

**North Korea's Nuclear Arsenal –
Are Sanctions Effective?**

By

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What is preventing the resumption of the Six Party Talks? North Korea declared in early November that it was prepared to return to these talks. Despite several “three party” meetings recently in Beijing between China, the United States and North Korea, a date for the Six Party Talks’ resumption has not yet been set.

Several diplomatic sources confirm that two barriers are impeding the talks’ resumption. Pyongyang insists that the United States must first agree to phase out the financial sanctions that it imposed on North Korea’s bank accounts in Macau in September 2005. In exchange, Pyongyang promises that it will promptly return to the talks. Washington rejects this. Instead, it insists that the financial sanctions cannot be lifted until North Korea freezes all nuclear activities at its Yongbyon Research Center. The freeze would include shutting down the 5 Megawatt nuclear reactor which is the source of material North Korea needs to make nuclear weapons.

Given the continuing impasse between Washington and Pyongyang, the question arises as to the effectiveness of sanctions on North Korea. North Korea’s nuclear test in early October 2006 earned it international condemnation. For the first time since the Korean War, the United Nations Security Council imposed sanctions on North Korea. Even China, Pyongyang’s strongest support, approved the resolution although it could have abstained. Japan, even before the United Nations action, intensified its economic sanctions on North Korea. The United States applauded both actions while continuing its about twenty seven levels of economic sanctions on North Korea.

Despite all this economic pressure, however, Pyongyang remains adamant – it will not return to the Six Party Talks until Washington agrees to phase out at least its one year old financial sanctions. Obviously, economic sanctions have not yet compelled North Korea to bow to Washington’s demands. Why? The reasons appear to be economic and political.

All the sanctions imposed on North Korea so far have had marginal impact on its economy. The United Nations sanctions actually have no economic impact on North Korea. These sanctions aim to prevent Pyongyang from exporting nuclear weapons and ballistic missile material and technology. Although it has had the ability to produce nuclear material since at least 1991, North Korea has never exported such material, so the sanctions cost it nothing.

The same is true for its ballistic missiles. Once a major exporter of ballistic missiles, it can no longer attract buyers of its missiles. Pyongyang has failed since 1998 to improve its missile technology. Its two tests of the three stage Taepodong missile ended in failure in 1998 and 2006. North Korea's other missiles, the Nodong and Scud, represent old technology. Nations seeking to purchase modern ballistic missiles can get them from Iran, Pakistan, Russia and the United States. Again, the UN sanctions have no significant impact on North Korea's economy.

Japanese sanctions also have virtually no effect on North Korea. Japan since 1998 has gradually ended its trade ties with Pyongyang. The process began shortly after North Korea launched a Taepodong rocket over Honshu in August 1998. Japanese public pressure, generated largely by the abduction issue, compelled the government to take action against the *Chosen soren*, ending its tax benefits and ability to channel money to North Korea. By 2006, bilateral trade between Japan and North Korea accounts for only 4% of all of Japan's trade.

Finally, there never has been any significant amount of trade between the United States and North Korea. Washington has maintained comprehensive sanctions on North Korea since it invaded South Korea in 1950. Even the financial sanctions Washington imposed on North Korea in 2005 freeze only about \$24 million worth of Pyongyang's assets.

Despite all these sanctions, North Korea's trade in 2005 reached its highest level since 1991. China and South Korea have replaced Japan and Russia as North Korea's major trading partners. China's policy of trying to induce North Korea to follow its economic reform model and temper its international conduct have resulted in substantial increases in bilateral trade and Chinese investment in North Korea. South Korea's efforts to achieve reconciliation with North Korea have resulted in similar economic gains for Pyongyang. North Korea's economy today is continuing to make gradual but steady progress toward revitalization in spite of all the sanctions imposed on it.

Politically, some elements of North Korea's leadership, particularly those who favor having nuclear weapons, point to these economic sanctions as evidence of the United States' "hostile policy" and strategy to bring about "regime change." These same leaders explain to the North Korean people that the foreign economic sanctions are the reasons for the shortages and suffering that they must endure, not misguided government policies.

Our goal here is to find a more effective strategy for dealing with North Korea's nuclear threat. Obviously sanctions alone have proven ineffective in deterring North Korea from building and testing nuclear weapons and ballistic missiles. Sanctions have also failed to convince North Korea to return to the negotiating table. If a peaceful resolution is to be found to the "Korean problem," then our strategy will have to encompass real "give-and-take" negotiations, not just economic pressure.