

**The Six Party Talks – Two Steps Forward,
One Step Backward**

By

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Recent developments related to the Six Party Talks to end North Korea's nuclear programs amount to two steps forward and one step backward. Progress is evident from the resolution of the Banco Delta Alpha (BDA) problem and the fading away of the "neo-conservative" faction in the Bush Administration. However, there has been a significant step backward – the widening gap between Washington and Tokyo over how to deal with Pyongyang.

BDA: The US Treasury Department in mid-May took steps to transfer electronically through international banking channels to a US bank the \$25 million dollar North Korean account it had frozen at BDA in September 2005. US Chief Negotiator Christopher Hill had repeatedly declared that the money was available for Pyongyang to withdraw from BDA. But Pyongyang remained unsatisfied. It required more than being able to reclaim its money. Since October 2005, Pyongyang has insisted that the US drop its allegations that the North Korean government was involved in counterfeiting US currency, smuggling drugs and money laundering. Based on these allegations, the US government froze North Korean accounts at BDA in Macau. As part of the February 2007 Six Party Talks agreement, Pyongyang has demanded that the allegations be dropped and its reputation cleared so that it could resume normal international financial transactions.

The Treasury Department's actions in 2005 were part of the so-call Proliferation Security Initiative (PSI), a US government program that used US and international law to disrupt and to halt North Korea's international trade and banking. The goal was to coerce Pyongyang into accepting US demands for "complete, verifiable, irreversible dismantlement" of all North Korean nuclear programs.

PSI's primary advocates were the Bush Administration's then powerful "neo-con" faction that included: Vice President Chaney, his chief aide Scooter Libby, Secretary of Defense Rumsfeld, former Deputy Secretary of Defense Wolfowitz, former US Ambassador to the United Nations John Bolton, State Under Secretary for International Security Affairs Bob Bishop, former Deputy Secretary of State Armitage, his former close aide and then National Security Adviser on Asia Michael Green, Green's successor Victor Cha.

When President Bush abruptly altered his North Korea strategy in early 2007, he discarded PSI. His national security priorities shifted from countering weapons of mass destruction (WMD) to concentrating US military forces on winning the war on terrorism, particularly in Iraq and Afghanistan. Bush in other had decided he could no longer risk a confrontation with North Korea and authorized Secretary of State Rice and Six Party Talks US Chief negotiator Hill to strike a diplomatic deal with Pyongyang.

“Neo-con Retreat:” Even before Bush altered his North Korea strategy, “neo-cons” had begun to withdraw from his administration. Only two of them remain in office today: Chaney and Cha. Cha, National Security Adviser on Asia, submitted his resignation in February but it was not accepted until recently. No longer can the neo-cons impede State Department efforts to achieve a negotiated settlement with North Korea via the Six Party Talks. For Ambassador Hill, this is good news. He can now rely on a strengthening consensus within the Bush Administration that supports his efforts to implement of the February 19, 2007 Six Party Agreement.

Washington-Tokyo Tension: But the White House has also taken a significant step backward, one that could complicate future implementation of the February 13 Agreement. Bush’s new approach to North Korea puts it at odds with Japan. Ambassador Hill has publicly indicated that Washington will favorably consider dropping Pyongyang from the so-called “terrorism list.” Among the participants in the Six Party Talks, Seoul, Beijing and Moscow favor removal, but not Japan.

Prime Minister Abe has assured his constituents that he will resolutely seek a satisfactory resolution of the abduction issue with North Korea. Abe, like most Japanese, believed that Bush fully backed Tokyo’s position. President Bush at the late April 2007 US-Japan summit expressed sympathy for Japan’s concerns regarding the abduction issue, but he separated the terrorism list from the abduction issue and indicated that he would approve North Korea’s removal regardless of the abduction issue.

Washington put North Korea on this list in 1988 after North Korean agents in 1987 bombed a South Korea civilian airliner, killing everyone aboard. Nations on the list endure numerous economic sanctions such as not being able to join any international financial institution such as the World Bank, International Monetary Fund and the Asian Development Bank.

At the first official US-North Korea bilateral diplomatic talks in January 1992, US officials promised North Korea would be dropped from the list once it officially and publicly renounced international terrorism and returned to Japan members of the so-called “Japanese Red Army” who had hijacked a Japanese airliner to Pyongyang in 1992. A few years later, Washington added a third condition: Pyongyang must cooperate with Tokyo to resolve the abducted Japanese issue. Pyongyang subsequently renounced terrorism several times. It also cooperated with Prime Minister Koizumi’s efforts regarding the abduction issue, although Japan considers the matter far from being resolved.

Bush’s new stance puts him at odds with Abe. This could enable Pyongyang to pit one ally against the other. Also, if Abe and Bush cling to their different positions, Japan could eventually find itself isolated at the Six Party Talks. Abe would then either have to sustain his hard line with little chance of success, or face public displeasure at home by softening his stance.