



North Korea Nuclear Deal: Better Late than Never!

By Ralph A. Cossa

(More than) a day later, but not a dollar short. That pretty much sums up what to Pyongyang is a perfectly reasonable negotiating position. It will honor its end of the Feb. 13, 2007 "action for action" denuclearization deal, once the money is in the bank. In short, "checkbook diplomacy" still works with North Korea; the "check's in the mail" diplomacy does not!

The February deal, worked out during a round of Six-Party Talks in Beijing, called for a series of events to take place within 60 days of the agreement, or by April 13 on most people's calendars. But not Pyongyang's! From the North's perspective – and there is some logic here – the first step to be taken, within 30 days, was resolution of the so-called economic sanctions issue or, more specifically, the release of some \$25 million in funds frozen in Macao's Banco Delta Asia (BDA) as a result of U.S. money laundering accusations.

The U.S. "resolved" this issue on March 14 – a day late but \$25 million short – when it announced its findings, branding BDA guilty as charged but clearing the way for Macanese authorities to unfreeze the funds. Pyongyang's response was "show me the money!" This resulted in a surreal arrangement in which the entire \$25 million was to be deposited in a North Korean account in a Chinese bank, to be used "solely for the betterment of the North Korean people, including for humanitarian and educational purposes." Since not all the originally frozen funds were in North Korean-owned accounts, other account holders (including a British firm that had the ill fortune of having its apparently legitimate North Korea-associated account frozen) were not particularly eager to see their money go to Pyongyang – it's one thing to "reward bad behavior," it's another to actually help the North turn a profit on the deal.

A new agreement was finally reached on April 10 (almost a full month after the initial 30-day period and within three days of the 60-day deadline) to allow all depositors to retrieve their respective fortunes, regardless of their account's legitimacy – not the finest hour for international law enforcement but a small price to pay, one could argue, for getting the denuclearization ball rolling once again. Even the (relatively) simple act of withdrawal has proven complicated, since most banks don't want presumably tainted money transferred into their systems for fear of future repercussions.

Pyongyang has assured us, however, that once the money is in its hands, the process will continue and that they delay is (of course) all Washington's fault. We should not be too surprised, however, if the North takes (at least) another full 30 days, starting from April 10 (or later) to fulfill its end of the initial 60-day bargain.

I previously argued that the Feb. 13 deal constitutes a test of Pyongyang's (and Washington's) sincerity. It has not yet failed this test, but the clock is once again ticking. To uphold its end of the bargain, the North must "shut down and seal for the purpose of eventual abandonment" its nuclear facilities at Yongbyon, invite back IAEA personnel to conduct all necessary monitoring and verifications, and "discuss with other parties a list of all its nuclear programs," in return for the first (50,000 metric tons) shipment of an eventual one million metric tons of fuel oil or aid of equivalent value. A number of working group meetings were also supposed to occur (and did, but largely to no avail).

The Yongbyon shut down will be the easiest step, both for Pyongyang to do and for the IAEA to confirm. But, if the past provides precedent (as it all too often does with Pyongyang), the initial fuel oil shipment will have to be in a North Korean port before the shut down is completed.

More contentious is the "list of all its nuclear programs" that the North is supposed to "discuss." Chief U.S. negotiator, Assistant Secretary of State Christopher Hill (dubbed "Chris Jong-Hill" by the Japanese, due to his seeming willingness to bend over backwards to accommodate Pyongyang) has reportedly made it clear that this requires some admission of the existence of a not-so-secret (but to date denied) North Korean uranium enrichment program, or at least Pyongyang's purchase of centrifuges and other associated equipment. North Korean officials that I have talked with make it clear that any discussion of uranium, *if it comes at all*, will be during the second phase (after a lot more fuel oil or equivalent aid has been provided).

This could prove to be a real test of Hill's (and Washington's) flexibility -- a failure to receive some acknowledgment of centrifuges during the first stage could easily undercut Hill sufficiently to bring the whole process to a screeching halt, but it's not clear Pyongyang has heard (or accepts) this message or that it is being repeated by Washington's partners. Washington's eagerness to bend its own rules vis-à-vis the BDA case could come back to haunt it here if Pyongyang overplays its hand (which it almost always does).

However things turn out, we have already learned one thing. Despite its reputation to the contrary, Pyongyang has turned out to be very predictable; all you have to do is listen to what it says. North Korea has stated all along that it would not move forward until its money, ill-gotten though it may have been, was safely back in its hands, and it has not. It has also promised to proceed with (its interpretation of) phase one implementation once this has occurred and my guess is that it will. While it remains to be seen if Pyongyang is truly committed to full denuclearization, it realizes that the appearance of progress is becoming more and more important

as the December 2007 South Korean presidential elections draw closer.

Last fall, Pyongyang also claimed it was going to test a nuclear weapon. While the rest of us debated whether or not the North was bluffing (or even if it was capable of such an act), a nuclear detonation took place. While the intelligence community now debates whether or not it was successful, Pyongyang is insisting that it must be recognized as a nuclear weapons state before it will discuss giving up its weapons. In this regard, it is important to note that the second stage of the Feb. 13 agreement includes "provision by the DPRK of a complete declaration of all nuclear programs and disablement of all existing nuclear facilities," but does not include any specific reference to the disposition of existing DPRK nuclear weapons, of which Pyongyang could have as many as eight.

Assistant Secretary Hill has said he still hopes that both phases of the Feb. 13 agreement can be fully implemented by the end of this year. But, even if Pyongyang passes the first test, full Korean Peninsula denuclearization is likely to require a lot more time . . . and a lot more aid and demonstrations of Washington's "sincerity."

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