



## Hubris, Intransigence, and the North Korean Nuclear Crisis

Anthony DiFilippo

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By Anthony DiFilippo

The Republican loss in the November midterm election, most observers have maintained, was a rejection of President Bush's failed Iraq policy. But the Bush administration's North Korean policy (not to mention its botched Iran policy) has also been unsuccessful, since the six-party talks that were created more than three years ago, far from defusing the nuclear crisis with respect to the Democratic People's Republic of Korea (DPRK), has only deepened it. While there was no hard evidence that Pyongyang actually had a nuclear weapon before the North Korean nuclear crisis emerged in October 2002, there is irrefutable evidence now that it has restarted its plutonium-reprocessing plant at Yongbyon and that it has the technological know-how to detonate a nuclear device.

Along with the missteps of Kim Jong Il's regime in the DPRK, the Bush administration managed to demolish the 1994 Agreed Framework that froze the Yongbyon facility. It was the Bush administration's unproven accusations that Pyongyang was maintaining, at a location that has yet to be identified, a clandestine uranium-enrichment program to produce nuclear weapons that precipitated the ongoing North Korean nuclear crisis. It is generally believed that the nuclear device detonated by the DPRK in October 2006 had a plutonium, not a uranium, core. If the opinion of most analysts is correct and the DPRK test was a relatively substandard explosion resulting from miscalculation, then it is plausible that the Bush administration's North Korean policy prodded Pyongyang to make this very unwise decision, which contributed to the undermining of the Nuclear Nonproliferation Treaty that has as its principal objective a world without nuclear arms. In its continuing attempt to get the attention of the Bush administration, especially to have a bilateral meeting with Washington, Pyongyang launched several missiles this past July and, after having announced in February 2005 that it had manufactured nuclear weapons, finally detonated a device that could conceivably have been built as early as October 2002.

Even when some semblance of accomplishment became discernible in the second phase of the 4th round of the six-party talks that were held in Beijing in September 2005, the Bush administration inaugurated a series of actions that soon eliminated the possibilities for agreement. At the same time that the six-party talks produced the Joint Statement on September 19, 2005, creating a ray of hope that the DPRK nuclear crisis could perhaps be diplomatically resolved, the Bush administration was hard at work planning to impose financial sanctions on North Korea. Two days after the second phase of the 4th round of the six-party talks resumed, the U.S. Treasury Department announced that it planned to take action against the Banco Delta Asia (BDA) of Macau. According to the Treasury Department, BDA has worked with the government in North Korea and its front companies for more than two decades and there is evidence that they have been involved in illicit activities, namely counterfeiting U.S. currency, drug trafficking and the illegal distribution of tobacco products. [1]

Because the BDA had had a long-term financial relationship with the DPRK, and since accusations of North Korea's involvement in illicit activities were hardly new, if nothing else, the question of the timing of the Treasury Department's announcement becomes suspect. A few weeks later, the U.S. Treasury Department announced sanctions directed at eight North Korean businesses said to be connected to the proliferation of weapons of mass destruction (WMD). [2]

Although the Treasury Department maintained that the imposition of financial sanctions on the DPRK was a separate issue from the six-party talks, Pyongyang interpreted them differently. As Pyongyang saw it, the U.S. imposed financial sanctions in order to pressure the DPRK, in the best-case scenario hoping that the regime would implode, or at least that it would be so weakened that Washington could impose unilateral demands to end the North Korean nuclear crisis. Not too long after the end of the first phase of the 5th round of the six-party talks in November 2005, Pyongyang announced that it would not participate in these multilateral meetings until the United States lifted the financial sanctions that it had imposed on North Korea.

Having on more than one occasion refused Pyongyang's request to meet bilaterally, the Bush administration suddenly changed its strategy, very quietly sending Christopher Hill, the Assistant Secretary of State for East Asian and Pacific Affairs, to Beijing in late October 2006 to meet with Chinese and North Korean officials. In Beijing, there were trilateral meetings; however, Hill also met bilaterally with Kim Gye-gwan, the DPRK's Vice Foreign Minister and its chief negotiator in the six-party talks. The announcement by the Chinese Foreign Ministry on October 31 that the six-party talks would soon resume was welcome news, since the hope that diplomacy could eventually resolve the DPRK nuclear crisis sounded far better to the international community than the stalemate that existed for nearly a year.

Hill stated after the meetings that he agreed to have the financial-sanctions problem addressed bilaterally as a side issue at the six-party talks – even though Washington had previously insisted that it was unconnected – and that the DPRK did not have any conditions for returning to these multilateral discussions. Pyongyang's agreement to return to the six-party talks, notwithstanding the fact that the United States had not removed the financial sanctions, was a concession that is diplomatically tantamount to Washington's willingness to meet bilaterally with Kim Gye-gwan in Beijing, which was rationalized as occurring within the context of trilateral discussions. But Hill's claim that the DPRK made no conditions to return to the six-party talks is a harder political pill to swallow, since what else would an agreement to discuss the financial sanctions at the six-party talks be other than a condition. Indeed, right after the announcement in Beijing that the six-party talks would soon resume, Pyongyang stated that it was rejoining the multilateral discussions based "on the premise" that the United States and the DPRK will be able to settle the sanctions issue during the six-party talks. [3]

Two days after the announcement that the six-party talks would be resuming soon, the U.S. Treasury Department showed unequivocally that it was not at all interested in allowing tact to prevail over indiscretion. Responding to requests from the news media regarding the announcement that North Korea would be rejoining the six-party talks, the Treasury Department stated that its continuing investigation of BDA "confirms the illicit conduct of the bank, including that the bank took a fee from the North Koreans in exchange for lax due diligence on their accounts." [4]

## Help from Tokyo

Shortly after the Treasury Department announcement, Japan's largest daily newspaper, the conservative Yomiuri Shimbun, ran a story that maintained that there is now evidence that Pyongyang had used its deposits in the BDA to pay Japanese companies in 2002 for equipment that could be used on North Korea's WMD programs. This was and is contrary to reports maintaining that BDA accounts had been used by DPRK elites to furnish themselves with luxury goods. While the U.S. Treasury Department would not acknowledge whether it had collaborated with Tokyo on the investigation, Japan to this point had kept out of the BDA financial-sanctions imbroglio.

While the title of the Yomiuri Shimbun story was a damning indictment of North Korea's determination to develop its WMD programs, the story itself was speculative rather than definitive. In one instance, Pyongyang allegedly used funds from a BDA account in 2002 to purchase a freeze drier that could be utilized in DPRK's biological weapons program. A DPRK company, which supposedly had direct ties to Kim Jong Il, was said to have arranged for a firm located in Tokyo to send the freeze drier, by way of Taiwan, to North Korea. Using funds from the BDA, this North Korean company allegedly deposited money in an account belonging to the Tokyo trading firm. Without providing any details, the story said that the DPRK company subsequently sold the freeze drier to a North Korean hospital that reputedly has been involved in researching biological weapons. A different DPRK firm allegedly used its BDA account in 2002 to purchase an electric supply component that another Japanese business illegally transported from Tokyo, through Thailand, to North Korea. The paper indicated that the electric supply component could be part of North Korea's uranium enrichment program [5] – the same one that the DPRK denies exists and still has not been located.

Tokyo has been a staunch supporter of the Bush administration's hard-line DPRK policy from the start and was very pleased in April 2006 that the president welcomed to the White House the family members of a victim of North Korea's abduction activities. For Japan, the abduction of its citizens by North Korean agents decades ago has been the most serious unresolved problem it has faced with the DPRK until the latter's recent nuclear test, and so Tokyo was pleased that Bush helped to internationalize the issue. Moreover, both Washington and Tokyo have maintained that together they will work hard to enforce the U.N. Security Council (UNSC) resolution that imposed sanctions on North Korea in the wake of its nuclear test, something that Pyongyang is not at all happy about.

Other than ending food and humanitarian assistance, Tokyo has been reluctant in the past to directly sanction the DPRK for its misadventures. With the Japanese right pushing especially hard to make Japan a "normal country," one that demonstrates a full range of both military and economic capabilities, reluctance to impose sanctions no longer holds.

The threat of DPRK missile testing this past summer prompted Tokyo to pledge to sanction North Korea if it went ahead with the testing. Once the DPRK tested missiles in July, Tokyo immediately drafted a tough resolution to sanction North Korea, which it presented to the UNSC. While Tokyo's draft resolution, which included the possible enabling of Chapter VII that authorizes the use of military force, won the support of the United States, Great Britain and France, both China and Russia saw it as an excessive reaction to Pyongyang's bad decision to launch missiles. Beijing and Moscow initially called for a far less punitive Presidential Statement from the UNSC. They later sponsored a resolution of their own that did not include the possible use of military force. UNSC 1695 was a compromise resolution that married Washington and Tokyo's demands for a hard-line reaction to DPRK missile testing and Beijing and Moscow's preference for a less punitive response. [6]

Tokyo also took steps at home to sanction North Korea for its missile testing. In July, Tokyo banned the DPRK ship, the Man Gyong Bong, from docking in Niigata for six months, an action that has hurt Chongryon (pro- Pyongyang Koreans in Japan), since it significantly disrupted their transport ties with North Korea. [7] Then, in September 2006 Tokyo employed further sanctions. Stressing that its action was consistent with UNSC Resolution 1695, the Koizumi cabinet prohibited Japanese institutions from conducting unauthorized business with 15 DPRK establishments and one individual thought to be associated with Pyongyang's WMD programs. In addition to the individual, Washington had identified all but three of the listed establishments suspected of contributing to DPRK's WMD programs, prompting Pyongyang to respond that Tokyo was simply doing what Washington wanted.

Pyongyang's determination to get Washington's attention, preferably resulting in a bilateral meeting to resolve the nuclear crisis, led in early October to its proclaimed intention to conduct a nuclear test and then, just a few days later, to carry one out. Although a very unwise decision, the North Korean nuclear test proved two things: the DPRK could now detonate a nuclear device, and the sanctions approach had not worked. Thus, consistent with what has happened since 2002 when the DPRK nuclear crisis first emerged, the increasingly hard-line approach preferred by Washington and Tokyo to gain DPRK compliance, actually resulted in Pyongyang's noncompliance.

The DPRK's early October threat to conduct a nuclear test and the test itself coincided with Japanese Ambassador Kenzo Oshima assuming the position of president of the UNSC, on which Japan served as a nonpermanent member until the end of 2006. Although the global community viewed Pyongyang's nuclear test as a breach of a major international norm, having a Japanese official at the helm of the UNSC added to the speed of this body's reaction. Washington and Tokyo went to work immediately after the North Korean nuclear test, seeking to sanction the DPRK to the fullest extent possible. Before it had been technically verified that the DPRK had conducted a nuclear test, Washington and Tokyo succeeded in getting the UNSC to adopt Resolution 1718. Because of objections from Beijing and Moscow, UNSC Resolution 1718 did not authorize the use of military force. Condemning the DPRK for conducting a nuclear test, UNSC Resolution 1718 was in large part designed to ensure that goods, equipment and technology supporting the DPRK's military, especially its nuclear and WMD programs and including financing associated with them, not enter North Korea, and to block the international travel of persons believed to be connected with these efforts. [8]

Even before the adoption of UNSC Resolution 1718, Tokyo independently sanctioned North Korea, a move that instantly received approbation from the U.S. State Department. [9] Almost immediately after the DPRK announced that it had conducted a nuclear test, the Abe government banned all North Korean imports, barred all DPRK ships from docking in Japanese ports and prohibited nearly all North Koreans from entering Japan, sanctions that Ambassador Oshima articulated to the UNSC. [10] Since UNSC Resolution 1718 also prohibits states from supplying luxury goods to North Korea, Tokyo soon banned them as well. In mid November, the Abe cabinet decided to prohibit more than twenty luxury products consumed by the DPRK elite from being exported from Japan to North Korea. At about the same time, Washington announced that it too would proscribe luxury exports to the DPRK, [11] a symbolic gesture, since no U.S. exports of luxury items were shipped to North Korea in 2006.

To different degrees, the United States has been sanctioning North Korea since 1950. [12] Together with Washington's longer-term sanctions regime, Tokyo's decision to apply tough sanctions on North Korea, since its July 2006 launch of several missiles, did not prevent Pyongyang from conducting a nuclear test. Nor did the combined U.S.-Japanese sanctioning effort persuade Pyongyang to discuss much of anything other than the sanctions imposed by Washington on the DPRK's BDA accounts at the six-party talks recently held in Beijing in December 2006. As for Japan-DPRK relations, like US-DPRK relations, they too are in bad shape. Before the six-party discussions resumed in December, Pyongyang questioned the purpose of Japan even attending the talks. Since Japanese and DPRK officials held no bilateral discussions at the recent six-party talks, the Abe government's insistence on giving high priority to resolving the abduction issue, in addition to the missile and nuclear problems, amounted only to words, but words that nonetheless have political value in Japan. For several years, the Japanese right has used the abduction issue as a trump

card to garner and maintain political support at home.

### **Preordaining the Six-Party Stalemate**

The Bush administration was well aware before the six-party talks resumed in December 2006 how much the lifting of the BDA sanctions meant to Pyongyang. Nearly a month and a half after agreement was reached in Beijing at the end of October to resume the six-party talks and for Washington and Pyongyang to have a bilateral discussion on the sanctions issue in this multilateral context, the Bush administration appeared far from having a detailed, coordinated approach to deal with North Korea.

When asked just five days before the six-party talks resumed on December 18 if Undersecretary for Terrorism and Financial Intelligence Stuart Levey from the Treasury Department would be leading the U.S. sanctions team in the discussions with the DPRK delegation in Beijing, Assistant Secretary of State Hill responded, "You can check with Treasury. I don't believe Stuart is actually going. I think someone from Stuart's shop is going." [13] Hill was right Levey did not go to Beijing. Hill's comments give the impression that little interdepartmental communication had taken place on how to resolve the DPRK nuclear crisis. The day before Hill made his comment – again, just a few days before the resumption of the six-party talks – Levey was in New York giving a speech. He told his audience composed of international financial leaders that the objective of monitoring institutions around the world when dealing with problem organizations and states, one of which he identified as North Korea, needs to be "to prohibit their access – and that of their support networks – to the financial system. It is necessary," said Levey, "to isolate them financially and commercially, and ensure that all of their activities, whether seemingly legitimate or illicit, are shut down." [14] The person from "Stuart's shop" that Treasury sent to the six-party talks was Deputy Assistant Secretary Daniel Glaser. There is no evidence, however, of a coordinated effort from the State and Treasury Departments to deal with the DPRK at the six-party talks. It is therefore hardly surprising that the Bush administration could not get Pyongyang to discuss nuclear disarmament issues.

For its part, Tokyo largely echoed Washington's position, stressing that the December 2006 six-party talks could not go anywhere because of the DPRK's unreasonable insistence on having the financial sanctions removed before a discussion on nuclear disarmament could take place. Sasae Kenichiro, Director-General of the Ministry of Foreign Affairs' Asian and Oceanian Affairs Bureau and Japan's principal diplomatic official at the six-party discussions, emphasized after the talks that, "Unfortunately, we were not able to see any kind of concrete progress [on nuclear disarmament] because North Korea persisted with the financial issue, which is not related to the main topic." [15] However, Tokyo has equally persisted with the abduction issue. Since the beginning of the six-party talks in 2003, Tokyo has repeatedly interjected the abduction issue into the talks. During a press conference held on the last day of the six-party talks in December 2006, the deputy press secretary of the Ministry of Foreign Affairs indicated, "Mr. Sasae repeatedly mentioned that [i.e., the abduction issue] in the overall sessions." [16]

### **A More Conciliatory Policy**

Whether or not the six-party talks will result in the denuclearization of the Korean Peninsula remains an unanswered question. Because Pyongyang is especially troubled by the financial sanctions, a significant concession by Washington on this matter would likely break the diplomatic ice and give the DPRK a reason to commit to the six-party talks. The longer Washington waits to do this, the further Pyongyang will integrate its nuclear weapons deterrent into the DPRK's songun (military-first) policy, making denuclearization that much more difficult to achieve.

While the shared goal of the denuclearization of the Korean peninsula is laudable, the Bush administration's refusal to abandon its hard-line DPRK policy and work in a conciliatory manner has thus far created obstacles that have helped forestall the resolution of the North Korean nuclear crisis. This has been aggravated by Tokyo's support of the Bush administration's hard-line DPRK policy and recently by its willingness to jump on Washington's financial sanctions bandwagon.

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*This is a revised, updated and expanded version of an article posted at The Hankyoreh on December 13, 2006. Posted at Japan Focus on January 8, 2007.*

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[16] Ministry of Foreign Affairs, Press Conference by the Deputy Press Secretary, Tokyo, December 22, 2006.

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