

**DPRK-U.S. RELATIONS IN THE AFTERMATH OF THE  
NORTH KOREAN NUCLEAR TEST**

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**Summary**

On September 19, 2005, the participating countries in the Six-Party Talks agreed to peacefully resolve the North Korean nuclear issue through a series of coordinated steps. However, the September 19<sup>th</sup> Joint Statement is ambiguous about the sequence of steps to be taken, which has been a source of conflict between North Korea and the U.S. The situation worsened as America publicized its suspicion that the Macao-based Banco Delta Asia (BDA) had engaged in transactions with North Korean businesses accused of counterfeiting and money laundering. As a result, North Korea announced that it would not participate in the Six-Party Talks until the U.S. lifted the financial sanctions against it. However, the U.S. has insisted that the sanctions are legal measures to protect its own currency and are therefore unrelated to the talks. North Korea invited the American negotiating representative to Pyongyang in order to hear out the U.S. position, but the offer was rejected. In response, the North conducted the missile test in July 2006[1] and the nuclear test in October, in spite of warnings from the international community. In order to punish the DPRK, America and Japan led the drive to pass Security Council resolutions (1695 on July 15, 2006; 1718 on October 14, 2006). In this period, China, which had adopted a passive stance on sanctions against the North, made known its

change of heart, raising talk of a reshuffling in the Six-Party Talks and security dynamics in Northeast Asia.

It is undeniable that North Korea's missile and nuclear tests raised a serious threat to the security of South Korea, America, and Japan, as well as to the global system of deterring nuclear proliferation. The North also violated its international agreements (e.g., the 1992 Joint Declaration of the Denuclearization of the Korean Peninsula), in effect bringing the UN sanctions on itself. However, it is important to censure North Korea's actions while drawing up an effective plan to resolve the issue and then systematically carrying it out. The international community must prudently block any means that would allow North Korea to strengthen its nuclear program and find a way to safely eliminate its nuclear weapons at the lowest cost possible.

North Korea experts in the U.S. and around the world have declared the Bush administration's North Korea policy to be a failure. One of the reasons cited for this failure is the rigid policy and unwillingness to compromise that stems from the Christian fundamentalism of hardliners within Bush's security team. America must seriously consider changing its policy, if only for its own sake. Such change is a definite possibility in the wake of the November 2006 midterm elections, a blow to the current administration that resulted in the resignation of neo-conservative Secretary of Defense Rumsfeld and his colleagues and the appointment of Gates, who is a traditional realist along the lines of Kissinger and Scowcroft. This paper offers two policy plans for the U.S.: First, in the short term, America must swiftly conclude its investigations and financial actions concerning the BDA and make public whether North Korea engaged in illegal activities, in addition to preventing the advancement of its nuclear weapons program. North Korea's intentions are also important, but in this way America can substantially contribute to restarting the Six-Party Talks. Second, once the talks are underway, America should work toward advancing the September 19<sup>th</sup> Joint Statement by making clear to all parties its willingness to provide permanent substantive benefits and improve ties with the DPRK in exchange for verifiable nuclear disarmament.

### **Short-Term Policy Plan**

The U.S. must swiftly conclude the legal proceedings on North Korea's illegal activities and mitigate the North's burden of admission of guilt.

As mentioned above, North Korea has demanded that the U.S. lift its financial sanctions and engage in bilateral talks, but the latter has adhered to its principle of not discussing legal affairs with the North. However, America has recently issued a series of statements exhibiting some flexibility as a means of inducing North Korea to return to the multilateral talks. One such example is a speech by Assistant Secretary Christopher Hill, in which he stated, “The bilateral talks, if realized, will deal with all pending affairs, including the possible withdrawal of U.S. economic sanctions.” This is one of the reasons why North Korea agreed to return to the Six-Party Talks in December.

In order to move towards the September 19<sup>th</sup> Joint Statement, it is essential that the U.S. Treasury Department expeditiously conclude its investigations into North Korean accounts with the BDA and disclose the results to the international community.[2] Given the assumption that the evidence presented by the U.S. is credible, the participants in the Six-Party Talks should demand an explanation from the North and a pledge to punish those responsible and prevent any recurrence. At this point America must alleviate North Korea’s burden of admitting guilt, not out of legal or moral considerations but as a strategy to achieve the dismantlement of its nuclear program. For example, the U.S. should accept an admission of illegal activity, even if North Korea insists that it was not a state decision. The 2002 Pyongyang Declaration was made possible by Koizumi’s acceptance of Kim Jong Il’s apology for and explanation of the Japanese abduction issue. If North Korea acknowledges the illegal activity and pledges to prevent any recurrence, for example by visibly destroying the counterfeiting plates, the U.S. must discontinue its financial sanctions against the North. The Treasury Department must go through the procedure of initial, preliminary, and final rule, but it appears that it has already gathered sufficient evidence to corroborate its claims of North Korea’s wrongdoing. After reaching a verdict on the BDA, the department should release the materials to the Macao and Chinese authorities, unfreezing any legal funds and opening the way to removing the financial sanctions altogether. It would be desirable for the participant countries in the Six-Party Talks to cooperate in ensuring a means for North Korea to conduct legal financial transactions. North Korea has proposed forming a DPRK-U.S. consultative body to remove American suspicion of its financial transactions henceforth, as well as permitting it to open accounts with American banks, where its activities can be easily monitored. The U.S. should seriously consider these North Korean propositions as a means of preventing illegal activity in the future. These measures will not only increase the possibility of the talks’ success in dismantling the North’s nuclear program but also serve as a means of creating basic trust between the two countries.

## **Long-Term Policy Plan**

America must make clear its willingness to take “simultaneous action” and to provide permanent substantive benefits and improve ties with the DPRK in exchange for verifiable dismantlement of its nuclear program.

The BDA issue and its resolution will meaningfully contribute to the substantive reopening of the Six-Party Talks, but the participating countries must face the reality that several important issues remain in the way of implementing the September 19<sup>th</sup> Joint Statement. North Korea may insist that the multilateral talks have changed from negotiations over the denuclearization of the Korean peninsula into discussions of nuclear arms reduction. Moreover, it is likely that the North will adhere to its previous stance on light-water reactors and uranium enrichment. Again, the U.S. must clarify to all parties its willingness to take simultaneous action and to provide the DPRK with permanent substantive benefits, including a light-water reactor and improved ties, in exchange for the verifiable dismantlement of all its nuclear facilities and materials. Given North Korea’s particular authoritarian decision-making process and the assumption that it considers friendly relations with the U.S. to be the most important factor for its survival, a top-down approach that focuses on fundamental issues may be more effective than the usual bottom-up approach that has yet to produce any results.

The Bush administration has made official statements demanding that North Korea adopt measures that address matters unrelated to the nuclear issue, such as human rights or conventional arms, in order to realize fundamentally changed relations with the U.S.[3] However, if America truly wishes to resolve the nuclear issue, it must understand that attempting to tackle all the issues at once is both unrealistic and unproductive. In connection with this, the U.S. must look at the history of South Korea and China: American efforts to improve human rights were more effective after the formation of a civil society in the case of South Korea and after the establishment of a U.S. embassy in the case of China.

At the November 2006 APEC summit in Hanoi, President Bush met individually with Presidents Roh Moo-hyun and Hu Jintao and stated that the U.S. would declare the Korean War officially over if North Korea abandoned its nuclear weapons and program. This is related to the outcome of the American midterm elections and holds great

significance, in that it may signal a strategic shift in America's North Korea policy. However, if Bush's words are considered a mere formality, then it is difficult to detect any serious change. The most important issue in resolving the nuclear crisis is the sequence of reciprocal steps, but in his speech Bush repeated the American position that North Korea must first abandon its nuclear program. Of course, the fact that the president used new terminology lends support to the idea that America is devising a strategic shift in its DPRK policy, but North Korea is unlikely to accept the condition of giving up its nuclear program first, raising doubt as to the extent of any American policy shift.

From another perspective, some South Korean and American experts are focusing on the difference between political pronouncements and the actions of strategists and those responsible for foreign policy. Bush must consider domestic politics and therefore has emphasized that North Korea must disarm first, but in reality his foreign policy and security team agrees in large part with the principle of resolving the nuclear issue through simultaneous action. It remains to be seen to what extent the steps envisioned by the Bush security team resonates with that of North Korea, but it appears that a stepping-stone for negotiations has taken shape. The key to narrowing the distance between North Korea and the U.S. lies in a top-down approach and the principle of simultaneous action.

### **Conclusion**

Of course, the author cannot guarantee the success of these policy approaches. However, taking into consideration the failure of the Bush administration's poorly strategized and non-utilitarian policy and the low risk of adopting the two policy directions presented herein, it seems that America should actively cooperate with the other participants in the Six-Party Talks and attempt a new approach.

### **NOTES**

1) On June 1, 2005 North Korea invited the U.S. representative to the Six-Party Talks, Christopher Hill, to Pyongyang, saying that "If America continues to view us as enemies and increases pressure against us, we will have no choice but to respond with tougher action." The U.S. made the visit conditional on the suspension of activity at the

Yongbyon nuclear reactor, in effect rejecting the North's invitation. This in turn was followed by the North Korean missile test.

2) It appears that the U.S. Treasury Department has already gathered sufficient evidence as proof of North Korea's illegal financial activities. In terms of formalities, the Treasury Department must reach a verdict on these activities, but criminal proceedings are the jurisdiction of the Department of Justice. Some hardliners on North Korea have claimed that the treasury is not investigating North Korean accounts with the BDA. Not only are these claims false, there is some suspicion that pressure against the North will continue for political motives. If the investigations are underway, they must be concluded and then accompanied by an appropriate policy of pressure, but it will be difficult to find a realistic way forward, considering the security dynamics in Northeast Asia and the American political environment.

3) James A. Kelly, Assistant Secretary of State for East Asian and Pacific Affairs, "Dealing with North Korea's Nuclear Programs," Prepared Statement, Senate Foreign Relations Committee (July 15, 2004).

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