

# MULTILATERAL DIALOGUE TO RESOLVE THE NORTH KOREAN NUCLEAR ISSUE

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**4TH CONFERENCE ON NORTHEAST ASIAN SECURITY**  
**CO-SPONSORED BY THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY (NCAFP)**  
**AND**  
**THE KOREA SOCIETY**  
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## **SUMMARY REPORT** **BY DONALD S. ZAGORIA**

### **INTRODUCTION**

On March 6, 2006, in New York City, the NCAFP and The Korea Society co-hosted a North Korean delegation led by Ambassador Ri Gun to discuss prospects for resumption of the Six-Party Talks. This meeting took place one day before the North Korean delegation met with U.S. officials in New York to discuss U.S. allegations about North Korean “illicit activities,” including counterfeiting of U.S. currency, money laundering and drug smuggling, charges which were followed by a U.S. freezing of DPRK assets in a bank in Macao.

The talks came at a time of mounting frustration on both the U.S. and the DPRK sides. The United States has been losing patience with the North Koreans over the DPRK’s continued reprocessing of plutonium at Yongbyon, its on-again, off-again approach to the Six-Party Talks, and its newly revealed counterfeiting of U.S. currency. The North Koreans, for their part, have demonstrated frustration with the U.S. financial sanctions which they argue are an effort on the part of the U.S. government to mount pressure on the DPRK in an effort to overturn the current regime.

### **FIRST SESSION – THE CURRENT STATE OF THE SIX-PARTY TALKS**

A former U.S. official led-off by observing that there is a lot of effort and activity occurring within the U.S. government on how to implement the September 19, 2005 Joint Statement, which was agreed to by all six parties at the Fourth Round of talks in Beijing. The Joint Statement committed the DPRK “to abandoning all nuclear weapons and existing nuclear programs and returning, at an early date, to the Treaty on the Non-Proliferation of Nuclear Weapons and to IAEA safeguards.” It also committed both the DPRK and the United States to “take steps to normalize their relations.” And it committed all six parties to “promote economic cooperation” in the fields of energy, trade and investment, to “negotiate a permanent peace regime on the Korean Peninsula” and to promote security cooperation in Northeast Asia. The American inquired whether there is reciprocal work going on inside the DPRK government to implement this agreement.

A DPRK official said such work is going on but he was unable to go into details until the official talks begin.

The American continued by stating that the U.S. Department of Treasury's imposition of Article 311 of the Patriot Act was not an effort to pressure the DPRK but rather a measure to protect the credibility of the U.S. currency. If counterfeit currency ceases to surface, the U.S. Treasury Department will have no reason to continue imposing this article. Thus, there could be a "quiet solution" to this problem. The U.S. interest is only in the cessation of such counterfeiting.

A DPRK participant responded that the problem lies in the U.S. government stating that the DPRK government is involved in the counterfeiting issue and this has damaged North Korean credibility. The DPRK had already made an official statement agreeing that the United States has a right to protect its currency. The United States should not implicate the DPRK government in these activities. Also, the United States should allow the DPRK to open accounts in U.S. banks.

The American replied that once there is some progress in implementing the September 19 Statement, (and this would have to include putting the DPRK uranium enrichment program on the table and ending reprocessing at Yongbyon), then there could be negotiations on the sanctions, progress on a peace framework, and movement on DPRK admission into the Asian Development Bank (ADB).

Another American participant reiterated that the September 19 Statement represented a big step forward and many in the U.S. government are working on how to implement these principles. Moreover, he continued, the United States remains committed to peace and stability in Northeast Asia and to improving relations with the DPRK.

A DPRK participant countered that it is the U.S. government that is creating great obstacles to implementing the September 19 Statement with its charges of counterfeiting and drug-trafficking. These are politically motivated charges designed to disgrace the DPRK regime and eventually to overthrow it. U.S. policy, he continued, is to get North Korea to abandon its nuclear weapons first; and, the financial sanctions are designed to apply pressure to achieve this goal. If the United States is genuinely committed to a policy of peaceful co-existence with the DPRK, denuclearization can be achieved. Everything is possible once the United States makes the decision to respect the DPRK's sovereignty.

A third American participant said that it is not irrational for the DPRK to believe that the U.S. financial sanctions are designed to sabotage the Six-Party Talks and to weaken the North Korean regime. Some in Washington would like to do precisely this. Moreover, the impact of the sanctions on North Korea has been much greater than expected. But, he continued, this is not now the policy of the Bush Administration. Secretary Hill, the speaker observed, said a few days ago that the U.S. actions are not directed at the North Korean regime but at its activities. These sanctions are not designed to shut North Korea out of global financial activities but rather to combat illegitimate activities. This

American said he hoped that the U.S. government would explain to the North Koreans how they can avoid future sanctions and how the current sanctions might be lifted. He added that the North Koreans could only find relief from the sanctions after they demonstrated that sincerity in opposing these illicit activities. For this reason, he concluded, he was encouraged to hear the North Korean participants say that the DPRK government opposes such illicit activities.

A DPRK participant then said that the sanctions on the Macao bank have a deep background. For half a century, North Korea has been prohibited by the United States from taking part in normal international economic activity. The Trading with the Enemy Act remains in effect. As a result, North Korean banks and businessmen face difficulty, U.S. visitors to North Korea cannot use credit cards there and North Korean businessmen cannot do business abroad. This is why we call U.S. policy a “hostile policy,” he concluded.

Another DPRK participant referred to two DPRK Foreign Ministry statements of February 9 and 28, 2006, observing that the North Korean government has already said that it is not involved in any illicit activities. The DPRK opposes counterfeiting and money laundering and is willing to join the international community in combating such activities. The DPRK government has announced that those engaged in drug trafficking can get the death penalty. Therefore, the United States should not link the DPRK government to these illicit activities.

An American participant added that Section 311 of the Patriot Act is designed to protect U.S. financial institutions but that it does not mandate any particular actions. So, the Executive Branch could lift these sanctions on its own if it decides it no longer wishes to impose such limits. Some of the sanctions on North Korea would require legislative action but this is not one of them. The Administration could lift the financial sanctions as soon as it is satisfied that it is getting the cooperation it seeks.

At this point, an American participant noted that he thought the conversation thus far had revealed a set of shared concerns and interests. First, there is a common concern about counterfeiting, money laundering and drug smuggling. Second, North Korea has indicated a number of steps it has taken to underscore its opposition to these activities. Third, there is a common interest in not allowing this issue to interfere with progress in the Six-Party Talks.

Another American participant said it was his impression that the tone and spirit of the North Korean presentations was very constructive. After sketching out some of the current challenges facing American foreign policy, he argued that the United States does not have an interest in dominating Asia or any other area of the world. Rather it wants all of the states in the region to have constructive relations with each other and with the United States. There is nothing to be gained by military conflict – especially in view of modern technology. The United States has no permanent adversary in the region. And, if the nuclear issue could be resolved, it would be possible to develop a security framework for all of Northeast Asia, including North Korea.

However, if the nuclear issue is not resolved, he cautioned, there will continue to be concerns and pressure not only from the United States but from all of the states in the region. Should North Korea go down that road, it would limit its potential for growth. Moreover, North Korea cannot expect to have nuclear weapons without Japan taking comparable steps; China will not be indifferent; South Korea will see it as an obstacle to reunification; and the United States will continue to strongly oppose it. Therefore, pressures against a North Korean nuclear program will magnify.

But it is necessary, the American said, to understand DPRK concerns about regime change. The issue is whether it is possible to do away with North Korean nuclear weapons while at the same time providing assurances for North Korean security and economic and social evolution. It is necessary to resume the talks and make some serious progress. To many in the United States, it looks as though the DPRK wants to keep its nuclear program and to stall. To many in the DPRK, it looks as if the United States wants North Korea to disarm and only then the United States will decide what it intends to do.

With regard to the sequencing issue, the American added, the problem must be broken up into various stages to work out tangible *quid pro quo* steps on both sides for each stage. A high-level U.S. visitor to Pyongyang would be possible after there is some progress. However, such a visit by itself could not make a breakthrough. The first stage of the breakthrough would have to take place in Beijing at the Six-Party Talks.

In response to this presentation, a North Korean participant said that within the DPRK there is a serious lack of trust in the United States and North Korea regards the U.S. position as one that requires North Korea to move first. Only then will the U.S. follow. The American responded that there must be a degree of simultaneity on both sides.

A number of American participants agreed with the proposition advanced by one American speaker that the parties should develop a concept of a Northeast Asia security system in which North Korea would play a role

## **SECOND SESSION – WHERE DO WE GO FROM HERE?**

An American began the session with a number of suggestions on how to move the Six-Party Talks forward. First, there must be immediate steps taken to reduce the levels of mutual mistrust. Some in North Korea believe that U.S. policy is dedicated to regime change in North Korea and therefore the United States is not serious about a negotiated settlement. Some in the United States believe that a negotiated settlement is not possible because North Korea is simply unwilling to eliminate its nuclear weapons program. In order to reduce mistrust, both sides should tone down their rhetoric and the North Koreans should be allowed to come to Washington, DC. Second, the Six-Party Talks should not be held hostage to the illicit activities problems. A separate channel should be established for resolving the latter issue.

Third, concerns over a light water reactor for North Korea should also not be allowed to throw the negotiation into gridlock. Some neutral method must be found to deal with energy cooperation.

Fourth, all sides should adhere to a schedule for the Six-Party Talks. The on-again, off-again nature of the talks is disturbing. To adhere to a regular schedule of meetings would in itself be a confidence-building measure.

Fifth, the details of implementing the Joint Statement should be divided into baskets. The U.S. bureaucracy is hard at work to figure out how to implement the Joint Statement in a phased process. The U.S. wants a shortened process on the Libya-model but this is not realistic. There must be a reciprocal, sequenced process. Asking either the United States or North Korea to take unilateral steps is not realistic because of the logic of mutual mistrust. Detailed, reciprocal steps should be laid out within a set timeframe. The initial step will be very important. The Bush Administration is wary of taking a first big step and then hoping for the best. So the first step is critical. In this first step, North Korea should put forth a complete and accurate inventory of its nuclear facilities including its uranium enrichment program. The first step by the United States must also be tangible.

A North Korean participant suggested the first step from the United States be to ease sanctions against North Korea.

Another American participant displayed some skepticism about the North Korean negotiating position. He said that North Korea needs to respond more to the overtures by Assistant Secretary Hill. In fact, he thought that Pyongyang is awaiting the next U.S. presidential election in 2008. North Korea, he said, believes that the United States is distracted by Iraq and Iran. North Korea has only three choices: to ignite a war, to implode or to join the community of nations. The good news is that North Korea is slowly joining the international community but time is of the essence. The absence of progress will encourage some in the U.S. Congress to introduce hostile legislation and this will be very damaging. Many in Congress, he said, are increasingly impatient with the lack of progress. The Joint Statement provides an opportunity to move forward. This opportunity should not be lost.

Yet another American participant thought there are, in fact, four choices for North Korea: to ignite an explosion, to implode, to integrate into the international community as a non-nuclear state, and to try to integrate into the international community as a nuclear weapons state. However, the United States cannot fully normalize relations with a nuclear North Korea. If North Korea continues down the road of pursuing nuclear weapons, it will become less secure, not more. This American added there is no short-term solution to the problem. It should begin with training North Koreans and helping them develop their human capital by educating economists, lawyers, teachers, doctors, financial experts, scientists, etc. There needs to be massive international investment in North Korea, irrespective of the resolution of the nuclear issue. There must also be increased development assistance and greater people-to-people interaction in the arts, sports and

tourism. The Six-Party Talks, he went on, has little prospect of success in the next two years. North Korea does not see it in the DPRK interest to abandon its nuclear weapons and the United States has no compelling story. The only way to begin is with people-to-people diplomacy and training. The United States should try to shape a more positive environment for dealing with North Korea and the nuclear issue. The speaker concluded by asking the North Koreans whether they are prepared to detail the extent of their nuclear program. This, he said, would be the barest first step on their part after three years of talks. If they could not do so, he said, it would be impossible to take North Korea's commitment to abandon its nuclear program seriously.

A North Korean participant responded to this challenge by highlighting the importance of the September 19 Joint Statement. The lack of trust, he said, is the main problem. We need simultaneous actions and quid pro quos from each side. North Korea, he said, is building a nuclear deterrent in order to defend against a possible U.S. attack.

An American participant noted a deep sense of frustration among some of his colleagues. But he pointed out that the good news is that some in the U.S. bureaucracy have been charged with the task of finding ways to improve U.S.-DPRK relations. The Joint Statement provides an important opportunity to move forward and we should seize this opportunity.

Another American participant returned to the potential for action by the U.S. Congress. If the Congress concludes that North Korea has no intention to abandon its nuclear program or to negotiate seriously, there will be a new dynamic. It is therefore important that the North Korean delegation not leave this meeting with the impression that it is possible to wait out the Bush Administration.

Still another American participant said that he did not believe that Congress is ready to give up on diplomacy just yet. President Bush in 2002 said on the eve of Secretary Kelly's visit to Pyongyang that he was prepared to make a "bold decision." In that statement, he listed technical assistance, training, normalization of relations, entry into international financial institutions, and a peace mechanism – all in exchange for denuclearization of North Korea. This bold offer was derailed by the discovery that Pyongyang was developing a uranium enrichment program. The speaker wondered why North Korea was not exploring a way with the United States to return to its "bold program" in exchange for information on its enriched uranium and other nuclear programs. One possible conclusion, he said, is that North Korea is not serious about abandoning its nuclear program.

Another U.S. participant said there is too much talk and no sense of urgency. The best way to overcome the present impasse, he said, is to identify the common interests of the United States and the DPRK. Both share a common interest in resolving this issue quickly. If there is drift, the situation will get much worse. What is most needed is a sense of urgency on both sides.

One DPRK participant responded to these American challenges by saying that many in North Korea think it is the United States that wants to drag out the negotiations and wait for North Korea to implode. For our part, we are serious, he said.

Another North Korean participant argued vigorously that American skepticism about DPRK intentions is unfounded. He then read in detail from article 1 of the Joint Statement, which commits the DPRK to “abandoning all nuclear weapons and existing nuclear programs and returning, at an early date, to the Treaty on Non-Proliferation of Nuclear Weapons and to IAEA safeguards.” After reading this article, he said that the Americans should not be so suspicious of DPRK intent. And he reminded the Americans that North Koreans are also suspicious of U.S. intent. We are ready, he said, to get into serious negotiations at any time if the things we are concerned about are taken into account. We want to achieve a denuclearized Korean peninsula by improving U.S.-DPRK relations. Our way is not for us to denuclearize first. Rather we see the improvement of U.S.-DPRK relations as a process to reach denuclearization.

### **SOME CONCLUSIONS**

1. Most of the Americans were struck by the relatively conciliatory tone of the North Koreans throughout the meeting. Many attributed this conciliatory tone to the effectiveness of the U.S. financial sanctions.
2. Several Americans expressed considerable skepticism about whether or not North Korea is serious about abandoning its nuclear weapons program. Others thought it too early to tell without a serious effort at negotiations in the Six-Party Talks. The North Koreans argued that they are serious about implementing the September 19 Joint Statement and that the problem lies in the existence of strong mutual distrust, along with the recently declared U.S. financial sanctions.
3. The North Koreans did not deny the existence on their side of such “illicit activities” as counterfeiting, drug smuggling and money-laundering. They said that these activities violate North Korean law and that the DPRK has already announced that it would punish all violators. They also said that North Korea is prepared to join international or bilateral discussions on these illicit activities.
4. The diplomatic challenge for both sides lies in the issue of how to achieve simultaneity in the process of denuclearization. North Koreans repeatedly insisted that “our way is not to denuclearize first” but rather to see the improvement of U.S.-DPRK relations as a process to reach denuclearization. Americans, for their part, insisted that the DPRK needs to outline its nuclear program in some detail.
5. As a result of this challenge, several participants thought it is essential for both the United States and the DPRK to develop a reciprocal, sequenced process. Asking either the United States or North Korea to take unilateral steps is not realistic because of the logic of mutual mistrust. Detailed, reciprocal steps should be laid out within a set timeframe. The initial step will be very important. The DPRK should put forth a complete and accurate inventory of its nuclear facilities and its highly enriched uranium program will have to be on the list. The United States should begin taking credible steps towards normalization of relations with the DPRK.

6. Several on the U.S. side made the point that the Six-Party Talks should include a discussion, perhaps in a working group, of a new security architecture in Northeast Asia.