's provocative actions in ways that are ambiguous, plausibly deniable, and underhandedly supportive.

Russia: The 2024 agreement between KJU and Russia's President Vladimir Putin highlights deepening ties between these two nefarious nations. These stronger ties pledge cooperation in several areas, including increased military armament shipments from Pyongyang to Moscow in support of Putin's war effort in Ukraine and a renewed guarantee of mutual defense support (an agreement that Putin would probably never honor if it came to the test, though KJU likely believes it is real).

This agreement has had troublesome ramifications for the war in Ukraine as North Korea continues to resupply the Russians with munitions, missiles, and personnel. For instance, a UK think tank estimates that North Korea has been supplying at least 40% of artillery rounds fired at Ukraine. North Korea also made its initial deployment of over 10,000 troops two years ago, half of

which are already estimated to be casualties. Last year, DPRK made its second deployment of soldiers to fight the Ukrainians for the Russian cause. DPRK's "skin the game" with Russia's war against Ukraine displays the extent to which KJU will go to support Putin. It should be noted that despite the high casualties, KJU's military is gaining valuable combat experience, and some report that those returning from the Russia-Ukraine war are teaching lessons learned to the North's military.

On Putin's end, he is transferring high-tech items to bolster North Korea's defenses. These include high-end air defense, naval weapons systems, modern fighter aircraft components and support, electronic warfare assets, as well as drones. Russia is also improving DPRK's ballistic missile program to make it more reliable and accurate. In space, Russia enabled DPRK to have its first successful reconnaissance satellite (focused on collecting information on South Korea). Russia also pays large sums of money for DPRK munition deliveries and pays North Korea around \$2K/month for each soldier deployed in or around Ukraine. Even worse, Russia may possibly be proliferating nuclear weapons technology to North Korea. And the Russian defense pact with North Korea, as well as Russia's veto power in the UN Security Council, protects DPRK from UN sanctions.

South Korea: Since the "re-freeze" in relations began and with subsequent increased provocations by the North, South Korea's previous President, Yoon Suk Yeol, was under great pressure to answer KJU's rhetoric and demonstrations, pushing him to say in early 2024 that his country might seek its own nuclear arsenal or request the U.S. deploy nuclear forces to the peninsula. He later retracted this comment, but his statement affirms just how seriously he and the people of the South take the provocations from the North, especially its growing nuclear capability.

After many months of internal political turmoil, the new South Korean President Lee Jae Myung is attempting a new strategy. He desires to re-establish a dialogue with North Korea, with a three-step plan that he believes could convince North Korea to end its nuclear weapons program by first freezing its number of nuclear weapons, then reducing it, and finally, total elimination. Lee's plan seems very optimistic, yet at the same time, it bears noting that the previous plan of disengagement yielded no dividends. It also bears noting that Lee's new diplomatic approach aligns with President Trump's oft-stated desire to diplomatically engage North Korea's Kim personally (a desire he echoed during Lee's recent visit to the White House).

Finally, while Lee publicly appears optimistic, South Korean leaders have recently approved a 7.5% jump in defense spending simultaneously attributable to activities in the North and signals from the Trump administration that South Korea must bear a greater role in deterring the North.

U.S. and Allies' Reactions to North Korean Provocations:

The response from the U.S. and allies has been more of the same in recent years: attempts at sanctions for UN Security Council Resolution violations and, via other methods, routine joint exercises, public condemnation, and forums to attempt to denuclearize North Korea. That said, during President Trump's second term, the U.S. has made several changes to its political posture towards North Korea to include completely removing any mention of the North's threat from the 2025 National Security Strategy, continuing to leave vacant the position of Special Envoy on North

Korean Human Rights, opening the possibility of allowing humanitarian relief shipments into the North, and stating a desire to rekindle the dialogue the President began in his first term. Despite these overtures, the heavy sanctions regime remains in place, but as we've witnessed, despite being perhaps the most isolated nation in the world, increasing private support from malcontents like Russia and China makes it difficult to enforce meaningful sanctions.

Sanctions: Sanctioning North Korea is getting more difficult. The option of increased pressure/sanctions from the UN is now almost a non-starter. Since Russia and China hold permanent seats on the Security Council, a veto from one or the other instantly kills any proposed resolution. In 2022, Russia and China vetoed a UNSC resolution to increase sanctions and monitoring of North Korea following its ramp-up of missile tests. More recently, Russia vetoed the renewal of the UN "Panel of Experts" that monitored North Korea, thus ending the program. So instead of using the UN as a sanctioning method, the U.S. will have to rely on bilateral and multilateral sanctions along with like-minded countries such as the EU writ large, South Korea, Japan, Australia, etc., to make meaningful efforts to isolate North Korea and prevent it from securing dual-use equipment to improve its nuclear program.

Exercises: In the last couple of years, the United States increased its military activities with allies, to include additional exercises, deployments of nuclear-powered Los Angeles-class and Ohio-class submarines to the South, increased U.S. long-range bomber activity, and sealed agreements such as the recent Camp David agreement between the U.S., South Korea, and Japan. This agreement pledges the parties to conduct trilateral exercises, share missile warnings, and establish a working group to address the North's growing cyber threats. In addition, South Korea vowed to engage the G-20 and ASEAN nations for greater support in countering the threat on the peninsula.

In terms of exercises, the U.S.–ROK continue their two large annual joint exercises – Freedom Shield (Spring) and Ulchi Freedom Shield (Aug). These large joint exercises show no signs of slowing or rolling back. As a matter of fact, exercised domains are increasing to emphasize counter-drone, space, and cyber.

Public Condemnation: This is the least effective, but necessary, method to keep a degree of pressure on North Korea and those who support it. Many nations condemn North Korea's provocations, especially its growing nuclear and ballistic missile programs.

Forums: There have been several frameworks to negotiate nuclear disarmament with North Korea; unfortunately, none of them have been successful. Perhaps the most noteworthy were the following. First, the "Party of 6" — a multilateral group established in 2003, including China, Japan, North Korea, Russia, South Korea, and the United States. The talks yielded little and ended in 2009 when North Korea walked away from them. Next, there were historic bilateral meetings between KJU and President Trump in Singapore in 2018 and again in Vietnam in 2019. There was some optimism that such talks would continue, but that was not the case. As President Trump assumed office the second time, KJU turned down fresh offers to meet. But in late 2025, when South Korean President Lee met with President Trump in the Oval Office to discuss trade and tariffs, President Trump stated, "I'd like to meet him this year ... I look forward to meeting with Kim Jong Un in the appropriate future." Time will tell if talks resume and if they result in positive momentum. Furthermore, the ROK and U.S. Presidents spoke as recently as June 2026 (a sideline

discussion at G-7), where President Lee reportedly requested the U.S. President take the lead in trying to reduce tensions on the peninsula. Reportedly, President Trump agreed to restart direct diplomacy with Pyongyang.

Recent U.S. Developments: President Trump, with his unconventional style of statecraft, publicly chided South Korea for not being supportive of the U.S. efforts to denuclearize Iran and then ordered a scale-back of U.S. participation with the ROK in its major exercise, Ulchi Freedom Shield (discussed above). While this is certainly unconventional, it is not surprising. Some analysts see this as another example of President Trump's transactional approach to negotiation where he is often willing to reach outside the context of the immediate issue on the table to gain leverage for a broader "deal." The President is clearly frustrated with South Korea's refusal to assist with Iran, and some report his frustrations with ROK's slowness in fulfilling its U.S. infrastructure investment pledge. Couple this with the President's goal of increased burden sharing from allies (as captured in the 2025 National Security Strategy), and the directive to scale back Ulchi Freedom Shield is consistent with his approach. It remains to be seen whether this latest move is President Trump's non-traditional method of deal-making on display or merely his instincts. But it does signal a more transactional set of relationships with both North and South Korea instead of the long-term and consistent U.S. statements and actions of the past.

Forecast:

The North's nuclear weapons and missile development will continue. While Pyongyang is clearly well behind the West in the development of missile and nuclear systems, North Korea is on a solid curve to increase both the quality and quantity of these systems. This trend will only be enhanced with potential technological leverage from Russia based on North Korea's increased support for Russia's stalemated war in Ukraine and their recent mutual support and cooperation agreement.

Provocations writ large from the North will almost certainly continue as well. While the systems and methods are changing, the provocations will persist.

We might see more North Korean nuclear tests, which Russia would almost certainly not condemn (and perhaps China as well), ensuring that the UN Security Council is next to powerless to further sanction North Korea. Similarly, the North could increase production of both short-range and long-range nuclear weapons, with the West lacking the levers to abate these efforts. North Korea could increase its missile testing, especially with its improving long-range missiles, testing its new submarine that almost certainly will carry nuclear weapons, as well as its new cruise missiles.

With the return of Great Power Competition and opportunities for the North to enhance its relationship and standing with not only its long-term big brother, China, but with Putin's Russia as well, there are many potentialities for escalation.

Closer ties between Pyongyang, Moscow, and Beijing could herald closer military cooperation in the region. The North's military provocations are worrisome enough when it acts alone. Kim's forces acting in unison with Russia and/or China would be a considerable challenge for the West and its Pacific allies. North Korea could time its bad behavior to coincide with Russia's and/or China's disruptive actions. More concerning, however, is that Russia and/or China may begin to use (either directing or at least incentivizing) North Korea to aid in its competition with the U.S. to

pose new challenges for the West. It is not hard to envision scenarios where the North's provocations are synchronized during a time of crisis between the U.S. and China or Russia (or both) to further stretch the U.S. and its allies.

Time will tell which course (or courses) KJU will choose, but one thing is almost certain: North Korean provocations on the peninsula will not slow.

Economic Perspectives:

A key consideration from an economic perspective is the strengthening relationship between North Korea and China. Strategically, for China, it is both an offensive and defensive economic move to work with North Korea.

Russia's support for North Korea and vice versa has dramatically increased in the past 2-3 years. Russia is a key supplier of oil to North Korea, which has benefited both of their economies, and North Korea's military support has supported Russia's efforts in the war with Ukraine.

North Korea's threats to South Korea, coupled with China's aggression toward Taiwan, can create potential disruption in the technology value chain. Taiwan and South Korea are both key players in the next-generation value chain for advanced technologies, including Artificial Intelligence, through their production of microchips. Companies should continue to monitor North Korea's moves through the lens of potential supply chain disruption in the Asia Pacific Region, specifically in the technology sector.

Additionally, U.S. policy regarding tariffs and sanctions for countries that support North Korea could create cost impacts in global markets.

That said, KJU has shown an unexpected resilience to sanctions and almost universal global condemnation. While once seemingly teetering during and after the COVID pandemic, KJU's newfound strength from rekindled relationships with China and especially Russia suggests he will continue to gain strength. He does not need to thrive to retain power and continue his provocations; he just needs to survive and reduce the pain level – and this is happening.

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