



# NORTH KOREA CHRONOLOGY 2007

Northeast Asia Cooperative Security Project  
Social Science Research Council

1/1/07

New Year's joint editorial: "Last year ... was embroidered as a great year of victory and a year of upheaval when a dawn of a powerful socialist state broke. There was no time in the chronicle of the protracted and arduous Korean revolution like the year 2006 when the country's status rose to the level of a magnificent power and the nation's dignity was vigorously displayed. Last year's distinctive events and historic victories are bringing about infinite national pride and strong faith in sure victory to our army and people. ... **Our acquisition of nuclear deterrent was an auspicious event in our national history that realized our people's age-long desire of longing to possess an invincible national power that nobody can meddle with.** ...The single-hearted unity of tens of millions of soldiers and people, which firmly unite around the nerve center of the revolution amidst the flames of the general onward march of the military-first revolution, was reinforced in every way and a stepping stone for a new leap was also provided in the field of economic construction. A firm outlook for additional increase in agricultural output was brought about and technical modernization was vigorously promoted in various sectors of national economy. The new year of 2007 is a year of great changes, a year which will usher in a new era of prosperity of the military-first Korea. **The great leader Comrade Kim Jong Il pointed out as follows: It is our party's resolute determination and our army and people's consistent desire to build a powerful socialist state.** ...Our revolution, which started under the banner of the great juche idea and the military-first idea, has greeted a new historic phase. The present new era is a worthwhile era of ushering in an all-round efflorescence of the fatherland's prosperity on the basis of the victories and success of the military-first revolution registered in the history of the nation. We have the great guiding ideology, invincible single-hearted unity, and powerful war deterrence that has been consolidated in the flames of the military-first revolution. **The present reality, in which all conditions for leaping higher and faster have been created, demands that we step up the revolutionary advance more boldly to achieve the**

**high objectives of building a powerful socialist state. ... Building an economic power is an urgent demand of our revolution and social development at present and a worthwhile and historic cause for perfecting the looks of a powerful state. We should concentrate national efforts on solving economic problems, so as to turn the military-first Korea into a prosperous people's paradise. The main task in today's general onward march is to direct primary efforts into rapidly improving the people's living and step up technological updating to put our economy on a modern footing and display its potentials to the fullest. ...We should successfully realize the noble intention and plan of our party that regards the improvement of the people's living as the supreme principle in its activities. As we did in the past, we should hold fast to farming as the most fundamental basis of all and make an epoch-making advance in resolving food problem for people. ...We should decisively improve people's consumer goods by fiercely igniting the flame of light industry revolution. We should operate plants in light industry and local industry in full capacity, and continue to increase variety and quality of people's consumer goods through general mobilization of reserves and potentials in all sectors of people's economy. ...We should constantly improve supply of commodities and service work for people in line with the innate demand of a socialist society so that high-quality consumer goods essentially necessary in people's life can evenly go around. ...Power, coal-mining, and metal industries and rail transport, the four pilot sectors of the national economy, must firmly defend the outpost line of building an economic power. Only when the pilot sectors go ahead and introduce joint innovations, the country's overall economy will be vitalized.** (*Rodong Sinmun, Choso'n Inmingun, Chongnyon Chonwi*: "Let Us Usher in a Great Heyday Full of Confidence in Victory," January 1, 2007) (The editorial highlighted "economic revival" as the most urgent task, departing from the traditional rhetoric of mentioning ideology first and then military affairs. It is the first time that the expression "economic development is our desperate need" has appeared. (Jo Dong-ho, "'Desperate' North Will Engage Us," *JoongAng Ilbo*, February 3, 2007, p. 3)

UnifMin Lee Jae-joung New Year's message e-mailed to ministry officials: "We need to offer aid from a more productive and longer perspective beyond what is currently being done. We need to restate our concept of aiding the North so that it can continue under the next administration." On the nuclear test, "Poverty is one of the reasons the North did it." (*Chosun Ilbo*, "Seoul Must Alleviate N. Korea's Poverty: Minister," January 3, 2007)

1/3/07 KCNA announces the death of FM Paek Nam-sun at age 78.

PIPA poll in November: 82% of Democrats, 62% of Republicans favor signing a "formal declaration" not to attack North Korea (compared to 82% and 65% in December 2004). 69% of Democrats favor food aid to the North; Republicans 48% for and 49% against. (World Public Opinion.org, "Opportunities for Bipartisan Consensus - 2007," January 2007)

1/4/07 "We think they've put everything in place to conduct a test without any notice or warning," a senior U.S. defense official told ABC News. The official cautions that the

intelligence is inconclusive as to whether North Korea will actually go ahead with another test but said the preparations are similar to the steps taken by Pyongyang before it shocked the world by conducting its first nuclear test last Oct. 9. Two other senior defense officials confirmed that recent intelligence suggested that the North Koreans appear to be ready to test a nuclear weapon again, but the intelligence community divides over whether another test is likely. "That would surprise me," a senior intelligence official said when asked if North Korea is likely to soon conduct another test. Another official had a different view, predicting North Korea would conduct a test sometime over the next two or three months. In the weeks before the Oct. 9 test, U.S. spy satellites witnessed the unloading of large cables at a suspected test site in Punggye, in northeastern North Korea. The more recent activity has been observed in the same area as the Oct. 9 test. (Jonathan Karl, "North Korea Prepping Nuclear Weapons Test Defense Officials Tell ABC News 'They've Put Everything in Place,'" ABC-TV, January 4, 2007) SecSt Rice: another test "no doubt would deepen its isolation." Japan FoMin press secretary Shikata Nori: "If they conduct another nuclear test, then the international community, including Japan, will take additional measures." ROK FoMin spokesman Cho Hee-yong: "Some unidentified activities have been detected around a suspected test site, but so far there are no particular indications directly linked to an additional nuclear test." "South Korea and the U.S. continually share information," said another official. "So far we have not heard about an imminent test." (January 5, 2007) GNP National Assemblyman Chong Hyong-gun reports December 15 admonition by Defense Minister Kim Chang-su to senior military commanders "to be thoroughly prepared to counter the possibility of a second or third nuclear test by North Korea." He said the North had dug two tunnels, one on the east side of Mount Mantap, where the October 9 test was conducted, and the other on the west side, where movement of vehicles and people were recently detected. (Daniel A. Pinkston and Shin Sungtack, "North Korea Likely to Conduct Second Nuclear Test," Center for Nonproliferation Studies, January 8, 2007)

Tens of thousands rally in Pyongyang to support right to have nuclear weapons. (Kwang-tae Kim, "North Koreans Rally for Nuclear Program," Associated Press, January 4, 2007)

James Clapper named Under SecDef for Intelligence.

1/5/07

DepFinMin Sergei Storchak says Russia will write off 80% of North Korea's \$8 billion in debt. (*Chosun Ilbo*, "Russia to Forgive Most of N. Korea's Debt," January 5, 2007) Russian diplomat: "During the discussion over the debts, North Korea offered Russia the rights to develop underground resources and suggested a lease of land in its ports, which shows Pyongyang intends to hand over these rights and earnings from leasing to Russia over a long period of time and also plans to give up profits from development." (*Dong-A Ilbo*, "N. Korea Offers Deal to Russia," January 24, 2007)

Since December a task force has been drawing up joint contingency plan with the United States Concept Plan 5055 if a military emergency triggers influx of 100,000-150,000 refugees from North Korea. (Makino Yoshihiro, "Japan Could Be Swamped if a Military Emergency Erupts on Korean Peninsula," *Asahi Shimbun*, January 5, 2007)

- 1/6/07 KCNA accuses U.S. of conducting air exercises. (Associated Press, "North Korea Accuses U.S. of Conducting Practice Aerial Strikes," *International Herald Tribune*, January 6, 2007) USFK spokesman David Oten confirms redeployment of F-117A Stealth fighters to Korea, 15 to 24 planes. (Brian Lee, "Stealth Planes Deployed to the Korean Peninsula," *JoongAng Ilbo*, January 11, 2007)
- 1/8/07 KEDO pulls 57 remaining workers out of North Korea. (Kim Sung-jin, "Termination of Light-Water Reactor Project," *Vantage Point*, January 21, 2007, p. 21)
- 1/9/07 Swift opposition rises in Seoul to Roh's suggestion to PM Abe of a compromise on the East Sea (Sea of Japan). (*Joong Ang Ilbo*, "Outrage Abounds at compromise on the 'East Sea,'" January 9, 2007)
- 1/9-13/07 Chief Cabinet Sec Shiozaki Yasuhisa says announced visit by LDP Dietman Yamasaki Taku to North Korea "not desirable." (Keiichi Yamamura and Kiyori Ueno, "Shiozaki Criticizes Yamasaki's Trip to North Korea," Bloomberg, January 9, 2007) Yamasaki on return says Song Il-ho, DPRK representative to Japan normalization talks, told him, "It's up to U.S. actions in the future" whether North Korea will conduct a second nuclear test. (Reuters, "Second N. Korea Nuclear Test Depends on U.S.: Kyodo," January 12, 2007) Song says the North wants six-party talks to resume "immediately after" January 22 financial talks with the U.S. (*Japan Times*, "North Wants Six-Way Talks after Meeting on Sanctions, January 14, 2007) Yamasaki says of possible Koizumi visit, "I personally think it would be nice if the trip is realized, but there is nothing definite at this time." (*Japan Times*, "N. Korea Demands Japan Lift Ban on Ferry Link," January 15, 2007)
- 1/10/07 USFK B.B. Bell unhappy with postponed transfer of OpCon, plays down statement that he would "fight" any delay in relocation of U.S. forces to Pyeongtaek. (*Chosun Ilbo*, "Korea Will Be on Its Own in Securing Armistice: USFK Chief," January 10, 2007)
- 1/11/07 China's FoMin spokesman Liu Jianchao on BDA: "We hope the U.S. and North Korea can reach consensus on the issue so it can be solved at an early date and we can eliminate the unnecessary obstacles standing in the way of the six-party talks." (*Chosun Ilbo*, "China Urges Haste over N. Korea's Frozen Bank Accounts," January 11, 2007)
- 1/12/07 Japanese police identify immediate superiors of North Korean agent, Choe Sung-chol, believed to have abducted Hasuika Kaoru and his wife Yukiko on July 31, 1978, as Kim Nam-jin and Han Kum-nyong of the KWP foreign information research department. (Kyodo, "2 N. Koreans Said to Have Ordered Couple's Abduction," January 12, 2007)
- John Feffer, "'Poisoned Carrots' and North Korea," *Asia Times*, January 12, 2006 on human rights strategies.
- 1/?/07 Earlier in January, a State Department official at a meeting in Paris suggested seeking a travel ban on the very North Korean diplomats who negotiate with Hill. Another official at State denied the report, and a senior U.S. policymaker said no such effort is underway. Still, the audacity of suggesting such a travel ban prompted Indiana Sen. Richard Lugar last week to complain of actions that could "subvert" Hill's efforts and to

demand an explanation. Says Donald Zagoria, who has organized gatherings with North Korean officials for the National Committee on American Foreign Policy in New York, "I am flabbergasted at the brazenness with which some are trying to undercut the process." Despite the hurdles at home, current and former administration officials say, Hill now has a greater degree of "running room"-the flexibility, for example, to conduct three days of initially secret bilateral meetings in Berlin with North Korean officials last month. "The president and Secretary Rice have told Hill to get a deal," one former senior official tells *U.S. News*. "He's been given a mandate," adds a serving official. (Thomas Omestad, "Looking for a Deal This Time?" February 4, 2007)

1/16/07 Ex-U.N. ambassador John Bolton tells Japan's Defense Minister Kyuma Fumio six-party talks not useful because they just give North Korea time to advance its nuclear program. China needs to be convinced that collapse would benefit regional security. [if Japan threatens to go nuclear?] (Associated Press, "Former U.S. Ambassador Bolton Raps North Korea Nuclear Talks," January 16, 2007) U.S. should enlist China and South Korea in pressuring North Korea, he says in Tokyo. "The only answer ... is the collapse of the North Korean regime and the hopefully peaceful reunification of Korea, and that should be our objective." (Joseph Coleman, "Bolton Wants N. Korean Regime to Collapse," Associated Press, January 17, 2007)

KEDO bills North Korea \$1.89 billion for scrapped reactor project. (Reuters, "North Korea Billed for Scrapped Nuclear Deal," January 16, 2007)

1/16/07 Mike Wallace, U.S. Rep for U.N. Management and Reform letter: Internal audits revealed that "1. UNDP staff is dominated by DPRK government employees; 2. UNDP DRK government employees have performed financial and program managerial core functions in violation of UNDP rules; 3. The DPRK government insists upon and UNDP pays cash to local DPRK government suppliers in violation of UNDP rules; 4. UNDP funds DPRK-controlled projects without the oversight required by UNDP rules; 5. There is no audit review of DPRK-controlled programs in violation of UNDP rules. ... Simply put, in the absence of real audits and site visits, it is impossible for UNDP to verify whether or not any of the funds paid to the DPRK for supposed use in UNDP programs have actually been used for bona fide development purposes or if the DPRK has converted such funds for its own illicit purposes." (Text of letter to UNDP Associate Administrator Ad Melkert, January 16, 2007)

1/16-18/07 Bilateral US-DPRK talks in Berlin. Six hours of talks on first day, one and a half on the second. (Louis Charbonneau, "U.S. and N. Korea Pursue Nuclear Talks," Reuters, January 17, 2007) On the origins, see 12/21/06. Apart from Rice, Hadley Victor Cha and a small number of trusted aides, "nobody knew about it," said one who was in the loop. "It was meant to be kept very quiet." (Chinoy, *Meltdown*, p. 317) MOU says Treasury will meet North on January 30, agree to drop money-laundering charge, allowing China to release most of \$24 million of frozen assets in BDA and North agrees to meet to resolve counterfeiting issue; North agrees to freeze facilities at Yongbyon, to "discuss" list of nuclear facilities, equipment, material; U.S. agrees to arrange for shipment of heavy fuel oil to resume; five working groups to be set up: dismantling (chaired by Russia), U.S.-DPRK normalization (US), Japan-DPRK normalization (Japan),

energy and humanitarian assistance (ROK), peace mechanism and security organization (China). Six-party talks resume February 8. Hill tells press on January 17, "First of all, we are not making a deal here. We're having an exchange of opinions, and the deal will be made in the Six-Party process. Again, very important that any negotiating or deal making needs to be done in the Six-Party process. By having an exchange of views with the North Koreans it is not our intention to reduce the other four participants to bystanders. That's where the deal making will be, in the six-parties." On BDA, "There was the effort in Macau which dealt with what we felt to be, a bank that we, that was not exercising proper scrutiny of the types of accounts that were coming in, and the U.S. role on that was pretty much limited to warning U.S. banks of our concerns about that. To be sure though, I think other banks saw what happened in Macau with the Banco Delta Asia being designated or being identified by the U.S. Treasury Department as a money-laundering concern. I think other banks have been careful, perhaps more vigilant in accepting various accounts, and I think it has had some impact on North Korean financing practices around the world. It's never been our intention to affect, to have an impact on legitimate trade and finance. Our concern has been the financing of these various banned programs including and especially the nuclear program. The U.S. is also of course implementing resolution 1718, which in a sense goes after the same sorts of nexus of issues, addresses the ability of North Korea to gain the technology and gain the financing for these programs. And this UN Security Council resolution is still in the process of being implemented. There is also a ban on luxury goods that the European Union is implementing as well as other countries, and I think it's still too early to tell at this point how it is directly affecting -- I mean I'm not an expert on these issues, on the impact of these things on the economy. I will say that the North Korean economy is not in good shape and certainly needs an infusion of foreign capital, but most importantly it needs a real clear direction within North Korea about the need for reform." Briefing by Christopher R. Hill, Assistant Secretary for East Asian and Pacific Affairs, Hotel Adlon, Berlin, January 17, 2007) "It was a substantive discussion," Hill tells press. "The proof of the pudding will be when we all sit down together in the six-party negotiations." In tantalizing hint, he looks forward "to establishing a normal relationship with North Korea." (Mark Landler and Thom Shanker, "North Korea and U.S. Envoys Meet in Berlin," *New York Times*, January 18, 2007, p. A-3) Kim Gye-gwan says Berlin had produced a "certain agreement." Hill says, "I'm sorry, I'm not really sure what he's referring to." "We certainly had an agreement on getting the six-party talks going soon and had an agreement on continuing the BDA talks, which we expect to take place even as early as next week." (AFP, "North Korea and US Agree to Resume Nuclear Talks Soon, Says US Envoy," January 17, 2007) DPRK FoMin spokesman: "The talks took place from Jan. 16 to 18 in a positive and sincere atmosphere and a certain agreement was reached there. We paid attention to the direct dialogue held by the DPRK and the U.S. in a bid to settle knotty problems in resolving the nuclear issue." (KCNA, "Spokesman for the Foreign Ministry on results of DPRK-U.S. Talks, January 19, 2007) Hill: "Whether the meetings in Berlin were successful or not, we have to wait until we have six parties' agreement." (Kyodo, "Hill Calls Talks with N. Korea Useful, Denies Agreement," January 19, 2007) North Korea agreed to halt Yongbyon reactor and allow IAEA on-site monitoring in return for economic and energy aid and unfreezing of \$24 million in BDA. (*Chosun Ilbo*, "N. Korea 'Ready to Suspend Nuclear Activities,'" January 21, 2007) Kim Gye-gwan said

that once Pyongyang got its money back it was ready to move on the nuclear front. Hill pressed for a commitment to shut down and seal the Yongbyon facilities, allow IAEA inspectors to return and discuss a list of North Korea's nuclear assets. Kim raised energy assistance and asked for shipments of HFO. They haggled over the sequencing. Hill offered HFO shipments if the North shut down Yongbyon within 45 days, Kim proposed 90 days, and they compromised on 60 days. "The ideas we went through together were written down," recalled Hill, "Basically we created a Berlin Agreement." Hill had devoted little time to master the details of the BDA issue, but figured returning the money would be straightforward business and the Chinese would act as facilitators. "So we had this discussion about how to resolve the BDA issue. Now one of the things about the BDA issue is that we never got into a detailed discussion of what exactly you meant by 'resolving' it. All we said was that we would 'resolve' BDA. And they took away one understanding of it - that what we meant by 'resolve' was that we would immediately drop all charges and free up their bank accounts ... that we would simply tell the Macanese to release [the funds]. And we had another understanding of it. What we meant was that we would conclude our investigative process." (Chinoy, *Meltdown*, p. 320) "What has changed?" asked one former high-level Bush administration official. "That we finally like these people? That we finally have them where we want them? Or gee, we're at 30 percent [public approval] and we've only got 20 months to go." One senior administration official sharply denied any flip-flop. "Everybody suddenly announced that this is a policy change," the official said. "On the contrary, it's a sign of success." Some current officials said the departure of Secretary of Defense Donald Rumsfeld and the Pentagon's withdrawal from frontline foreign policy making has made diplomacy easier. Former DoS Counselor Philip D. Zelikow said the switch was set in motion last fall. "The change at the Pentagon helped," he said. But "the political difficulties of the administration have strengthened Rice's willingness to jioin with the president in offering some strong leadership in this area." Bush wanted six-party talks. "The president's view is that's the kind of conditioning you need to do if diplomacy and negotiations are going to be successful," the senior administration official said. "What he needed to do was create an environment, a structure of pressure and influence." But Asian diplomats and even some U.S. officials said that the new agreement, to exchange U.S. aid for a "freeze" of the nuclear programs and a North Korean pledge to dismantle them eventually, probably could have been reached years ago, but was rejected by the United States. In the meantime, North Korea has performed a nuclear weapons test." Cheney and Rumsfeld had long objected to direct talks with North Korea, and Rumsfeld's departure appeared to have played a key role in allowing last month's deal to do forward, diplomats and officials said. As U.S. negotiators haggled with North Korean officials in a meeting in January in Berlin that helped seal the agreement, Rice telephoned Bush from Germany, and national security adviser Stephen J. Hadley walked the president through the terms line by line. The layers of interagency discussion that had previously thwarted policy toward North Korea were simply eliminated. (Karen De Young and Glenn Kessler, "Policy Success -- or U-Turns," *Washington Post*, March 11, 2007, p. A-18) Hill: "Hill: "We arrived in Berlin on January 15, 2007, for two days of talks with the North Koreans, strating the first sessions early the next morning in our embassy. ... Following a set of talking points that had been approved by the president, Hadley, and Rice (and not too many other people), I told Kim that we could commit to a process

leading to the unfreezing of North Korean assets, but that we had to identify a means to unfreeze the North Korean accounts at Banco Delta Asia, and that wasn't turning out to be easy. In addition to offering heavy fuel oil to North Korea, I also proposed to open embassy-like 'interest sections' in each other's capital. The Chinese were very enthused about this idea, since it had been the basis for developing U.S.-China relations in the aftermath of the 1972 Shanghai Accords. Washington was less enthusiastic, as many believed this was too big a plum for the North Koreans. The issue became moot when Kim Gye-gwan told me his government was not interested in pursuing interest sections at all. I was not entirely surprised. What the North Koreans would get out of such an arrangement would be access in Washington, but they would not appreciate an active U.S. mission in Pyongyang, its officers fanning out to make contact with North Korean society. ...A major problem remained. The North Koreans were not prepared to discuss our well-founded suspicions about their uranium enrichment program (UEP). We knew that they had made purchases consistent with a UEP, but in the absence of any proven facility, and dogged by the Iraq experience, in which allegations resulting in a war had proven to be inaccurate, we were reluctant to hold up negotiation to eliminate a known site - the Yongbyon plutonium site - for the sake of suspicions but little proof. Our formulation with the North Koreans continued to be that this was an 'outstanding question' that needed to be answered to everyone's satisfaction. My hope throughout the process, a hope shared by Rice and others, was that the more we could get on the ground in North Korea, the more we could assess the status of the uranium program, whether it was real or something the North Koreans had tried and failed at. Stanford University scholars Siegfried 'Sig' Hecker and John Lewis, both of whom had known Rice for years, made an impassioned case to her for getting on with shutting down the plutonium-producing reactor as the clear and present danger, and keeping the door open to finding out more about the highly enriched uranium (HEU) program. I believed that was good advice, as long as we never dropped the HEU issue." He briefed Rice in Berlin. (Christopher R. Hill, *Outpost: Life on the Frontlines of American Diplomacy* (New York: Simon & Schuster, 2014), pp. 253-54)

1/?/07 PRC recently downgraded DPRK to a "normal relationship." (Don Oberdorfer, "Korea: Living in the Dragon's Shadow," *SAISphere*, 2006, p. 51.)

1/17/07 Russia six-party rep Aleksandr Lusyakov inw with RIA: "The United States should make some step towards the Koreans by lifting sanctions." (Mark Landler and Thom Shanker, "North Korea and U.S. Envoys Meet in Berlin," *New York Times*, January 18, 2007, p. A-3) British American Tobacco is among the firms that say legitimate business proceeds in the BDA accounts. "They are taking another look at this issue," said one U.S. official. "There is active discussion within the administration on whether to make concessions and if so, how far, how fast and under what conditions." (Reuters, "U.S. to Meet N. Korea Again on Nuclear Program," January 17, 2007)

LDP says, "We will carry on visiting the Yasukuni Shrine, to mourn those who sacrificed their lives as the foundation of the country, to make an anti-war pledge and renew our commitment to peace." PM Abe: "As I've said before, I will not speak on [the visits] as long as they hold political and diplomatic significance." (May Yamaguchi, "Japan Party Won't Stop War Shrine Visits," Associated Press, January 17, 2007)

North Korea ships 8,500 used bicycles from Japan on Cambodian freighter. (*Yomiuri Shimbun*, "DPRK Using Cambodian Ship to Beat Sanctions," January 17, 2007)

LDP Dietman Kato Koichi says when he criticized Koizumi's visit to Yasukuni, a right-wing extremist set his house on fire. "Many people are now keeping their mouths shut." Kitamura Masato, chairman of the Newspaper Publishers & Editors Association says, "Speech and journalism are facing an extremely difficult situation." (Yamaguchi Mari, "Ultra-Rightist Tilt Posing Clear, Present Danger to Free Speech," *Japan Times*, January 17, 2007)

1/18/07 North Korea sells gold for hard currency, ships 500 kg of gold (\$11 million) to Thailand in April, 800 kg in May, 10 tons of silver in June, 12 tons in October, \$40 million in all. (Bertil Lintner, "North Korea's Golden Path to Security," *Asia Times*, January 18, 2007)

Banking sanctions hurt, citing Noland and protests by Pyongyang. "It has intimidated the international banking system," said Roger Barrett, Beijing-based managing director of Korean Business Consultants that advises companies doing business with the North. "I think they have been bullied and coerced away." Legitimate business has been damaged in the process. (David Lague and Donald Greenlees, "Squeeze on Banco Delta Asia Hit North Korea Where It Hurt," *International Herald Tribune*, January 18, 2007)

USFK B.B. Bell calls for expanding the roles and missions of the UN Command: "The inactivation of the CFC and the transfer of ROK forces operational control to an independent ROK military command will create an authority-to-responsibility mismatch for the UNC." These changes could affect the UNC's ability to mobilize forces in a crisis. A researcher at the Korean Institute for Defense Analyses (KIDA) says, "Personally I do not rule out the possibility that the U.S. military will create a new regional command based on the expansion of the UNC." (Jung Sung-ki, "Bell Stresses U.N. Command Role in Crisis," *Korea Times*, January 18, 2007)

MOFAT criticized for failing to repatriate nine kin of South Korean POW's from China who were arrested by Chinese police on October 11 at a private house in Shenyang, where they were taken by South Korean diplomats instead of being sheltered in the ROK mission, and sent to North Korea. (Park Song-wu, "NK Refugees Taken Back to North," *Korea Times*, January 18, 2007)

1/?/07 Three months after the United States successfully pressed the United Nations to impose strict sanctions on North Korea because of the country's nuclear test, Bush administration officials let Ethiopia complete a secret arms purchase from North Korea, in what appears to be a violation of the restrictions, according to senior U.S. officials. The United States let the arms delivery proceed in January in part because Ethiopian troops were conducting an offensive against Islamic militias inside Somalia, a campaign that aided the U.S. policy of combating religious extremists in the Horn of Africa. Several officials said they first learned that Ethiopia planned to receive a delivery of military cargo from North Korea when the country's government alerted the U.S. Embassy in Addis Ababa, Ethiopia's capital, after the adoption Oct. 14 of the U.N.

Security Council measure imposing sanctions. "The Ethiopians came back to us and said, 'Look, we know we need to transition to different customers, but we just can't do that overnight,'" said one U.S. official, who said the issue had been handled properly. "They pledged to work with us at the most senior levels." U.S. intelligence agencies in late January reported that an Ethiopian cargo ship that was probably carrying tank parts and other military equipment had left a North Korean port. "To make it clear to everyone how strongly we feel on this issue, we should have gone to the Ethiopians and said they should send it back," said former U.N. ambassador John Bolton, who said he was unaware of the deal before being contacted for this article. "I know they have been helpful in Somalia, but there is a nuclear-weapons program in North Korea that is unhelpful for everybody worldwide." (Michael R. Gordon and Mark Mazzetti, "North Koreans Arm Ethiopians As U.S. Assents," *New York Times*, April 8, 2007, p. 1)

1/20/07

In letter sent this week, Mark D. Wallace, U.S. representative to the UN for management and reform, says "at least since 1998 the UNDP DPRK program has been systematically perverted for the benefit of the Kim Jong-il regime - rather than the people of North Korea. ... The program has for years operating in blatant violation of UN rules. ... Importantly UNDP apparently has failed to bring the widespread violation of UNDP rules ... to the attention of the UNDP executive board." As of 1999, the 29 projects there had a total budget of \$28 million. (Mark Turner, "US Claims Lax UN Controls Let Pyongyang Siphon Funds," *Financial Times*, January 20-21, 2007, p. 3)

MOD official on possible terrorism by North Korea: "The GSDF can't handle matters if police forces guarding important facilities suddenly tell us, 'Police can no longer handle the situation and we're going to leave it to you.' We should consider how the SDF can closely cooperate with police also during peacetime." (*Yomiuri Shimbun*, "Sniffing out N. Korean Agents Vital in Emergency," January 20, 2007)

1/22/07

Senior South Korean officials recently told U.S. counterparts five to seven BDA accounts come from legitimate financial activities. (Yonhap, "Seoul Tells Washington Some of North Korea BDA Accounts Are Licit," January 21, 2007) Diplomatic source in Washington tells Yonhap, information about five BDA accounts that are presumed to be legitimate was delivered to DepSecSt-designate John Negroponte. Washington is considering unfreezing some accounts. (*Korea Times*, "US Considering Unfreezing North Korean Accounts," January 22, 2007)

An Ethiopian-flagged cargo ship carrying cargo from North Korea enters Djibouti and offloads cargo bound for Ethiopia. Ethiopian FoMin issues statement on April 13 denying *New York Times* reports that cargo included tank parts and other military equipment, in violation of UNSC Resolution 1718. (*Yomiuri Shimbun*, "Sanctions Steps Not on Track; Only 1/3 of U.N. Member States Prepared to Punish N. Korea," May 17, 2007)

1/23/07

PIPA poll shows drop in U.S. standing in the world. In South Korea, 54% see U.S. influence as mainly negative with positive views down to 35% (from 44% the previous year)., 78% disapprove of U.S. handling of the war in Iraq, 60% disapprove of detainees in Guantanamo, 55% disapprove of handling of North Korean nuclear

program, same as disapproval of handling of Iranian nuclear program. (Kevin Sullivan, "Views on U.S. Drop Sharply in Worldwide Opinion Poll," *Washington Post*, January 23, 2007, A-14)

DefMin Kyuma Fumio criticizes Bush decision to invade Iraq. James Zumwalt, director of DOS Office of Japanese Affairs files official protest. Kyuma then again criticizes U.S. for failure to understand need to consult on plan to relocate Futenma. (Kyodo, "U.S. Protests Kyuma's Criticism of Bush," *Japan Times*, January 30, 2007)

1/24/07 Kim Gae-gwan after meeting with Chun Yung-woo in Beijing: "Everything can change." Asked if Berlin produced progress on the BDA, he said, "Wait and you will see." He said he had seen "positive" changes in the U.S. attitude. "Ser Myo-ja, "North Aide Sings Praises of Cooperative Americans," *JoongAng Ilbo*, January 24, 2007)

China wants to develop a tourist site at Mount Paekdu on its border with North Korea, a holy site to Koreans and part of the Goguryeo kingdom (circa 37 B.C.-688 A.D.) that once stretched from Korea to northeast China. China and Korea have rival historical claims. Airport to boost tourism is part of effort to spur growth in Jilin. [well-timed article to sow trouble] (Furuya Koichi with Takasaki Tadanao, "Asia: Squabble over Mt. Paekdu May Be Prelude to Bigger Problems," *Asahi Shimbun*, January 24, 2007)

National Assemblymen from Uri, Democratic Party and People First Party forming new centrist party says DP floor leader Kim Hyo-suk. (Jin Hyun-joo, "New Centrist Party in the Offing," *Korea Herald*, January 25, 2007)

1/25/07 UNDP executive board decides to stop paying foreign currency for local staff and supplies, to audit within three months whether the agency violated its own guidelines and delay approval of the program 2007-2009 budget until the audit is finished. (Colum Lynch, "U.N. Program Facing New Curbs in N. Korea," *Washington Post*, January 26, 2007, A-13)

DPRK accuses U.S. of "smear campaign" after it charges that UNDP money was diverted to leaders and used to build nukes. (Reuters, "North Korea Accuses U.S. of Dirty Politics on U.N. Fund," January 25, 2007)

"North Korea has established the 'Choson Tobacco Association' and through it, is centrally regulating tobacco exports, cooperative ventures, and other activities of the tobacco industry. On January 16, the North's 'Tobacco Regulation Law' stipulated the formation by DPRK authorities of persons involved in the trade, taxation, and production of tobacco into the Choson Tobacco Association. Furthermore, the law mandates that tobacco export, joint ventures or cooperative enterprises must get permission for such activities from this association. ... The Tobacco Regulation Law strengthens the powers of customs agents for border inspection and quarantine of equipment, supplies, and products related to the tobacco industry. ...The law also requires permission be granted from central authorities to all industries and enterprises wishing to engage in the production and sale of filtered tobacco. ...[It] appears to be related to the international society's recent condemnation of the North as the origin of the world's counterfeit cigarettes.

The American tobacco giant Phillip Morris USA claims that, over the past several years, North Korean counterfeit cigarettes have shown up in more than 1,300 markets from New York to Seattle to Los Angeles, and that the North's production capacity is over 20 million packs per year. Since North Korea's counterfeit money and drug circulation issue has arisen, domestic decrees have been issued, warning that production and circulation of drugs or counterfeit money will be treated as felony crimes." (Center for International Cooperation for North Korean Development, NK Brief No. 07-1-25-1)

Roh says his government will not seek a summit until six-party talks are successfully concluded. (Yoo Cheong-mo, "Roh Dismisses Speculation about Inter-Korean Summit," Yonhap, January 25, 2007)

DPRK bans domestic use of foreign currency to get individuals to turn over dollar holdings, reports *Dong-A Ilbo*. (Lee Jin-woo, "N. Korea Bans the Use of Foreign Currency," *Korea Times*, January 25, 2007)

1/26/07 Kim Jong-il may be under house arrest, Jiji Press reports, citing unidentified ROK official. Unidentified ROK intelligence official doubts report. (Taku Kato, "Kim Jong-il May Be Under House Arrest in North Korea, Jiji Says," Bloomberg, January 26, 2007)

Commerce Department lists luxury goods whose export is banned pursuant to U.N. Security Council resolution 1795: "The Bureau of Industry and Security (BIS) is amending the Export Administration Regulations (EAR) to impose license requirements for the export and re-export of virtually all items subject to the EAR to North Korea, except food and medicines not listed on the CCL. BIS will generally deny applications to export and re-export luxury goods, e.g., luxury automobiles; yachts; gems; jewelry; other fashion accessories; cosmetics; perfumes; furs; designer clothing; luxury watches; rugs and tapestries; electronic entertainment software and equipment; recreational sports equipment; tobacco; wine and other alcoholic beverages; musical instruments; art; and antiques and collectible items including but not limited to rare coins and stamps."

PM Abe calls on Diet to revise constitution and allow contributions "commensurate with our international status." "Now is the time for us to boldly revise this postwar regime and make a new start." (Eric Talmadge, "Japan's Abe: Constitution Needs Overhaul," Associated Press, January 26, 2007)

1/27/07 The administration is considered freeing some North Korean bank accounts and restoring shipments of heavy fuel oil in return for disabling of the reactor at Yongbyon and readmitting IAEA inspectors. (Warren P. Strobel and Jonathan S. Landay, "U.S. May Ease Some North Korea Sanctions," McClatchy News Service, January 27, 2007) The U.S. is considering unfreezing about \$13 million. (Sakamoto Takashi, "U.S. Eyeing N. Korea Talks Breakthrough," *Yomiuri Shimbun*, January 29, 2007)

Carlin and Lewis op-ed, "We tend to confuse North Korea's short-term tactical goals with its broader strategic focus. We draw up list after list of things we think might appeal to Pyongyang on the assumption that these will constitute a "leveraged buyout," finally achieving what we want: the total, irreversible denuclearization of North Korea. But this list of

"carrots" (energy, food, the lifting of sanctions) does not include what the North thinks it must have. It can, of course, help keep the process on track and moving ahead, and it could help cement a final deal and hold it together through the inevitable political storms. But these things are not the ends that North Korea seeks.... Above all, it wants, and has pursued steadily since 1991, a long-term, strategic relationship with the United States." (Robert Carlin and John W. Lewis, "What North Korea Really Wants," *Washington Post*, January 27, 2007, p. A-19)

At Davos, "We don't want the regime to collapse and people to suffer," said PLA Colonel Yao Yunzhu, who directs the Asia-Pacific Office at the Academy of Military Science in Beijing. Koike Yuriko, a special adviser to Japanese Prime Minister Abe Shinzo, said the soft approach hasn't worked. "We have offered lots of carrots, and the carrots were used to develop nuclear weapons and missiles," she said. Almost 20 million North Koreans are in agony and starving and lifting U.N. sanctions "will prolong the agony of those citizens." Pei Minxin, head of the China program at the Carnegie Endowment for International Peace in Washington, said the best policy is to contain the current regime and "see them out," he said. "North Korea's demise is a given." Geun Lee, international relations professor at Seoul National University, said he would support gradual regime change providing it doesn't produce "disastrous consequences." He acknowledged, "But that is very unpredictable." He disagreed that Western powers had given the North too much: "So far you see very clear, meaningful and credible sticks coming from the U.S., but you haven't seen very clear, credible and meaningful carrots coming from the U.S." Kishore Mahbubani, dean of the Lee Kuan Yew School of Public Policy in Singapore, criticized Washington as fickle. "Unfortunately, the United States' policies on North Korea have vacillated between regime change, policy change, regime change, policy change," said Mahbubani, ex-U.N. ambassador. "And unless there's some consistency we'll never get a solution." Alyson Bailes, director of the Stockholm International Peace Research Institute in Sweden, warned the collapse of North Korea could be a disaster for the entire region. "It's much better to live with the devil you know than with the chaos that you don't know," she said. "So patience and containment - the hardest things for the U.S. to do - are, I think, the natural thing for everybody else in the region to do, and probably the best of the bad solutions that we can get in the near future." (Edith M. Lederer, "Experts Debate North Korea's Future," *Associated Press*, January 27, 2007)

*Rodong Sinmun*: "The U.S. loudmouthed transfer of the 'right to command wartime operation' is, in fact, nothing but an empty talk because its real aim is to continue exercising the right to control the south Korean army by reinforcing the 'UN Command.'

The commander of the U.S. forces in south Korea this time vociferated about the need for the 'commander of the UN force' to retain 'the right to command operations' and 'maintain his position.' This means the U.S. intends to transfer the 'right to command wartime operation' for form's sake and to continue exercising, in actuality, 'the right to command operations' of the south Korean army in the capacity of the 'commander of the UN force.' ... Lurking behind the U.S. imperialists' scheme for the 'reorganization of the UN Command' as regards the transfer of the above-mentioned right is a criminal aim to speed up the preparations for a war against the DPRK and use the south Korean

army as a shock brigade for a war against the DPRK. ...The 'UN Command' in South Korea should not be 'reorganized,' but completely dismantled." (KCNA, "U.S. Criminal Scenario for Invasion of DPRK under Fire, January 27, 2007)

DPRK FoMin spokesman responds to Daily Telegraph report that North Korea is helping Iran prepare for underground nuclear testing, perhaps this year, saying the "assertion is nothing but a sheer lie and fabrication intended to tarnish the image of the DPRK by charging it with nuclear proliferation." (Associated Press, "North Korea Denies Cooperating with Iran in Nuclear Development," January 27, 2007)

1/28/07 DepSec Treasury Robert Kimmitt in Davos: "But these are a set of talks, from our perspective, designed to make clear that the action that we took was **narrowly targeted, focused on illicit conduct** and the way to cure it is to foreswear such conduct, make restitution for what's been done in the past, and move forward." Kimmitt said that at a meeting with the North Koreans in New York in March 2006, U.S. officials explained that the Treasury took action against the Macau bank as it has in many other places in the world where it discovered suspicious activity. The U.S. made clear "this was not directed against North Korea as a country, it was directed against the conduct in which North Korea was engaged using that bank," he said. (Edith M. Lederer, "U.S., N. Korea to Resume Financial Talks," Associated Press, January 18, 2007)

1/29/07 Japanese police arrest So Sok-hong and his wife. He is a North Korean engineer who serves as adviser to a science association, Kakyō, suspected of transferring cutting-edge technology. (*Asahi Shimbun*, "Two North Koreans Tied to Shady Science Association Arrested," January 29, 2007)

1/30/07 Second round of Financial Working Group talks begin in Beijing. DAS for terrorist financing and financial crimes: "What I think we accomplished today ... was to establish a framework that will allow us to work more and talk more." He says, "Over the past 18 months or so, we have had the opportunity to go over 300,000 pages of documents and everything that we've seen through these documents has confirmed what we've been saying, that there's really a lot of troubling activity going on." (Kyodo, "U.S. delegate Says Framework Set for More Talks with N. Korea," January 30, 2007) A Beijing-based source with close ties to the North Korean government tells Reuters, "If the United States does not resolve it, North Korea will have no choice but to announce at the six-party talks it plans to conduct another test." The sanctions were a "huge insult" to a sovereign state. "If the United States does not resolve it, North Korea would be a 'sinner' taking part in the six-party talks. ... North Korea would have no face and could not be on an equal footing with the other parties at the six-party talks." The sources adds, "The United States has no evidence, just like it had no evidence Iraq had weapons of mass destruction." FM Song Min-soon says financial curbs the key to success. (Benjamin Kang Lim, "N. Korea Eyes 2<sup>nd</sup> Test If Dispute Not Resolved," Reuters, January 31, 2007)

China announces six-party talks to resume February 8.

North offers to resume North-South events including 7<sup>th</sup> anniversary of N-S summit in June. (Lee Jin-woo, "North Korea Offers to Resume Joint Inter-Korean Events," *Korea Times*, January 30, 2007)

Survey of 214 defectors from North finds 50 were victims of crimes in South including 91 cases of fraud, theft or burglary. 6 of 8 cases of fraud to bring relatives in committed by other defectors. (Kim Rahn, "1 of 5 N. Korean Defectors Swindled," *Korea Times*, January 30, 2007)

No official Japanese imports from North Korea in December. (Associated Press, "Japan's Imports from North Korea Came to Nil in December under Sanctions," January 30, 2007)

Paul Stares, USIP op-ed: Other countries have given up nuclear programs when reassured about their security. If Ban Ki-moon tries a U.N.-sponsored initiative to end the Korean war, along with permanent-five security assurances, before, not after North Korea gives up its arms might work. (Paul B. Stares, "To Ban the Bomb, Sign the Peace," *New York Times*, January 30, 2007), p. A-23)

WkiLeaks cable: Tuesday, 30 January 2007, 10:23  
S E C R E T RANGOON 000105  
SIPDIS  
SIPDIS  
STATE FOR EAP/MLS, EAP/RSP  
**EO 12958** DECL: 01/11/2017  
**TAGS** PARM, PREL, ETTC, MNUC, BM, CH  
**SUBJECT: BURMA XXXXXXXXXXXX REPORT SENSITIVE SHIPMENT**  
Classified By: Econoff TLMAnlowe for Reasons 1.4 (b) and (d)

**Summary** Burmese sources help US embassy monitor shipments from Rangoon. Although there is no evidence the shipment is anything other than what is on the manifest, it shows both how the US gathers intelligence and its concerns about possible uranium shipments. Key passage highlighted in yellow.

1. (S) Summary: Embassy contacts XXXXXXXXXXXX shared with us on XXXXXXXXXXXX documents for 112 metric tons of "mixed ore" shipped on January 25 from Burma to China via Singapore. XXXXXXXXXXXX noticed that authorities treated the shipment as highly sensitive, and suspect it may have included uranium. Our contact had no direct evidence to support this claim. End summary.
2. (S) XXXXXXXXXXXX, told emboffs that XXXXXXXXXXXX **informed him they were suspicious about the behavior of authorities when handling a January 25 shipment of mixed ore from Rangoon.** According XXXXXXXXXXXX, security was tighter than usual, surveillance was heavier, and officials paid closer attention to the movement of the shipment and activity at the port. XXXXXXXXXXXX also claimed that metals are usually exported in blocks, whereas the bags in this shipment were filled with loose earth and mud. The source of the mixed ore, Maw Chi, is also a source for uranium, they claimed. XXXXXXXXXXXX said the destination in China, Fang Chen, and the shipping line, Advance Container Lines, were unusual for routine ore shipments. Shipments normally go to other ports in China via Myanmar Five Star Line, the government-owned shipping line, according to them. The shipper, Myanmar Ruby Enterprise, is a joint venture, 30% owned by the Ministry of Mines. XXXXXXXXXXXX
3. (S) Key information contained in the documents we have seen includes: Carrier: Advance Container Lines Co., Ltd. Shipper: Myanmar Ruby Enterprise Address: No. 24/26 Sule Pagoda Road, Kyauktada Township, Rangoon Shipped from Rangoon: January 25, 2007

Vessel: Kota Teraju to Singapore Destination: Fang Chen, China Port of Discharge: Fang Chen, Guang Xi, China Consignee: Yunnan Minmetals Trading Co., Ltd. Address: F/8 No. (408) Beijing Road, Kuming, PR China Shipment: Six containers holding 3080 bags, 112.0049 net metric tons of Mawchi Mixed Ore: (tin, tungsten, scheelite mixed concentrate) Value: 534,263.37 euros.

4. (S) We have no further information about the shipment or the reliability of the documents. We would be pleased to forward copies of the documents received to anyone interested.  
VILLAROSA

1?/07 Jonathan D. Pollack, "North Korea's Nuclear Weapons Program to 2015: Three Scenarios," *Asia Policy*, No. 3 (January 2007), 105-23) assumes won't give up weapons but could constrain programs.

1?/07 In a joint Japan-U.S. defense command simulation in late January and early February, North Korea launched about 150 missiles over several days, of which about 10 percent struck Japan. A Defense Ministry official said, "After all, defense alone can't work. It's not effective enough unless we attack our enemy's missile bases." A December 2004 44-page report by the National Institute for Defense Studies on "strictly defensive defense" compared attacks by fighter planes to Tomahawk and other cruise missiles concluded that cruise missiles had limited effect on mobile missiles moving about 20 kph and intrusion by fighters is risky unless F-22 stealthy Raptors were used. A senior SDF officer said, "It is important to increase mutual trust between Japan and the United States. To that end, Japan shouldn't depend entirely on U.S. forces for its strike capability, but have the SDF assume part of this strike capability to supplement U.S. forces." (*Yomiuri Shimbun*, "North Korea's Nuclear Threat: SDF's Strike Capability - Time to Pick up the Pike As Well As the Shield," March 26, 2007)

1/31/07 With just two years left in President Bush's term, State Department officials appear to have been given new freedom to explore different outcomes and proposals with their North Korean counterparts, most recently during unusual bilateral talks held in Berlin. North Korean officials have responded in kind, for the first time moving beyond quibbles about the wording in communiqués and actually talking specifically about what they might do to end their nuclear programs, the officials said. Sources close to the talks who spoke on the condition of anonymity said the United States, backed by China, is seeking some sort of disablement of the North Korean nuclear facility at Yongbyon, but Pyongyang has thus far proposed only to allow the return of inspectors from the International Atomic Energy Agency. (Glenn Kessler, "N. Korea May Accept Deal in Nuclear Talks," *Washington Post*, January 31, 2007, p. A-12)

2/1-2/07 Deputy AsstSec Treasury Daniel Glaser concludes two days of talks. "I think we are now in a position after a very lengthy investigation ... to start moving forward and trying to bring some resolution to this matter," he said., adding that U.S. concerns about money laundering had "been vindicated." (Associated Press, "Suspicions of N.K. Money Laundering Linger On," *Krea Times*, February 2, 2007, p. 1)

2/2/07 Lewis and Carlin: "Above all, it wants, and has pursued steadily since 1991, a long-term strategic relationship with the United States." (NAPSnet)

Kim Jong Nam, eldest son of Kim Jong-il, has lived in Macao for the past three years, South China Post reported, and has been seen gambling in casinos and dining in restaurants. (Associated Press, "Kim's Son 'Living in Macao,'" *International Herald Tribune*, February 2, 2007, p. 8).

2/4/07 Joel Wit and David Albright, back from talks with Kim Gye-gwan and Li Gun January 31-February 2, say North Korean officials said they would suspend operations of the Yongbyon reactor if they were given more than 500,000 tons of fuel oil a year and a U.S. promise to lift Trading with the Enemy sanctions. As a condition for final abandonment, Pyongyang demands that light-water reactors be built. (*Yomiuri Shimbun*, "North Korea May Offer Trade-Off at 6-Party Talks, February 5, 2007; Kyodo, "N. Korea Demands Fuel Oil in Exchange for Halting Reactor," February 4, 2007)

*Rodong Sinmun* signed commentary: On January 28 [Japanese police authorities] searched Chongryon-related institutions and houses of Korean residents in Japan and arrested its official and a Korean businessman. What is more intolerable is that they arrested the businessman in hospital who was caught with cerebral infarction during the search before being carried there. ...The Japanese reactionaries extremely antagonize and persecute Chongryon and Korean residents for the mere reason that they support their motherland. They are, indeed, a clan of barbarians in human skin and a group of gangsters engrossed in high-handed practices and terrorism. Japan is not entitled to talk about rule by law and human rights as it is the most shameful and disgusting country in the world. It is ridiculous for Japan, a rogue state which has mercilessly violated the human rights of Korean residents, to style itself as an 'advanced country.' Japan is further lurching to militarism and the Right as the days go by and its reactionaries are making desperate efforts to stifle Chongryon at any cost as part of its hostile policy toward the DPRK. But it is a miscalculation and a daydream to do so. No matter how desperately the reactionaries of Japan may try, they can neither stamp out Chongryon **under the protection of its homeland** with powerful national strength nor break the steadfast patriotic will of the Korean residents in Japan." (KCNA, "Japan's Crackdown on Chongryon Assailed," February 4, 2007)

2/5/07 South Korea and the U.S. have agreed to discuss providing HFO to North Korea if it starts disabling its nuclear program, Christopher Hill hinted after dinner with his South Korean counterpart Chun Young-woo. (*Chosun Ilbo*, "Washington, Seoul 'Mulling Energy Aid for N.Korea,'" February 5, 2007) Vice FM Yachi Shotaro told a press conference, "What we can say at this point is that there are limits to our immediate participation in efforts such as energy assistance even if [North Korea] indicates in some way [that it has taken] the initial measures over the nuclear issue, at a time when there has been no progress on the abduction issue." He was responding to a question concerning North Korea's intention to seek more than 500,000 tons of HFO and other benefits in exchange for taking steps to abandon its nuclear program. (Kyodo, "Japan Has Limits on Taking Part in Energy Aid to N. Korea: Yachi," February 5, 2007)

The U.S. may have free trade agreement cover goods produced at Kaesong joint industrial area if there is a change in circumstances. In hour-long meeting with Alexander Vershbow, U.S. ambassador to Seoul, UnifMin Lee Jae-joung "stressed that U.S. recognition of the goods produced in Kaesong as South Korean will contribute to bringing about a lasting peace on the Korean peninsula. Vershbow said 'if,' but he did not elaborate on what kind of change under what kind of circumstances," said a ministry official. (Yonhap, "U.S. Might Consider Kaesong Goods to Be South Korean: Vershbow," February 5, 2007)

PM Abe Shinzo's cabinet approval rating slips to 40.3 percent, almost 25 percent lower than when he took office. (Kyodo, "Abe's Disapproval Rating Tops Support for First Time," February 5, 2007)

A ten-year-old North Korean boy is 2.6 inches shorter than his South Korean counterpart on average and a girl is 1.7 inches shorter, Pak Sun-young, anthropology professor at Seoul National University reports, based on sample of 1,193 North Korean children who entered the South from 1999 to April 2006. (*JoongAng Ilbo*, "Height Differences Raising Eyebrows," February 5, 2007)

2/6/07

In exchange for a freeze of the Yongbyon facility and a return of international inspectors, Pyongyang wants a substantial supply of heavy fuel oil, an end to a Treasury Department action that froze North Korean accounts at a Macau bank, an international commitment to build civilian nuclear reactors in North Korea and, most important, normalization of relations with Washington. North Korea appeared initially willing to take only partial or temporary steps to keep the option of restarting its programs if the process fell apart. In recent talks with Treasury, North Korea identified a portion of the accounts that could be deemed legitimate in an effort to resolve the case. **"BDA is the tip of the iceberg,"** said Michael J. Green, a former White House official in charge of Asia policy and now at Georgetown University and the Center for Strategic and International Studies. He said ending the case would unleash tens **of millions of dollars in commercial transactions that had been curtailed** since Treasury moved against the bank. Green said the North Koreans were asking for "basically the Agreed Framework," which he said would be a "hard sell back in Washington." (Glenn Kessler, "N. Korea Aims to Improve on Clinton-Era Nuclear Deal," Washington Post, February 6, 2007, p. A-12)

A close observer argued, "There is no resistance in the White House to what Chris [Hill] is doing. They need a success in the face of Iraq, Iraq, Iraq all the time. But if it's basically a 'done deal,' there are, of course, elements remaining to be sounded out. So things could always go wrong. The 'wish list' we now see in the press is just the Norks sounding things out in advance. Don't get all upset about it." (*Nelson Report*, February 6, 2007)

Aaron Friedberg: "If the Bush administration wants to have a chance of solving the North Korean problem, it will need to take three steps: First, instead of backing off, the president should authorize the imposition of further financial sanctions on the North. He should also quietly tell Beijing that, unless it is willing to clean its own house, the

U.S. government will follow the money trail of North Korea's counterfeiting and smuggling wherever it leads, even if this means going after banks, front companies, and individuals in China. Second, instead of endlessly praising Beijing for its thus far fruitless efforts, the administration should make clear that failure to bring the North Korean issue to a satisfactory resolution will inevitably have consequences for U.S.-China relations. The White House now faces a Democratic majority in Congress that may press for protectionist measures against China. Fending off such demands with the argument that China is an essential diplomatic partner and a "responsible stakeholder" will be much harder, the administration should make clear, if Beijing fails to deliver on North Korea. Finally, the U.S. government needs to make clear that, regardless of how events unfold, it will do what is necessary to defend its own interests and to help its Asian allies defend theirs. If North Korea's nuclear programs are not rolled back, Washington cannot be expected indefinitely to be able to keep the Japanese nuclear genie in the bottle." (Dan Blumenthal and Aaron Friedberg, "Not Too Late to Curb Dear Leader," *Weekly Standard*, 12, No. 21, (February 12, 2007)

Ahead of election, 23 National Assemblymen bolt the Uri Party. (Kim Hyun, "Over 20 Lawmakers Leave S. Korea's Ruling Party ahead of Presidential Election," *Yonhap*, February 6, 2007)

CRS: North Korea has developed a submarine- or sea-based ballistic missile with a 2,500-kilometer range and a land-based road mobile with a 4,000-kilometer range, both based on the Soviet single-stage, liquid-fuelled R-27. (Jung Sung-ki, "N.K. Develops Medium-Range Ballistic Missile," *Korea Times*, February 6, 2007)

2/7/07

Joseph DeTrani, mission manager for North Korea from the Office of the Director of National Intelligence and former chief negotiator for the Six Party Talks, was asked by Senator Jack Reed whether he had "any further indication of whether that program has progressed in the last six years, one; or two, the evidence—the credibility of the evidence that we had initially, suggesting they had a program rather than aspirations?" DeTrani responded that "the assessment was with high confidence that, indeed, **they were making acquisitions necessary for, if you will, a production-scale program.** And we still have confidence that the program is in existence—at the mid-confidence level." (U.S. Senate, Armed Services Committee, Hearing, February 27, 2007) In a clarification issued March 4, he said, "There has been considerable misinterpretation of the Intelligence Community's view of North Korean efforts to pursue a uranium enrichment capability. The intelligence in 2002 was high quality information that made possible a high confidence judgment about North Korea's efforts to acquire a uranium enrichment capability. The Intelligence Community had then, and continues to have, high confidence in its assessment that North Korea has pursued that capability. We have continued to assess efforts by North Korea since 2002. All Intelligence Community agencies have at least moderate confidence that North Korea's **past efforts to acquire a uranium enrichment capability** continue today." (ODNI News Release 04-07, March 4, 2007)

Deputy FM Chun Young-woo, trying to work out the energy aid, told reporters, "North Korea should be prepared to show its intention of denuclearization through action,

and should not make unreasonable demands. The other five countries should not be stingy or hesitant when taking corresponding measures." (Kyodo, "Six-Way Negotiators Underline Need for Progress Ahead of Talks," February 7, 2008) "Agreeing among the five members what kind of aid to provide North Korea will be as hard as the negotiations with North Korea themselves," a high-ranking South Korean government official said. "When the talks resume, we must also talk about [the aid]." PM Abe Shinzo said yesterday, "If there is no progress in the abduction issue, Japan will not be participating in aid for North Korea." (Lee Joo-hee, "N.K. Appears Ready for Accord," *Korea Herald*, February 8, 2008)

Exports of frozen bonito from North Korea to Thailand surged 18-fold in the past year after its BDA accounts were frozen, earning about 2.6 billion yen in hard currency. (*Yomiuri Shimbun*, "N. Korea Bonito Exports May Be from Illegal Hauls," February 7, 2007)

2/?/07 North Korea asked the United States to drop plans to deploy state-of-the-art stealth fighters to a U.S. air base in Okinawa Prefecture on an interim basis during the latest round of the six-party talks on Pyongyang's nuclear program, it has been learned. Twelve F-22 Raptors were scheduled to be deployed to the U.S. Kadena Air Base in early February, but the deployment has not yet taken place. Some observers said the postponement of the plan indicates Washington has softened its stance toward Pyongyang. According to sources, North Korea criticized what it viewed as a hostile U.S. policy toward the country during the six-party talks. It is said to have requested the halting of the deployment of the F-22s as well as joint military exercises between U.S. and South Korean forces which are, a senior Foreign Ministry official said, part of a strategy to discourage North Korea's nuclear ambitions following the country's nuclear test. The U.S. delegation avoided discussion of the matter at the talks, but the deployment of the fighters due to take place on Saturday was postponed due to bad weather. {Right questions U.S. reliability?} (*Yomiuri Shimbun*, "'N. Korea Asked U.S. F-22s' Japan Mission'" February 16, 2007)

2/8/07 Kim Jong-nam, 35, oldest son of Kim Jong-il, has taken up residence in Macau. (John Ruwitch, "Mr. Kim of Macau? North Korea's Family Mystery Deepens," Reuters, February 8, 2007)

2/8-13/07 Six-party talks. Kim Gye-gwan said, "We are ready to discuss the initial steps, but whether the United States will give up its hostile policy against us and come out for mutual, peaceful coexistence will be the basis for our judgment." A senior South Korean official indicated the North might want to include another key subject in the draft. "I think it's inappropriate to characterize the draft simply as a nuclear freeze with energy aid," he said. *Chosun Sinbo*: "The North holds the position that it can take corresponding steps only after it confirms the United States takes the first irreversible steps toward dropping the hostile policy." (Park Song-wu, "Pyongyang Wants Diplomatic Ties with Washington," *Korea Times*, February 9, 2007) On February 10 Hill said one issue remained in dispute and was not about suspending operations at Yongbyon. "I don't think it's the most important issue, but you know the North Koreans," he told reporters. "If we lived in a logical, rational world, we'd get through

this." (Teruaki Ueno and Jack Kim, "U.S. Says Hurdle Blocks North Korea Talks," February 10, 2007) Noting that Hill had promised in Berlin to unfreeze \$24 million in the BDA, *Chosun Sinbo* said, "DPRK delegates participating in the six-party talks are expressing distrust over the U.S. act of betrayal." (AFP, "Nuclear Envoys Discuss Logjam over N. Korean Demands," February 11, 2007) Hill: North Korea objected to "early harvest" so results characterized as "early actions." China handed out draft agreement on day one. (Burt Herman, "China Hands out Accord at Nuclear Talks," Associated Press, February 8, 2007) Hill: "I think we have understood we use the word shut down because we are going in one direction," adding that Washington is not interested in a deal in which "you freeze, you thaw out, you freeze again." (Yonhap, "Shutdown of N. Korea's Nuclear Reactor Not a Dispute: U.S. Envoy," February 10, 2007) "Denuclearization will benefit all parties, so the burdens should be shared jointly," a South Korean official said, referring obliquely to Japan. "But we are thinking of taking the lead in the working group for energy aid, considering the circumstances of the other parties." (.Park Song-wu, "Seoul Wants 6 Nations to Shoulder Burden for Energy Aid to N.K.," *Korea Times*, February 11, 2007) The amount of energy aid and the timing for when it should be provided are "the most difficult problems," Deputy FM Alexander Losyukov said. (Kyodo, "Six-Way Delegates Struggle to Reach Compromise over Aid to N. Korea," February 10, 2007) "The problem is North Korea has excessive expectations and demands. Unless they reconsider this, it will be difficult to reach an agreement," said Japan's negotiator Sasae Kenichiro. [He implied the problem was the amount of energy aid, not Japan's unwillingness to provide it, which was not the case.] (AFP, "Nuclear Envoys Meet to Discuss Logjam over N. Korean Demands," February 11, 2007) Negotiators spent February 11 in grueling discussions over the amount and timing of energy aid each of the five is to shoulder once North Korea halts its nuclear program. That means Seoul would have to take the initiative in discussing aid and could end up shouldering most of the burden. (Chosun Ilbo, "N. Korea Talks Bog down over Cost-Sharing," February 12, 2007) Japan "at this moment" has no intention of providing energy aid, FM Aso Taro told Asahi-TV. "There are different kinds of cooperation," he said. "In Japan's case, we can provide indirect cooperation." (Kyodo, "'Indirect' Aid for N. Korea, Not Money: Aso," *Japan Times*, February 12, 2007) Negotiators reached a draft accord early February 13, which Hill described as an "excellent" first step, "and we'll see if we can get approval for this thing." (Heejin Koo and Allen T. Cheng, "Talks Produce Draft Accord with North Korea," *Bloomberg News*, February 13, 2007) "Four of the five days in Beijing "spent on moving beyond Berlin" to map next steps: "initial declaration and disable reactor." [That's why the North asked for 2000 MW.] On BDA "We have agreed to resolve our part of this issue within 30 days of February 13 or March 15." (Christopher Hill, Japan Society breakfast, March 6, 2007) After Vice FM Wu Dawei circulated a draft proposal based largely on the understandings reached in Berlin, Kim Gye-gwan demanded two million tons of HFO and energy aid before North Korea would take the first steps to disabling. "We get to Beijing thinking we've got pretty much a set deal," said a member of the U.S. delegation, "and then the North Koreans do something they have often done in the past, which is to attempt to renegotiate. They didn't disavow Berlin but they wanted more." Hill and Kim held several bilaterals including a "lengthy and very frank" one on Sunday, February 11. The frustrated Hill played hardball. "If we don't reach a six-party agreement today," he warned, "there is no Berlin. What was agreed at Berlin is off." A

U.S. official familiar with the talks said, "My sense of it is that Kim Gye-gwan was faced with having to report to Pyongyang that 'I had a deal on BDA but I lost it. I had something and now I've got nothing.'" Chun Young-woo worked out a deal to give the North 50,000 tons of HFO for freezing Yongbyon, another 450,000 in HFO and 500,000 in HFO equivalent energy aid if they disabled the facilities. Hill was on the phone repeatedly to Rice, bypassing the bureaucracy. At the last minute, early in the morning of February 13, Rice authorized Hill to offer what Chun had initially worked out. Hill assured Kim Washington would begin discussions on ending the BSDA sanctions within 30 days. As the final plenary meeting broke up, Kim grasped Hill's hand and said with real emotion in his voice, "Let's take this all the way to the end!" (Chinoy, *Meltdown*, pp. 322-24) [No surprise on HFO, see 2/4/07] "We basically teed up an agreement -- what you saw today," said a U.S. official who briefed reporters on February 13. But once the talks opened February 9, North Korea made clear its unhappiness with allowing the amount of oil to be determined by a working group. "Beijing should have been a fairly straightforward exercise," the American official said. "The problem was the North Koreans wanted an overall number, and they wanted the overall number public," the official said. On February 10, Kim unleashed a tirade against the Americans on a range of issues, including the fuel oil. Reports leaked into the Asian news media that North Korea had thrown a fit. But eventually, the official said, all the issues faded away, except the oil. North Korea wanted a big payoff. Unnamed officials told the Japanese and South Korean news media that the North wanted 2 million tons of fuel oil and 2 million kilowatts of electricity a year. In fact, the North Koreans had not been that specific, but the parties ultimately decided on 1 million tons of fuel oil -- roughly a one-year supply for the entire country. South Korea's envoy, Chun Young Woo, helped shape the discussions about the amount of oil and also suggested "more oil for deeper denuclearization." This link became essential for the Americans, who were distrustful of any deal that provided North Korea with oil without linking it to disarmament. A sequence emerged that withheld all but 50,000 tons of the oil until North Korea had disabled its nuclear arsenal, step by step. Kim often called back to Pyongyang, the capital, for instructions as North Korea continued to resist the wording of the oil provision. The American official said that at one point on February 12, Hill visited the North Koreans and mentioned a ceramic Korean cup he kept on his desk. He cited a Korean proverb about how pouring too much liquid into the cup causes it to drain out, leaving nothing. The message -- do not get too greedy -- was not lost on North Korea, but negotiations continued into early Tuesday morning, February 13. Finally, the six delegations -- the United States, North Korea, China, Japan, Russia and South Korea -- committed themselves to the agreement. (Jim Yardley, "Seed of North Korean Nuclear Deal Was Planted in Berlin," *New York Times*, February 14, 2009, p. A- ) "They're pretty tough negotiators. They don't say, 'Oh, no! We really want a deal.' They always leave you with the impression they're ready to walk," said the U.S. official, who briefed a handful of journalists. Kim can be "perfectly civil" but holds a fiery temper, said the U.S. official. "There are moments when he is upset and, boy, you can tell it. He kind of turns a darker shade of purple," he said of Kim, drawing nods of agreement from his colleagues. Deep in the night of February 12-13, word started coming out that North Korea was ready to sign onto an initial disarmament plan offering it one million tons of sludgy fuel oil. In return, the North had to offer deeper disarmament promises than were first discussed. "We said, 'You want

more oil, you gotta do more,'" the U.S. official said. (Chris Buckley, "N. Korea Deal Born As Storm in a Tea Cup," Reuters, February 14, 2009) Hill: "In one of my telephone updates to Secretary Rice, I told her we had agreement to bring back international inspectors to Yongbyon, and agreement on some disablement steps, but that the North Koreans were holding out for too much fuel oil. I told her I was sure we would get them down to 40,000 tons rather than 50,000. 'Chris, dn't be too hard-line on this. Keep in mind that others are sharing the burnen, and really, ten thousands tons of fuel is not very much, is it?' 'Okay,' I told her ...Meanwhile, back in the trenches of Washington, D.C., renewed fighting broke out over the commitment we had given the North Koreans to restore the Banco Delta Asia accounts. The problem was still that no bank was prepared to take the tainted money, for fear that they would become a target. Efforts by Secretary of the Treasury Hank Paulson to support Secretary Rice earned him a nasty, tendentious story in the *Financial Times*, evidently leaked by subordinates who had no interest in implementing the commitment to reverse the measures." (Hill, *Outpost*, pp. 256-57)

The text of the joint agreement on North Korea's nuclear disarmament as provided by the Chinese Foreign Ministry: The Third Session of the Fifth Round of the Six-Party Talks was held in Beijing among the People's Republic of China, the Democratic People's Republic of Korea, Japan, the Republic of Korea, the Russian Federation and the United States of America from 8 to 13 February 2007. Mr. Wu Dawei, Vice Minister of Foreign Affairs of the PRC; Mr. Kim Kye Gwan, Vice Minister of Foreign Affairs of the DPRK; Mr. Kenichiro Sasae, Director-General for Asian and Oceanian affairs, Ministry of Foreign Affairs of Japan; Mr. Chun Yung-woo, Special Representative for Korean Peninsula Peace and Security Affairs of the ROK, Ministry of Foreign Affairs and Trade; Mr. Alexander Losyukov, Deputy of Minister of Foreign Affairs of the Russian Federation; and Mr. Christopher Hill, Assistant Secretary of East Asian and Pacific Affairs of the Department of State of the United States attended the talks as heads of their respective delegations. Vice Minister Wu Dawei chaired the talks.

- I. The parties held serious and productive discussions on the actions each party will take in the initial phase for the implementation of the joint statement of September 19 of 2005. The parties reaffirmed their common goal and will to achieve **early** denuclearization of the Korean Peninsula **in a peaceful manner** and reiterated that they would earnestly fulfill their commitments in the Joint Statement. The parties agreed to **take coordinated steps to implement the Joint Statement in a phased manner in line with the principle of "action for action."**
- II. The parties agreed to take the following actions **in parallel** in the initial phase:
  1. The DPRK will **shut down and seal** for the **purpose of the eventual abandonment** the **Yongbyon nuclear facility, including the reprocessing facility** and **invite back IAEA** personnel to conduct **all necessary monitoring and verification as agreed between the IAEA and the DPRK.**

2. The DPRK will **discuss** with other parties **a list of all its nuclear programs** as described in the joint statement, **including plutonium extracted from used fuel rods**, that would be abandoned pursuant to the Joint Statement.
3. The DPRK and the U.S. will **start** bilateral talks aimed at resolving bilateral issues and moving toward full diplomatic relations. The U.S. will **begin** the process of **removing the designation of the DPRK as a state sponsor of terrorism**, and **advance** the process of **terminating the application of the Trading with the Enemy Act** with respect with the DPRK.
4. The DPRK and Japan will **start** bilateral talks aimed at taking steps to normalize their relations in accordance to the Pyongyang Declaration, **on the basis of the settlement of unfortunate past and the outstanding issues of concern**.
5. Recalling Section 1 and 3 of the Joint Statement of 19 September 2005, the Parties agreed to **cooperate in economic, energy and humanitarian assistance** to the DPRK. In this regard, the Parties agreed to the provision of emergency energy assistance to the DPRK in the initial phase. **The initial shipment would be the equivalent of 50,000 tons of heavy fuel oil, which will start in the next 60 days.**

The Parties agreed that the above mentioned will be **implemented in the next 60 days** and that they will take **coordinated steps** toward this goal.

III. The Parties agreed on the establishment of the following **Working Groups** in order to carry out the initial actions and for the purpose of full implementation of the joint statement:

1. Denuclearization of the Korean Peninsula
2. Normalization of DPRK-US relations
3. Normalization of DPRK-Japan relations
4. Economy and energy cooperation
5. Northeast Asia Peace and Security Mechanism

The Working Groups will discuss and formulate specific plans for the implementation of the Joint Statement in their respective areas. The Working Groups shall report to the Six-Party Heads of Delegation Meeting on the progress of their work. In principle, progress in one Working Group shall not affect the progress in other Working Groups. Plans made by the five Working Groups will be implemented as a whole in a coordinated manner.

The Parties agreed that all working groups will meet within the next 30 days.

IV. During the period of the Initial Actions phase and **in the next phase - which includes provision by the DPRK of a complete declaration of all nuclear programs and disablement of all existing nuclear facilities including graphite-moderated reactors and**

**repossessing plants - economic, energy and humanitarian assistance up to the equivalent of 1 million tons of heavy fuel oil, including the initial shipment equivalent to 50,000 tons of heavy fuel oil, will be provided to the DPRK.**

The detailed modalities of the said assistance will be determined through consultation and appropriate assessment in the working group on Economic and Energy Cooperation.

V. Once the initial actions are implemented, the Six Parties will promptly hold a ministerial meeting to confirm implementation of the Joint Statement and explore ways and means for promoting security cooperation in Northeast Asia.

VI. The Parties reaffirmed that they will take positive steps to increase mutual trust, and will make joint efforts for lasting peace and stability in Northeast Asia. The **directly related Parties** will negotiate a **permanent peace regime** on the Korean Peninsula **at an appropriate separate forum.**

VII. The Parties agreed to hold the Sixth Round of the Six-Party Talks on 19 March 2007 to hear reports by the Working Groups and discuss action for the next phase.

An ROK official said, "South Korea, the U.S., Japan, China and Russia agreed to evenly share the costs of the energy aid. The South will pay for the initial 50,000 tons of aid." [Japan withheld aid.] The current international price of one million tons of heavy oil is about 41 billion won. South Korea, the U.S., China, Japan and Russia would share the cost of about 8.2 billion won each. (*Dong-A Ilbo*, "How to Handle the North's Current Nukes?" February 14, 2007) South Korea pays for initial 50,000 tons. "Paying for it first doesn't mean we'll be paying more, so even from a symbolic point of view, I think it's appropriate for us to pay first," said Chun Young-woo, South Korea's negotiator. (Jack Kim, "North Korea Likely Forced into Nuclear Deal: Envoy," Reuters, February 16, 2007) A *Wall Street Journal* editorial denounced the deal as "faith-based nonproliferation." (*Wall Street Journal*, "Faith-Based Nonproliferation," February 14, 2007) "It sends exactly the wrong signal to would-be proliferators around the world," said John Bolton. "If we hold out long enough, wear down the State Department's negotiators, eventually you get rewards." (James Sterngold, "How Deal on North Korea Was Cut: Bush Kim Jong Il Both Gave Ground to Permit a Pact," *San Francisco Chronicle*, February 14, 2007)

Hill: "As competent and pragmatic as Sasae Kinichiro was, I found, especially after Koizumi retired in 2006, that the Japanese had lost their way in dealing with others and, as the six-party meetings unfolded, were often the delegation least in line with the others. What we anticipated to be a five-on-one frequently became far more muddled as South Koreans openly complained about Japanese behavior, especially in subsequent sessions when all parties - except the Japanese - were working on their domestic political authorities to provide heavy fuel oil to induce the North Koreans to shut down the plutonium plant and accept international inspectors in their facilities. ... One of the expectations of the East Asian security club in Washington, of which NSC Asia director Mike Green was a charter member, along with many other think tankers and academics, was that in anticipation of six-party sessions, I should take part in three-party meetings with the Japanese and South Koreans. But rather than formulate common positions, I found

these sessions represented more opportunities to have me hone the mediating skills I had forged in the Bosnia crucible. As reasonable as Song and Sase were individually, their reasonableness did not project in these lagrer meetings, As I told Secretary Rice after one session: 'I never knew Asians could be so sarcastic with one another.' Frequently, after one got finished eviscerating the other's point, he would look over at me as if for approval." (Christopher R. Hill, *Outpost: Life on the Frontlines of American Diplomacy* (New York: Simon & Schuster, 2014), pp. 226-27)

2/12/07

Colin McAskill, chairman of Koryo Asia which is about take control of the North Korea-based Daedong Credit Bank, said, "The objective of the United States is to cripple them ([North Korea] financially and deny them access to international credit markets." "It is hurting [North Korea] because international banks are unwilling to deal with the country because of innuendo, coercion and threats by U.S. authorities." He said he had proof nearly all the blocked funds in BDA were legal. "A very small portion may be illegal," he said. "In any such market, an illegal element is inevitable. To say it is state-sponsored is ridiculous." That is damaging chances of economic change. "Close him [Kim Jong-il] down financially and he's forced to sell weapons," McAskill said. "Take away the coercion and it [economic opening] could be successful." (Jonathan Thatcher, "U.S. Squeeze on N. Korea Funds Hurts Reform: Investor," Reuters, February 12, 2009)

Japan's negotiator Sase Kenichiro met with Vice FM Kim Gae-gwan but made no progress on the abductees. (Mochizuki Koichi, "Japanese Envoy to 6-Way Talks Meets with DPRK Counterpart," *Yomiuri Shimbun*, February 14, 2007)

U.S. asks Japan not to schedule a meeting between VP Dick Cheney and DefMin Kyuma Fumio during his visit to Tokyo February 20 because of Kyuma's January 24 remarks that Bush's decision to start the Iraq war was "wrong." (Kyodo, "U.S. Asks for Cheney Not Meeting Kyuma after Remarks over Iraq War," February 12, 2007)

Kim Jong-nam, Kim Jong-il's eldest son, arrived in Beijing. "I have nothing to do with the six-party talks or [U.S.] financial sanctions," the man said in Korean he told a Fuji-TV reporter. (AFP, "N. Korean Leader's Son Arrives in Beijing: Witnesses," February 12, 2007)

Bolton: "This is a very bad deal. And I'm hoping that the president has not been fully briefed on it and he still has time to reject it. It's bad for two reasons. First, it contradicts the fundamental premises of the president's policy he's been following for the past six years. And second, it makes the administration look very weak at a time in IOraq and dealing with Iran it needs to look strong. ... This is in many respects simply a repetition of the Agreed Framework of 1994." (CNN, Situation Room, "Is North Korea Giving up Its Nuclear Weapons? Interview with John Bolton by Wolf Blitzer)

The White House yesterday found itself fending off a conservative revolt over the deal, even scrambling to mollify one of its own top officials who expressed sharp disagreement with a provision that could spring Pyongyang from the list of countries that sponsor terrorism, U.S. officials said yesterday. Elliott Abrams, a deputy national security

adviser, fired off e-mails expressing bewilderment over the agreement and demanding to know why North Korea would not have to first prove it had stopped sponsoring terrorism before being rewarded with removal from the list, according to officials who reviewed the messages. Abrams, they said, was especially concerned about a section of the agreement that stated: "The U.S. will begin the process of removing the designation of the DPRK as a state-sponsor of terrorism, and advance the process of terminating the application of the Trading with the Enemy Act with respect to the DPRK." In an e-mail that Abrams sent to officials involved in Asia policy and nonproliferation policy, he reminded the recipients that, in a deal with Libya on abandoning weapons of mass destruction, the United States said it would start a "delisting" process only if Libya ended its support for terrorism -- and that the terrorism track was separate from the weapons deal. [Unlike Libya, no evidence of North Korean terrorism since 1987, Dep SecState Armitage testified in 2001] When one of the Asia experts replied that the process was young, Abrams shot back that he thought that section of the deal was bad. Gordon Johndroe, a National Security Council spokesman, did not dispute this account but said: "Initial press reports on the six-party-talks agreement sparked a discussion among staff that were seeking clarification of some of the deal's aspects. All has been clarified, and we look forward to implementation." John R. Bolton, former U.S. ambassador to the United Nations, called the agreement -- in which North Korea would freeze its main nuclear facility in exchange for an initial supply of fuel oil -- "a bad deal" that violated principles that were closely held in the beginning of the Bush administration. And the *National Review*, a conservative bastion, yesterday slammed the agreement as essentially the same one negotiated by President Bill Clinton in 1994 -- a charge the Bush administration rejects. "When exactly did Kim Jong Il become trustworthy?" the magazine's editors asked. *The Wall Street Journal* editorial page, normally a Bush supporter, also condemned the accord yesterday as "faith-based nonproliferation." (Glenn Kessler, "Conservatives Assail North Korea Accord," *Washington Post*, February 15, 2007, p. A-1)

To win approval of a deal with North Korea that has been assailed by conservatives inside and outside the administration, Secretary of State Rice bypassed layers of government policy review that had derailed past efforts to negotiate an agreement, several senior administration officials said this week. Immediately after Hill's meeting with his North Korean counterpart in Berlin in mid-January, Hill briefed Rice as she stopped in Berlin on the way home from the Middle East. She called Stephen J. Hadley, the national security adviser, and then President Bush. Hadley, who was reviewing a copy of the document presented to Hill by the North Koreans, a senior administration official said. "Chris signed on to it in Berlin," said a senior administration official, although a full six-party session was required to formalize the deal because the Bush administration was insisting on a multilateral format to better enforce any agreement with the North. But to some, it seemed the usual procedures were cut short -- vetting the details through an interagency process that ordinarily would have brought in Vice President Cheney's office, the Defense Department and aides at the White House and other agencies who had previously objected to rewarding North Korea before it gives up its weapons. "There was no process here," said an official who has been deeply involved in the issue. "Nothing. There was no airing of whether this is the way to deal with the North Koreans." White House and other administration officials dispute that, saying that all

relevant agencies were consulted. In lieu of the formal meetings where objections to such accords were usually voiced during the president's first term, Mr. Hadley "walked it through with concerned people," a senior administration official said. The official acknowledged that the process was much more informal, and rapid, than usual, although much of Hill's work was built upon previous negotiations at the talks that had been widely vetted across the administration. The result has been an unusual attack on the agreement from the right. State Department officials said that Robert Joseph, the under secretary of state for arms control and disarmament, vehemently disagreed with the approach, telling associates privately what Bolton has said in public: that the new agreement was no better, and perhaps worse, than one signed by President Clinton in 1994. Joseph, who announced last month that he would resign soon, declined to comment yesterday. "What's different this time is that it is clear that both the president and Condi wanted a deal," said an official peripherally involved in the debate. Several officials acknowledge that as the Bush presidency enters its final years, two foreign policy goals have risen higher on the agenda: peace between the Israelis and Palestinians and disarming North Korea. Rice on February 15 sternly played down the significance of any internal dissent, making it clear that she would not entertain dissent after the president had made up his mind. "First of all, the U.S. government is the U.S. government," she said. "And so the decision has been taken. And since people are loyal to decisions that are taken, I think that everybody expects there to be loyalty to this decision." Bush, asked at a news conference on February 14 about Bolton's critique, was succinct: "I strongly disagree – strongly disagree with his assessment." (David E. Sanger and Thom Shanker, "Rice Is Said to Have Speeded North Korea Deal," *New York Times*, February 16, 2007, p. A-3)

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Rice: "We have agreed that we will, in the separate working group that has been working on this issue that the Treasury Department heads, seek to resolve the issues concerning Banco Delta Asia. Now, remember that the case is against the bank for activities and so we do need to resolve that. Treasury is working to do that. We've been having good discussions with all of the parties involved in that and we'll look to what kind of remediation needs to take place to resolve our concerns. But that's a legal channel. We've been very clear that it has to be resolved within that channel. But we've said that in 30 days we would seek to resolve it." **Q:** (Inaudible) qualify the status of it [EU program], whether it ever got beyond R&D? **RICE:** No, no. ...**Q:** Madame Secretary, the portion of the bilateral component of the agreement says that the United States will begin the process of removing North Korea from the state sponsor of terrorism list. Given that the state sponsor of terrorism list is supposed to be for countries that are sponsoring terrorism, what is -- what do you say to critics that say that this list is used as a political tool because North Korea has not been found to have any connection with terrorism for many years? ...**RICE:** In terms of the state sponsors list, this is an agreement to begin the review that removes countries from the state sponsors list. This is, I think, the right time to do that." (DoS, Rice, Briefing on the Agreement Reached at the Six-Party Talks in Beijing, February 13, 2007)

Former LDP vice president Yamasaki Taku said in a statement released, "It is natural that Japan joins other nations in providing assistance, as it approved the six-nation agreement." Yamasaki, who spent four days in Pyongyang last month, added, "Japan's government

should resolve the abduction issue quickly through active dialogue with North Korea." (John Brinsley, "Abe under Fire for Japan's Role in North Korea Deal," *Bloomberg News*, February 14, 2007) The deal to freeze North Korea's nuclear program has had immediate ripple effects in Japan and South Korea, apparently freeing South Korea's hands and tying Japan's. Seoul announced that officials from both sides had agreed to meet tomorrow in Kaesong. "What is very important about the agreement is that it not only resolves the North Korea nuclear issue itself," South Korean president Roh Moo-hyun said, "but, in a further step, it includes a clause for discussions, negotiations on establishing a permanent peace regime on the Korean Peninsula." But in Tokyo, PM Abe Shinzo came under attack from members of the opposition and his own party for his government's refusal to provide assistance to the North over what it says are unresolved cases of Japanese abducted by North Korean agents. Critics said Tokyo's narrow focus on this issue, seemingly at the expense of regional stability, would leave it isolated. "We must not be isolated and we are not in fact isolated," Abe said in Parliament. "Other countries understood our decision not to provide oil unless progress is made in the abduction issue." "Japan should be conducting diplomacy with a broader perspective," said Makoto Taniguchi, president of Iwate Prefectural University in Japan and a former senior diplomat. "It should be thinking of Asian security and peace. If Japan thinks narrowly, only of its relations with the United States at the expense of its relations with its neighbors, it will find itself excluded." He added, "Japanese diplomacy has, so to speak, been abducted by the abduction issue." (Norimitsu Onishi, "South Korea and Japan Split on North Korea Pact, *New York Times*, February 14, 2007, p. A-10)

Japan believes the United States will maintain North Korea's designation as a state sponsor of terrorism until the abductions issue is resolved, said Japan's top spokesman. "The agreement was to begin the process of removing the designation, not on removing it [immediately]," Chief Cabinet Secretary Shiozaki Yasuhisa said. (Kyodo, "N. Korea Stays on U.S. Terrorist List until Abductions Solved: Japan," February 14, 2007) Ri Pyong-dok, a researcher in charge of Japan in the DPRK FoMin, said in an interview in Pyongyang, that Japan should fulfill its commitment to provide energy aid. The joint statement "is based on the principle of matching commitment with commitment and action with action," he said. "Japan is included among the six parties," he added, "This is, I would like to remind you, something agreed by all six parties." (Kyodo, "N. Korea Displeased with Japan's Refusal to Give Aid: Official," February 14, 2007)

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KCNA: "The head of the north side delegation to the inter-Korean ministerial talks sent a telephone message to the chief delegate of the south side to the talks. In the message the head of the north side delegation agreed to the proposal for having a working contact between delegates for the opening of the talks made by the chief delegate of the south side through his message, stating that there is no change in the DPRK's stand to boost the inter-Korean relations, guided by the basic spirit of the June 15 North-South Joint Declaration." (KCNA, "Telephone Message to Chief Delegate of South Side to Inter-Korean Ministerial Talks," February 14, 2007)

2/16/07 North Korea marked the 65<sup>th</sup> birthday of Kim Jong-il with a concert. "The people of this nation send their most glorious and heartfelt greetings to the general who elevated the country to a nuclear power and the status of a great nation," said an emcee at the outset of the event. (Kyodo, "N. Korea Repeats Nuke Power Status on Leader's Birthday," February 16, 2007)

2/20/07 Mistrustful of North Korea and its willingness to keep promises, Vice President Cheney worked hard in President Bush's first term to prevent talks aimed at halting that country's push to develop a nuclear bomb. At one point three years ago, he even bypassed the State Department to intervene in delicate negotiations over Pyongyang's nuclear activities. But this month Cheney stayed out of the way as a top State Department negotiator wrapped up a nuclear agreement with North Korea -- a deal that many of the vice president's conservative allies consider foolhardy and that some of his own staff are said to find hard to swallow. The contrast underscores the vice president's shifting status in Washington. There is no evidence that Cheney's close relationship with Bush has been lessened. But there is also little doubt that the causes he has championed -- a tough skepticism of negotiations with dictatorships such as North Korea and the forceful exercise of presidential authority -- are being rethought within the Bush administration, according to officials inside the government and experts outside it. The North Korea deal is only the latest example of a new pragmatism forced on the administration by a series of court decisions, the deteriorating situation in Iraq and -- perhaps most of all -- the Democratic takeover of Congress. There's no question in the current political situation that Cheney has lost clout," said Leslie H. Gelb, former president of the Council on Foreign Relations. "He's lost clout because Bush has to prove he's not an international confrontationalist, warmonger and diplomatic bungler. If you have such a reputation, you can't function as president." It hasn't helped Cheney that his former chief of staff, I. Lewis "Scooter" Libby -- who had aggressively advanced the vice president's interests through a sometimes hostile bureaucracy -- has been sidelined because of his role in the Valerie Plame case. The government's perjury case against Libby will go to the jury this week after a trial that exposed the vice president's large behind-the-scenes involvement in seeking to discredit Joseph C. Wilson IV, a former ambassador who accused Cheney and other administration officials of twisting intelligence in the run-up to the Iraq war. Some conservatives close to the administration see Libby's resignation after his indictment in late 2005 as part of the unraveling of a Cheney network, leaving a void that Secretary of State Condoleezza Rice, the engineer of the North Korea deal, has exploited. Others who have departed include Defense Secretary Donald H. Rumsfeld; his deputy, Paul D. Wolfowitz; and lower-level aides with long-standing ties to Cheney. One former administration official, who spoke on the condition of anonymity to talk more candidly, said Cheney's office has "disappeared" on foreign policy under Libby's replacement, David Addington, and the vice president's foreign policy adviser, John P. Hannah. "Addington and Hannah are smart people, but they are no Scooter. Scooter worked 25 hours a day and he had Addington and Hannah working for him, so it was a powerful combination," this source said. "The result is that Cheney is taking a back seat, and there is no check or balance on Condi in foreign policy. It is what Condi decides and what the president agrees to." This time, in meetings with Chinese and South Korean officials in Vietnam in November, Rice raised the idea of obtaining an

"early harvest" -- a freeze on North Korea's main nuclear facility -- to start the process, administration officials said. She empowered her chief negotiator, Christopher R. Hill, to work out the details during a one-on-one meeting with the North Koreans in Berlin last month. Sources who have spoken with administration officials said Cheney's staff is not happy with the agreement, and former administration officials said they have a hard time believing that Cheney does not share those sentiments. They pointed, for instance, to the agreement's language calling for new "working groups" to settle outstanding issues, something they said he has long opposed. But some Cheney associates said they doubt he will work against the plan. "The one thing about Cheney is he has never done anything the boss didn't want him to do," said a longtime friend from previous administrations, who suggested that Cheney's acquiescence in the nuclear deal may have been a tactical concession, given the United States' eroding position in the world. "I think he's someone who is very strategic in his thinking," said Aaron L. Friedberg, a Princeton University professor who served as an adviser to Cheney on national security from 2003 to 2005. "He's prepared to make adjustments and trade-offs as the situation warrants. . . . I suspect in a number of situations he would have preferred to push harder and take a tougher stand, but he has always been a pragmatist." (Michael Abramowitz, "Cheney's Influence Lessens in Second Term," *Washington Post*, February 20, 2007, p. A-5)

Philip Zelikow, former Counselor to SecState Rice, op-ed: "In 2005, the United States energized its flagging North Korea efforts on two tracks. One was diplomatic, the other defensive. The diplomatic strategy was never just about North Korea. The Korean Peninsula has repeatedly been a battleground for the great powers in Northeast Asia. The United States, particularly Secretary of State Condoleezza Rice and her deputy, Robert Zoellick, saw a way to break this mold: China, Japan and Russia were flexing new diplomatic muscle. The North Korean problem could be an opportunity to unite potential rivals in common effort, an enterprise without precedent in Northeast Asia. The defensive approach responded to North Korea's outlaw strategy for economic survival. Protecting the integrity of the international financial system was just one of the ways to show the North's leaders that trafficking in contraband was not a sustainable solution to their problems. By late 2005, both policies had been set in motion. In September, Assistant Secretary of State Christopher Hill and his counterparts from South Korea, North Korea, China, Japan and Russia had negotiated a joint framework for comprehensive diplomatic action. Meanwhile, enforcement actions that had been pending against North Korea's partners in money laundering, such as Macau's Banco Delta Asia, were rolled out. Then the Bush administration paused. It had been preparing to follow up with new diplomatic initiatives, but the administration was uncertain and divided about how much further to go until North Korea moved. As for the North Koreans, they were indeed hit hard as members of the international financial community became increasingly reluctant to handle their suspect transactions. [?] Furious, they boycotted the six-party talks and tried to advertise their own strength, a course that culminated in the nuclear test last October. After that test, Rice leaned hard on the regional diplomatic relationships she had nurtured. First -- and fast -- came U.N. Security Council Resolution 1718, the most potent action against North Korea that the United Nations had taken since 1953, when the Korean War was suspended. Having shown the North that it had underestimated regional solidarity, the United States next

moved to change the dynamic, to break the cycle of escalation. That month, Chinese President Hu Jintao and President Bush came to a strategic understanding about North Korea. They agreed that diplomacy needed to be given another chance. But the diplomacy couldn't just be a gloss, busywork that only gave the appearance of action. To turn this strategic understanding into policy, Rice developed a two-stage strategy. First the six parties would move quickly to offset the nuclear test with unprecedented commitments from the North Koreans to stop and reverse their nuclear development and to bring back the system of monitoring by the International Atomic Energy Agency. Some called this an 'early harvest' -- testing whether the ground could yield anything fruitful. If it did, then in the second stage the six parties would follow up. But rather than returning to the old, painful pattern of piecemeal nuclear bribery, the diplomacy would have to move simultaneously on multiple fronts: scrapping the nuclear program, building normal economic cooperation, tackling the normalization of relations and -- perhaps most engaging -- getting at the unresolved issues of the Korean War. Thus, later in October, Rice shuttled across Northeast Asia to reassure allies and win support for this diplomatic design, especially in Beijing. Pressure had its place. So did diplomatic ingenuity. One Chinese official said to Rice, 'It is better to play with two hands.' And talking with the North Koreans would not be a problem, Rice concluded, if doing so did not undermine the vital regional foundation and if the North Koreans actually had something to say. Last week's deal, skillfully negotiated by Rice and Hill with their counterparts, delivers a plan for the 'early harvest.' A 'good, initial step' was Rice's careful phrase. The broader context in which the agreement was reached helps explain what she meant. The United States and its negotiating partners have successfully carried out a diplomatic test." (Philip Zelikow, "The Plan That Moved Pyongyang," *Washington Post*, February 20, 2007, p. A-13)

Albright and Brannan: "As of February 2007, North Korea has a total estimated plutonium stock of between **46 and 64 kilograms of plutonium**, of which about 28-50 kilograms are estimated to be in separated form and usable in nuclear weapons. The vast majority of North Korea's separated plutonium—at least 80 percent but as much as 99 percent—was produced since the North Korea's freeze on production and reprocessing ended in late 2002. The remainder was separated prior to 1992. ... Little is known about North Korea's ability to make a nuclear weapon, although it is assessed as likely able to build a crude nuclear warhead for its Nodong missile. In order to reduce the size of the nuclear warhead so that it can fit within the reentry vehicle of a Nodong missile, North Korea might use more plutonium in each weapon, at least 6 kilograms per weapon. In this case, the existing estimated stock of separated plutonium is enough for **no more than 4-8 nuclear weapons**. ... In early 1994, the Joint Atomic Energy Intelligence Committee (JAEIC), the intelligence community's foremost technical nuclear experts' group, issued a report that lowered an earlier U.S. estimate from up to 12 kilograms to 8.3-8.5 kilograms of plutonium. JAEIC called its estimate a worst case scenario, and said that this amount of plutonium was enough to build one nuclear weapon, given expected processing and machining losses of about 20 percent and a reasonable but conservative nuclear weapon design. JAEIC's conclusion was soon afterwards adopted as the basis for the intelligence community's view, where the amount was given as 8-9 kilograms of plutonium ... The Department of Energy assessed that North Korea also separated and did not declare up to another 1 to 2 kilograms of plutonium produced

in the Russian-supplied IRT research reactor at the Yongbyon site and separated in a nearby facility. JAEIC assessed that the amount produced in the IRT was at most a few hundred grams. The IAEA also independently arrived at this smaller estimate, after initially estimating a value similar to the Energy Department's one." (David Albright and Paul Brannan, *The North Korean Plutonium Stock*, Institute for Science and International Security February 20, 2007)

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Asst SecSt Hill: "We want to begin to have a discussion of that list and to go through what programs there are because we don't want to just say to the North Koreans, give us your declaration, and have it be an incomplete declaration. We want that by the time they provide a complete declaration of the nuclear programs to be abandoned, that declaration is complete. ... Of course, in this discussion we will face the ... very serious problem of the highly enriched uranium program. We have information, and I have seen the information - a number of countries have seen the information - that the DPRK, the North Koreans, made certain purchases of equipment which is entirely consistent with a highly enriched uranium program. Of course, it is a complex program. **It would require a lot more equipment than we know they have actually purchased.** It requires some production techniques, some considerable production techniques that we are not sure they have mastered there. But, certainly, we need to have a discussion about where they are on this because we need some explanation of what was purchased. For example, we know that **they attempted to purchase some aluminum tubes from Germany.** In fact, there was a court case with respect to these aluminum tubes. **We have some indications that they were successful in getting some of these tubes elsewhere.** By the way, **these are tubes that we know fit the type of Pakistani-designed centrifuges** ... which we know from Pakistani sources that they have also procured. So at some point we need to see what happened to this equipment. **If the tubes did not go into a highly enriched uranium program, maybe they went somewhere else.** Fine. **We need to have a discussion about where they are and where they have gone.** I have raised the issue of highly enriched uranium with the North Koreans on just about every occasion we have met with them, certainly on all the six-party meetings, and **we have agreed that we can discuss this.** I want to make very clear, though, **the North Koreans have not acknowledged have an HEU program.** They have not acknowledged that, **but they have been willing to discuss what we know and to try to resolve this to mutual satisfaction.** We don't know whether we are going to be able to do that, but **we have agreed to have this discussion.** ("Update on the Six-Party Talks with Christopher Hill," Brookings Institution, text, February 22, 2007)

Police will seek warrants for two former North Korean agents suspected of ordering another agent to abduct Japanese nationals. The agents, Kim Nam-jin and Han Kumnyong, issued the order to Choe Sung-chol, who is on an international wanted list for abducting Hasuke Kaoru and his wife Yukiko in Kashiwazaki, Niigata Province on July 31, 1978. The couple married in North Korea and were allowed to return in 2002. (Kyodo, *More Warrants Eyed for Spies Tied to North's Abductions*," *Japan Times*, February 22, 2007)

Vice President Cheney in Tokyo met with PM Abe, and with the parents of Yokota Megumi. FM Aso Taro warned later that Japan could expand its sanctions unless Pyongyang is "sincere" on the abductees. (AFP, "Cheney Vows No Retreat on Iraq, Backs Japan on N. Korea," February 22, 2007)

2/23/07 South Korea will reclaim wartime operational control from the United States as of April 17, 2012, the two announced. The U.S.-R.O.K. Combined Forces Command will be disbanded on that date. (Yonhap, "South Korea to Reclaim Wartime OPCON in April 2012," February 23, 2007)

2/26/07 Deputy Assistant Secy Treasury Daniel Glaser briefed Macau authorities on BDA. (Reuters, "U.S. Official Briefs Macau on Frozen North Korea Funds," February 26, 2007) China and the United States are close to an accord to let North Korea regain some of the \$25 million in its funds frozen in a bank in Macao now that it has agreed to start dismantling its nuclear arms program, American officials said. The intention to ease the freeze on the North Korean funds was not announced at the time of the North Korea accord reached on February 13, but officials said at the time that they expected the issue to be resolved. Daniel Glaser, a deputy under secretary of the Treasury, has been in China this week for discussions about the subject. Glaser said this week that the United States had gone through more than 300,000 documents from Banco Delta Asia and consulted on them with both North Korea and China. The effort, American officials said, was meant to determine which of the North Korean funds were tainted by illegal activities and which were legitimate. "All of this work that we've done has put us in a position where we can begin to take steps to resolve the Banco Delta Asia matter," Glaser told reporters in Hong Kong on February 26. He said the resolution of the matter would be completed "in a timely fashion" and "as quickly as possible." The expected return of some of the frozen funds to North Korea -- officials involved in the discussions say the sum could exceed \$12 million -- offers a striking case study of how the United States has used its financial laws to extend its reach to foreign banks and isolate a country from the international financial system. Christopher R. Hill, the assistant secretary of state who negotiated the nuclear deal with North Korea, said on February 27 that he had no doubt that freezing the funds compelled North Korea to negotiate. "I think they were concerned about the fact that we were able to go after an important note of their financing," he said, testifying before the House Foreign Affairs Committee. (Steven R. Weisman and Donald Greenlees, "U.S. Discusses Freeing North Korean Funds," *New York Times*, March 1, 2007, p. A-13)

2/27/07 Ambassador Joseph DeTrani, NIC mission manager for North Korea, testifies at Senate Intel Cmte hearing: "While there is 'high confidence' North Korea acquired materials that could be used in a production-scale uranium program, there is only 'mid-confidence' such a program exists." (*Washington Post*, March 1, 2007, p. A-1) American intelligence officials are publicly softening their position, admitting to doubts about how much progress the uranium enrichment program has actually made. The result has been new questions about the Bush administration's decision to confront North Korea in 2002. "The question now is whether we would be in the position of having to get the North Koreans to give up a sizable arsenal if this had been handled differently," a senior administration official said this week. The disclosure underscores broader

questions about the ability of intelligence agencies to discern the precise status of foreign weapons programs. The original assessment about North Korea came during the same period that the administration was building its case about Iraq's unconventional weapons programs, which turned out to be based on flawed intelligence. And the new North Korea assessment comes amid debate over intelligence about Iran's weapons. The public revelation of the intelligence agencies' doubts, which have been brewing for some time, came almost by happenstance. In a little-noticed exchange on Tuesday at a hearing at the Senate Armed Services Committee, Joseph DeTrani, a longtime intelligence official, told Senator Jack Reed of Rhode Island that "we still have confidence that the program is in existence – at the mid-confidence level." Under the intelligence agencies' own definitions, that level "means the information is interpreted in various ways, we have alternative views" or it is not fully corroborated. "The administration appears to have made a very costly decision that has resulted in a fourfold increase in the nuclear weapons of North Korea," Senator Reed said in an interview. "If that was based in part on mixing up North Korea's ambitions with their accomplishments, it's important." Two administration officials, who declined to be identified, suggested that if the administration harbored the same doubts in 2002 that it harbored now, the negotiating strategy for dealing with North Korea might have been different – and the tit-for-tat actions that led to October's nuclear test could, conceivably, have been avoided. The strongest evidence for the original assessment was Pakistan's sale to North Korea of upwards of 20 [?] centrifuges, machines that spin fast to convert uranium gas into highly enriched uranium, a main fuel for atom bombs. Officials feared that the North Koreans would use those centrifuges as models to build a vast enrichment complex. But in interviews this week, experts inside and outside the government said that since then, little or no evidence of Korean procurements had emerged to back up those fears. The continuing doubts prompted the Office of the Director of National Intelligence on Wednesday to declassify a portion of the most recent, one-page update circulated to top national security officials about the status of North Korea's uranium program. The assessment, read by two senior intelligence officials, speaking on the condition of anonymity in a joint interview, said the intelligence community still had "high confidence that North Korea has pursued a uranium enrichment capability, which we assess is for a weapon." It added, they said, that all the government's intelligence agencies "judge – most with moderate confidence – that this effort continues. The degree of progress towards producing enriched uranium remains unknown, however." In other words, while the agencies were certain of the initial purchases, confidence in the program's overall existence appears to have dropped over the years – apparently from high to moderate. One former official said that it was Rice, in a meeting at the CIA in 2004, who encouraged intelligence officials to soften their assessments of how quickly the North Koreans could produce weapons-usable uranium. "She asked, how did we know about the timing, and they didn't have answers," said the former official. "Did they have Russians and Chinese helping them? No one was sure. It was really a guesstimate about timing." Players in the 2002 debate have different memories. John R. Bolton, who headed the State Department proliferation office at the time of the 2002 declaration, said in an interview that "there was no dissent at the time, because in the face of the evidence the disputes evaporated." Bolton, one of the most hawkish voices in the administration and a vocal critic of its recent deal with North Korea, recalled that

even the State Department's own intelligence arm, which was the most skeptical of the Iraq evidence, "agreed with the consensus opinion." But David Kay,, a nuclear expert and former official who in 2003 and 2004 led the American hunt for unconventional arms in Iraq, said he had found the administration's claims about the North Korean uranium program unpersuasive. "They were driving it way further than the evidence indicated it should go," he said in an interview. The leap of logic, Kay added, turned evidence of equipment purchases into "a significant production capability." But the doubts were on full display on February 27, when Christopher R. Hill, the chief American negotiator with North Korea, testified on Capitol Hill. "If we determine that there is a program, it's got to go," Hill said, words that were far more tentative than American policy makers have used about the program in the past. Expressing his resolve to get to the bottom of the mystery, he added: "We cannot have a situation where we – you know, they pretend to disarm and we pretend to believe them. We need to run this into the ground." He said that while there was no doubt that North Korea had bought centrifuges from A.Q. Khan, the rogue Pakistani engineer, there was doubt about "how far they've gotten." John E. McLaughlin, the deputy C.I.A. director in 2002, defended the initial North Korean findings as accurate. "At the time we reported this, we had confidence that they were acquiring materials that could give them the capability to do this down the road," he said in an interview. But no one, he added, "said they had anything up and running. We also made clear that we did not have a confident understanding of how far along they were." (David E. Sanger and William J. Broad, "U.S. Concedes Uncertainty on Uranium Effort," *New York Times*, March 1, 2007, p. A-1) "All of the [16] intelligence agencies judge, most with moderate confidence, that this [enrichment] effort continues," said a senior U.S. intelligence official. "the degree of progress is unknown." (Tim Johnson and Jonathan Landay, "White House Claims on North Korea Nukes to Face Test," *San Jose Mercury News*, March 1, 2007) North Korea's unexpected promise last month to open its nuclear weapons arsenals and production facilities to U.N. inspectors provided a welcome foreign policy success for the White House, but may prove embarrassing as well. At stake is whether the Bush administration overstated a purported secret North Korean program to produce highly enriched uranium for nuclear bombs in 2002. Questions about the uranium enrichment effort emerged last week when the chief U.S. intelligence officer for North Korea, Joseph R. DeTrani, appeared to suggest in a congressional hearing that intelligence authorities had backtracked from their original classified assessments. Afterward, senior intelligence officials argued that their assessments had not changed. They said the evidence was clear that in mid-2002, North Korea obtained uranium-spinning centrifuges and other tools and components necessary for an illicit enrichment program. However, they said, the evidence has always appeared far less conclusive as to whether Pyongyang procured enough equipment to start industrial-scale enrichment of uranium, whether it installed and operated any of the machinery or whether it has sought additional supplies. John D. Negroponte, deputy secretary of State, said March 2 that inspections should resolve the questions. The recent accord calls for a "full and complete" accounting of North Korea's nuclear programs, including "its uranium enrichment activities," he told reporters in Tokyo. Negroponte, the former director of national intelligence, said the judgment of the intelligence community "is that they are very confident that North Korea had an enrichment program in the past, and they are moderately confident that this program still continues." A U.S. intelligence

official in Washington said the apparent shift in language is “not a change in what the confidence level was. It's not an effort to look back at what we thought of the program. It's an effort to look at where it is in the present.” Another U.S. intelligence official said the question of what North Korea did with its centrifuges, and how far or how quickly it progressed in uranium enrichment, “was always presented as murky and with caveats. Nothing has changed. We are absolutely not backtracking or changing the judgment.” But a U.S. diplomat with access to the intelligence said the administration was “trying to walk back some of the rhetoric.” “The problem is they've opened up a can of worms,” the diplomat said. “Was this another case of faulty intelligence, like Iraq? Or is it possible they cooked the books?” Senate Armed Services Committee Chairman Carl Levin (D-MI) sought clarification from Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates, asking them in a letter whether any intelligence assessments on North Korea's programs had changed since 2002. “If so, when did it change, why did it change and how did it change?” he wrote. The Senate Intelligence Committee also is “taking steps to understand the evolution” of the assessments on North Korea since 2002, an aide said. In an unclassified estimate for Congress that month, the CIA wrote that North Korea “is constructing a plant that could produce enough weapons-grade uranium for two or more nuclear weapons per year when fully operational – which could be as soon as mid-decade.” Robert Gallucci, who was the chief U.S. negotiator with North Korea in the mid-1990s, called the mid-decade conjecture a “worst-case scenario.” “It could also be 10 to 20 years,” he said last week. “The estimates were a wild guess.” David Albright, an arms expert who heads the Institute for Science and International Security, said the U.S. assessments of North Korea's uranium enrichment effort “appear to be flawed.” He compared them to prewar misjudgments on Iraq's alleged weapons of mass destruction. “I think there were deliberate attempts to hype all this,” Albright said. “Now that the administration has got a deal with North Korea, they're on the other side. They don't want to slit their own throats with things they said back in 2002.” (Bob Drogin, “North Korea Inspections Will Put U.S. to the Test, Too,” *Los Angeles Times*, March 4, 2007) Sen. Susan Collins (R-ME): “There was a CRS report that was issued back in October of last year that says evidence suggests that North Korea has had extensive dealings with Iran on missiles and other weapons.” Gen. Maples: “That's correct, they have had extensive interaction on the development of missile systems. And Iran has purchased missiles from North Korea.” Sen. Collins: “But there's no concern that North Korea may be helping Iran develop nuclear capabilities?” Gen. Maples: “There's concern, but we haven't seen –” Sen. Collins: “But no evidence to support it?” Adm. McConnell: “No evidence, that's correct, Senator.” (Senate Armed Services Committee, Hearing, Current and Worldwide Threats to the National Security of the United States, February 27, 2007)

Michael McConnell, Annual Threat Assessment, for Senate Armed Services Committee: “Iran and North Korea are the states of concern to us. ... We remain concerned it [North Korea] could proliferate these weapons abroad. Indeed, it has a long history of selling ballistic missiles, including to several Middle Eastern countries.”

Bolton op-ed: “DeTrani's testimony before the Senate Armed Services Committee recounted how, in October 2002, the U.S. confronted Pyongyang “with information they were acquiring material sufficient for a production-scale capability of enriching uranium,” and how

North Korea "admitted to having such a program." Mr. DeTrani continued, "we've never walked away from that issue." Indeed, in 2002, intelligence community officials told me that new evidence erased existing, long-standing disagreements within the community about what the North was up to since the mid-1990s, producing a remarkable consensus that has not, to my knowledge, broken down since. Neither in Mr. DeTrani's testimony, nor in any of ASO's backgrounding, is there any reversal on actual facts, only an apparent shift in the "confidence level." My understanding is that the decrease in confidence stems from the absence of significant new or contemporary information about North Korea's activities. This lack of new information may be attributable to a loss of sensitive sources and methods, or it may be attributable to the effectiveness of President Bush's Proliferation Security Initiative, or its creative financial sanctions, in drying up North Korea's procurement activity. But there has been no suggestion that the intelligence from 2002 and earlier has been contradicted or discredited. Mr. DeTrani's testimony is expressly to the contrary. Indeed, on Saturday he reiterated this precise point in a second public statement. ... North Korea's aggressive mendacity puts it near the top of the list, perhaps tied with Iran for the lead, of countries that need the most transparent, most intrusive, most pervasive verification systems. For America to agree to anything less would be to make our national security, and that of close friends and allies like Japan, dependent on North Korea's word--never a safe bet. And yet, it is precisely this extensive verification system that the North cannot accept, because the transparency we must require would threaten the very rock of domestic oppression on which the North Korean regime rests. North Korea's negotiators understand this contradiction. So do ours. The only way around this problem is to conclude it doesn't exist, or is so minimal it can be "fixed" in negotiations. That's why Mr./Ms. ASO was busy, laying the foundation to argue that further deals with North Korea do not require much, if any, verification beyond what little the International Atomic Energy Agency can provide. If we continue this approach, what is already a bad deal will become a dangerous deal, whether we make it with North Korea directly or in the six-party talks." (John R. Bolton, "North Korea Climbdown, *Wall Street Journal*, March 5, 2007)

David Albright, ISIS: "There is ample evidence to suggest that North Korea did acquire equipment and centrifuges for a small-scale gas centrifuge program, including a centrifuge starter kit from the notorious Pakistani Abdul Qadeer Khan, and many items for a small-scale program from abroad. However, no information exists on the status or accomplishments of this effort. There is a significant difference between putting together a small-scale centrifuge program involving a few dozen centrifuges and building and operating a comprehensive, large-scale production plant involving the manufacture of thousands of complete centrifuges. .. On a recent visit to Pyongyang, Joel Wit, a former State Department official, and I had discussions with Foreign Ministry officials, including Vice Minister and chief negotiator Kim Gye-gwan, and General Director Li Gun, about the centrifuge issue. Although they continued to deny that North Korea has any enrichment program, they both expressed a desire to deal with this issue. Kim told us that his government has a "will to clear this issue up." He recognized that this issue soured all relations with the United States in the fall of 2002. They both said that North Korea was willing to respond to any written evidence presented by the United States about a North Korean centrifuge program, and both

expressed confidence that North Korea could resolve this issue. ... Based on a range of interviews with knowledgeable US, South Korean, Chinese, and Japanese officials from late 2002 to 2006, the most important piece of evidence of a large plant was the detection of North Korea's attempted and actual procurements of thousands of 6000-series aluminum tubes from Germany and Russia in the early 2000s. Many have proclaimed this evidence as the "smoking gun" of a large-scale plant under construction in North Korea. The aluminum tubes sought or procured by North Korea are easy to obtain internationally and by themselves, are not a reliable indicator of the existence, status, or construction schedule of a gas centrifuge plant. Without other information about the procurement of more sensitive centrifuge components or other concrete information about a centrifuge plant, projections of the construction of a large-scale plant and its possible completion date must be viewed as speculation. One knowledgeable former senior U.S. official told Joel Wit: "The idea that I can tell you that by mid-decade they are going to be producing a couple bombs' worth of HEU is simply bad tradecraft." In addition, the supposed admission by North Korean officials in late 2002 about a centrifuge program may have been oversold by U.S. officials. This same official told Wit that "the notion that they admitted to the HEU isn't as clear-cut in the transcript as in the oral tradition that the meeting seemed to foster." Regardless, North Korean officials have never been reported to have said in this meeting that they were building a large-scale plant. ... Unlike the tubes procured by Iraq, these tubes are consistent with known centrifuge components, in this case the outer casing of a P-2-type centrifuge. Several alternative possibilities exist:

- The reclusive, totalitarian state sought to buy everything it could for a centrifuge program, despite its inability to actually build a functioning facility. The items may have been placed in storage.
- North Korea bought the tubes for someone else. A European intelligence agency that knew of the procurement of the tubes believed at the time that this was indeed the case. After later learning about Khan's sales of about 20 centrifuges to North Korea, this official could not exclude that the tubes were for a North Korean centrifuge effort, but said in late 2004 that he thought there was little chance that a large-scale centrifuge program would surprise us someday.
- Another possibility is that the scale-up never happened, despite initial preparations that could have even included the start of the physical construction of a plant." (David Albright, "North Korea's Alleged Large-Scale Enrichment Plant: Yet Another Questionable Extrapolation Based on Aluminum Tubes," Institute for Science and International Security (ISIS), February 23, 2007)

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Hecker and Liou: "Yongbyon reportedly employs about 3,000 scientists, engineers, and research personnel alone. ... North Korea's nuclear program began with a 1959 nuclear cooperation agreement with the Soviet Union. That pact led to the construction of the nuclear research facilities at Yongbyon, the training of North Korean scientists and engineers, and geological surveys that ultimately discovered large deposits of uranium ore and graphite in North Korea. ... In the 1960s, the Soviet Union supplied North Korea with its first reactor, a small IRT-2000 research reactor fueled by highly enriched uranium (HEU), along with a small hot-cell facility for isotope production. Today, this reactor is used sparingly for medical isotope production because Pyongyang has not been able to acquire fresh fuel since the demise of the

Soviet Union. By 1980, North Korea had launched an ambitious program of reactor construction to build a national nuclear power industry. The program called for the indigenous design and construction of three gas-cooled, graphite-moderated, natural uranium-fueled reactors: a small five-megawatt research reactor and a larger 50-megawatt prototype power reactor at Yongbyon and a full-scale 200-megawatt power reactor at Taechon. These electric reactors were patterned after the British Magnox reactor, the first of which was built at Calder Hall 50 years ago. Experience in the United Kingdom and in France showed that this type of reactor is inferior to light-water reactors (LWRs) for generating electricity but is well suited for producing weapons-grade plutonium because these reactors use natural uranium fuel. Also, the graphite-moderated reactors do not require uranium enrichment, for which much of the materials, equipment, and technology would have to be imported, allowing North Korea to build a self-sufficient, indigenous nuclear program and to produce plutonium fuel for bombs. (Pyongyang eventually realized that LWRs are better power reactors and began to negotiate for Soviet LWRs in 1985.) ... North Korea claimed that the 50-megawatt reactor was within one year of operation and that construction of the 200-megawatt reactor had begun but was still several years from operation. These reactors, when fully operational, could produce nearly 60 kilograms and 240 kilograms of plutonium per year, respectively. Following the breakdown of the Agreed Framework, the five-megawatt reactor was loaded with new fuel and restarted operations in February 2003. It was most likely unloaded and reloaded between April and June 2005 and has been operating since then. Apparently, fuel cladding problems have limited full-scale operations during the past year. If this reactor is not shut down as part of the six-party agreement, then the current load of fuel can remain in the reactor for several more years; the projected plutonium production would be at most six kilograms per year. New fuel would have to be fabricated to continue reactor operations beyond that time. Construction of the 50-megawatt reactor was halted during the Agreed Framework. During the January 2004 visit, the exterior of the reactor building appeared to be in a poor state of repair. During the August 2005 visit, our delegation was told that North Korea had completed a design study that concluded that construction of the reactor could continue on its original site using much of the original equipment and that the workers were ready to return to the reactor construction site. ... Completion of the 50-megawatt reactor, however, would greatly enhance Pyongyang's nuclear capabilities because of the roughly tenfold increase in plutonium production. Such an increase would give North Korea much greater flexibility to test weapon designs, increase the size of its nuclear arsenal, and more aggressively consider the export of plutonium. ...By the early 1990s, it was estimated that the facilities could produce approximately 300 metric tons of yellow cake (an impure mixture of uranium oxides) per year, which would require approximately 30,000 metric tons of raw uranium ore. Between 1980 and 1985, a fuel fabrication facility was completed at Yongbyon to refine the yellow cake and produce uranium metal fuel elements for its reactors. In 1992, North Korean officials claimed that the factory was capable of producing up to 300 metric tons of uranium fuel per year. To put these figures in perspective, the five-megawatt reactor requires some 50 metric tons of uranium fuel for one complete reactor core, while the 50-megawatt and 200-megawatt reactors require about 400 and 1,400 metric tons, respectively. ... Although routine maintenance of the fuel fabrication facility was allowed during the

Agreed Framework, parts of the facility deteriorated badly during this time. Our delegation was told that some equipment had corroded and collapsed. The director of the Yongbyon facility expected refurbishment of the facility to be completed and fuel fabrication to resume in 2007. ... To produce uranium metal fuel for its plutonium producing reactors, North Korea developed facilities that bring it within one step of producing uranium hexafluoride ... During inspections of the fuel fabrication facility prior to 2003, IAEA inspectors found no signs of fluorination equipment that would be needed to make uranium hexafluoride. Yet, there is no question that North Korea has the technical ability to do so. In spite of denials by North Korean officials, Pyongyang quite certainly has an enrichment effort. North Korea made several attempts in the late 1990s and early in this decade to purchase key materials required for a centrifuge program. ... In addition, North Korean technical specialists have developed extensive uranium-metallurgy capabilities for uranium metal-alloy fuel fabrication. North Korea's capabilities to produce, alloy, cast, and machine metal and to protect surfaces are all extremely valuable commodities to states or groups interested in producing nuclear weapons using HEU. These specialists have the type of hands-on practical experience that one cannot learn from the open literature. ... During the 1980s, North Korea also began building the requisite facilities for the back end of the nuclear fuel cycle, the reprocessing of spent fuel to extract plutonium produced in the uranium-238 fuel and to manage nuclear waste from spent fuel processing. ... Reprocessing, rather than a once-through nuclear fuel cycle, is preferred for spent fuel from this type of reactor because of the difficulty of safely storing the magnesium alloy-clad spent fuel. ... Our estimates are that North Korea extracted approximately 25 kilograms of weapons-grade plutonium in the first campaign and 12 to 14 kilograms in the second campaign. These quantities, combined with the best estimate of 8.4 kilograms of plutonium produced and extracted prior to the Agreed Framework, gave North Korea approximately 40 to 50 kilograms of weapons-grade plutonium, sufficient for roughly six to eight bombs, before its Oct. 9, 2006, nuclear test. Although this amount of plutonium is rather modest, it represents the most serious export threat. The rest of North Korea's back-end fuel-cycle capabilities pose less of an export threat than its front-end capabilities. Although North Korean specialists have all the requisite technical know-how, it is more difficult to build reprocessing facilities and to hide them than it is to build front-end capabilities. Nevertheless, the capabilities to handle spent fuel and extract plutonium could be useful to Iran once it completes its heavy-water reactor at Arak and produces plutonium. This technical expertise could also prove useful to groups that may have designs to extract plutonium from spent fuel being stored in many locations around the world. ... Although the actual explosion yield of the Oct. 9, 2006, test was less than one kiloton instead of the predicted four kilotons, North Korean specialists most likely learned enough to field a large, simple design with several times that explosion yield. For comparison, the Nagasaki device produced an explosion yield of 21 kilotons. It is also very likely that Pyongyang is trying to develop more sophisticated, smaller, and lighter designs that are capable of being deployed on a missile. Yet, with the limited nuclear test success and the mixed results of its July 5, 2006, missile tests, it is unlikely that North Korean officials have adequate confidence to launch a nuclear device on one of their missiles unless they feel the regime is faced with certain destruction. ... Pyongyang would surely be reluctant to give up control of any of its weapons, and it would face certain retaliation from the

victim country because attribution of such a device to North Korea is very likely. Still, outsourcing also cannot be ruled out completely in a desperate situation. ... Its plutonium-weapon design appears to be indigenous, although it may have received HEU-weapon design information from Khan, perhaps as part of a missile-for-nuclear barter agreement in the late 1990s. ..., Pyongyang has front-end fuel-cycle capabilities that could aid most of Iran's uranium-enrichment activities from mining through the production of uranium hexafluoride. It has hands-on experience in uranium metallurgy that would prove useful in fabrication of HEU weapons. It has the requisite capabilities and facilities for plutonium separation from spent fuel, which would be useful once Iran completes its heavy water reactor. It has some nuclear-weapon design experience, non-nuclear-explosive test experience, and limited nuclear test experience ... The two countries have long-standing collaborations in ballistic missiles dating back to the Iran-Iraq War. In addition to missile sales, North Korea helped Iran establish a missile assembly facility and provided the required technical documentation for future production. Key engineers and military personnel were exchanged on a regular basis, and missile cooperation continues today. ... Hecker was allowed to hold a sealed glass jar with a 200-gram casting of alloyed plutonium metal. Alloying plutonium with a few atomic percent gallium or aluminum makes it easier to cast and produces a more-corrosion-resistant surface. Plutonium oxide powder could be shipped using methods similar to some of the methods used to transport heroin. Unless it is packaged properly, however, plutonium oxide powder is dangerous to handle because of the health risk of inhalation or ingestion. Also, additional processing is required to convert the oxide back to weapons-usable metal. A safer and more convenient choice is to alloy the plutonium and cast it into pucks of moderate weight. North Korea could easily produce pucks that weigh one kilogram and can fit in the palm of one's hand (approximately 6.5 centimeters in diameter and 2 centimeters thick). Roughly six such pucks are required for a simple nuclear bomb. ... North Korea has extensive experience in shipping legitimate and illegal goods to many states, including Iran. It had an especially active trade with Pakistan, using shipping routes by sea and by land and air through China. Sea routes are the least attractive because of the threat of maritime interception under the Proliferation Security Initiative (PSI). By contrast, the likelihood of detection and interdiction by PSI through land routes is virtually zero. ... First, a clear message must be sent to North Korea that the export of plutonium or other technical assistance to further an Iranian nuclear weapons program would represent a real red line. Specifically, if a nuclear bomb fueled by North Korean plutonium is detonated anywhere in the world, it will elicit a massive military response that will destroy the regime of Kim Jong Il. ... Second, although North Korea has agreed to shut down its nuclear facilities and allow IAEA inspectors to return, it has not given any indication of when the weapons would be eliminated and what will be done with the plutonium. To avoid the potential export of plutonium, it is imperative that steps are taken as quickly as possible to secure its plutonium inventory in a verifiable manner. Finally, Pyongyang must agree to abandon the construction of the 50-megawatt reactor at the Yongbyon construction site and at other sites that have been fabricating the reactor core and other components. Permanently disabling this reactor will prevent the ten-fold scale up of plutonium production and, in turn, greatly reduce the risk of plutonium export." (Siegfried S. Hecker and William Liou, "Dangerous

Dealings: North Korea's Nuclear meeting of the Capabilities and the Threat of Export to Iran," *Arms Control Today*, March 2007)

The seven-member DPRK delegation headed by Kim Gye-gwan had a nine-hour closed-door discussion session with Siegfried Hecker, Shin Ki-wook and others in San Francisco. (*Dong-A Ilbo*, "North Korea Seems Determined to Carry out Peace Deal," March 5, 2007)

An audit of the Banco Delta Asia's finances by accounting firm Ernst & Young found no evidence that the bank had facilitated North Korean money-laundering, either by circulating counterfeit U.S. bank notes or by knowingly sheltering illicit earnings of the North Korean government. In a filing submitted to the Treasury Department last October, Heller Ehrman LLP, the bank's New York law firm, reported that an audit by the government of Macau also had found no evidence of money-laundering. Large deposits of North Korean cash were sent to the New York branch of the giant HSBC bank to be run through sophisticated counterfeit-detecting machines, the law firm's filing said. The only evidence of counterfeit currency that Banco Delta Asia found was much earlier, in 1994, and the bank notified local authorities immediately, the filing said. The Treasury Department refused to discuss the findings of either audit, as did the government of Macau and Ernst & Young. (Kevin G. Hall, "Accounting Firm Finds No Evidence of Money-Laundering," *McClatchy Newspapers*, March 1, 2007)

Prime Minister Abe Shinzo reiterated that there was "no evidence or testimony" that the Japanese military forced the so-called comfort women to become sex slaves during World War II. Understanding of an earlier official statement acknowledging the Imperial Army's responsibility "must be premised on a change in what constitutes the definition of coercion," *Kyodo* quoted Abe as saying. Abe was answering questions from reporters who asked him about his position on a statement from 1993 where then-Cabinet secretary Kono Yohei acknowledged the involvement of the military authorities in setting up brothels. The remarks coincided with the day when Korea commemorated the March 1, 1919 independence movement against Japanese colonial rule where some 7,500 were killed and 45,000 arrested. The remarks are bound to reverberate, coming as they do at a time when conservatives in the Japanese Cabinet want the government take back Kono's statement and prevent the U.S. Congress from adopting a resolution denouncing Japan's sexual enslavement of women during World War II. *Kyodo* interpreted Abe's formulation as denying Japanese military involvement "in a narrow sense." But the *Sankei Shimbun* newspaper read it as indicating that Tokyo would overhaul the Kono statement altogether. The *Associated Press* said the remarks by Abe, "a member of a group of lawmakers pushing to roll back a 1993 apology to the sex slaves by a government spokesman, were his clearest as prime minister on military brothels known in Japan as 'comfort stations.'" (*Chosun Ilbo*, "'No Proof' Army Forced Comfort Women: Abe," March 3, 2007)

2/27-3/2/07 20<sup>th</sup> round of N-S Ministerial in Pyongyang led by UnifMin Lee Jae-joung and DPRK Cabinet Chief Councilor Kwon Ho-ung. South Korea delayed resumption of food aid to the North pending its shutdown of the Yongbyon reactor. The two sides agreed to delay discussion of rice aid until April 18-21 to ensure that the North abided by the six-

party accord. North initially demanded 400,000 tons of rice and 300,000 of fertilizer, said Lee. The sides agreed to hold Red Cross talks at Mt. Kumgang April 10-12 to discuss those missing in Korean war and resumption of family reunions. The sides agreed to test-run cross-border railways. The next ministerial was scheduled for May 29-June 1 in Seoul. (Kyodo, "2 Koreas Agree to Cooperate to Implement 6-Party Talks Agreement," March 2, 2007) Text of joint press release: "... The two sides will hold the fifth video family reunions March 27-29 and the 15th reunion of separated families and relatives in early in May at Mt. Kumgang. The two sides will seek to complete the construction of the family reunion centers as soon as possible. To that end they will hold a working-level meeting with Red Cross contacts at Mt. Kumgang on March 9. The two sides will hold the 8th Red Cross Talks at Mt. Kumgang Resort April 10-12 to discuss and resolve issues of mutual interest, including the people whose fate was unknown during or after the war. ...The two sides will hold the 13th South-North Economic Cooperation Promotion Committee meeting in Pyongyang April 18-21 to discuss relevant economic cooperation issues. The two sides agreed to make test runs of cross-border trains in the first half of this year in accordance with securing a military security guarantee. In this regard they will hold a meeting of members from the South-North Korea contact between members of the Economic Cooperation Promotion Committee in Kaesong on March 14 -15. ... South and North Korea agreed to hold the 21st Ministerial meeting in Seoul May 29-June 1 in 2007." (Yonhap, "Full Text of Agreement by Inter-Korean Ministers," March 2, 2007) UnifMin Lee Jae-joung said, "We agreed in principle to provide the North with 400,000 tons of rice and 300,000 tons of fertilizer." The comment embarrassed officials, prompting one to say, "I thought we were only going to reveal the amount the North had requested." (*Chosun Ilbo*, "Was There a Backroom Deal with North Korea?" March 5, 2007)

3/2/07 Kim Yong Nam said denuclearization of the Korean Peninsula was "the dying wish" of the country's founding president, Kim Il Sung. North Korea "will make efforts to realize it," he told South Korean Unification Minister Lee Jae Joung in Pyongyang. (Associated Press, "N. Korea Reasserts Pledge to Denuclearize," *Washington Post*, March 2, 2007, p. A-10)

Kim Gye-gwan arrived in New York for first working group bilateral with the United States. The United Nations Development Program announced it was suspending operations in the DPRK because the conditions set by its Executive Board had not been met. "The conditions included adjusting the content of the current Country Program (2005-2006) and the proposed Country Program (2007-2009) for the DPRK to support sustainable human development objectives; ending all payments in hard currency to government, national partners, local staff and local vendors and discontinuing sub-contracting of national staff via government recruitment as of 1 March 2007."(Yonhap, "Top N.K. Negotiator in New York for Normalization Talks," March 2, 2007)

3/3/07 Muammar el-Qaddafi, in an interview with the BBC, said, "This should be a model to be followed, but Libya is disappointed because the promises given by America and Britain were not fulfilled ... That destroyed the model ... no one is going follow that model as a result." He said, "Libya has not been properly compensated, so other

countries, like Iran and North Korea, will not follow [its] lead." (AFP, "Iran, North Korea Won't Disarm Unless Compensated: Qaddafi," March 3, 2007)

NCAFP Track II in New York. "I understand that the United States is well aware of the strategic value of our nation," said North Korean Vice Foreign Minister Kim Gye-gwan, when he met with Henry Kissinger in New York in early March. "If the United States wants to hold China in check diplomatically, I think Washington should keep Pyongyang on its side." (*Yomiuri Shimbun*, "North Korea's Nuclear Threat: Pyongyang's N-Power Ploys Shrewd, Successful," November 15, 2007) Kim Gye-gwan said China is "only trying to use" the DPRK. It has no great influence, adding the U.S. should not pin too great hopes on China in finding solutions to the nuclear problem, according to a diplomatic source. "What has it achieved? We have test-fired missiles and conducted a nuclear test, doing what we wanted to do. China has solved nothing." One North Korea expert in China said, "This was a strong message that North Korea wants direct talks with the U.S." (*Chosun Ilbo*, "Pyongyang's Nuke Envoy Says China Using N. Korea," March 9, 2007) Kim suggested that high-level strategic consideration rather than working-level talks were needed to show serious intent to normalize relations. "Kim emphasized that North Korea and the United States should choose a 'shortcut.' The core of this is that President Bush should send an envoy to North Korea or exchange letters," a source told Yonhap. (*Korea Herald*, "Rep. Lee Hwa-young Says Consensus Is Building on Summit among Two Koreas, China, U.S.," March 29, 2007) Don Oberdorfer said that Kim Gye-gwan "mentioned the idea of staking a shortcut." (*Dong-A Ilbo*, "Hill: North Korea Must declare HEU Programs," March 28, 2007)

Assistant SecState Christopher Hill said the process of removing North Korea from the list of state sponsors of terrorism will be an important item on the agenda in the bilateral U.S.-DPRK meeting March 5. "We have been in especially close contact with the Japanese on the matter of how we can make progress on our bilateral relationship, and how Japan and North Korea can make progress." The fuel oil will be phased, he said. "This follow-on phase does not have a time frame, but the implication here is the quicker North Korea is prepared to take steps to disable, the quicker they would get their fuel." [Implication: fuel oil linked to disabling; delisting and sanctions easing to declaration.] (Sakamoto Takashi, "DPRK's Pariah Status to Be Topic at Talks," *Yomiuri Shimbun*, March 3, 2007)

Kim Gye-gwan, DPRK's negotiator, reaffirmed that disabling will be an "irreversible process. He made his remarks during a meeting with South Korean negotiator Chun Young-woo in New York on March 3, a ranking South Korean official said on March 5. "Kim said his country only used the expression 'temporary suspension' because the facilities can be restarted at any time until they are completely disabled," the official said., adding there was "absolutely no difference of opinion between North Korea and the other countries on what 'disabling' means." (Yonhap, "N. Korea in Good Understanding of 'Disabling' Nuclear Facilities: Official," March 5, 2007)

Some 3,000 North Korean residents in Japan held a rare rally in Tokyo's Hibiya Park to protest alleged abuse by Japanese authorities, including police probes and bullying of schoolchildren, which Chongryon said was on the rise since the North's missile tests in July. Dozens of

police blocked some 20 nationalist counter-demonstrators shouting "Koreans, go home!" "Japan's violations of human rights against the DPRK and Koreans in Japan cannot be allowed, no matter what," said Chongryon's number two, Nam Sung-U. (AFP, "Enduring Taunts, North Koreans Rally in Japan," March 3, 2007)

3/4/07

KCNA: "General Secretary Kim Jong Il, Sunday visited the Chinese embassy here at the invitation of the Chinese ambassador e.p. on the occasion of the 15th of January (according to lunar calendar), the folklore holiday of Korea and China. He was accompanied by Secretary of the WPK Central Committee Kim Ki Nam, First Vice-Minister of Foreign Affairs Kang Sok Ju, First Vice-Department Director of the WPK Central Committee Ri Yong Chol, Councilor of the DPRK National Defence Commission Kim Yang Gon, KPA Generals Kim Jong Gak and Hyon Chol Hae, Col. General Choe Pu Il, Vice-Minister of Foreign Affairs Kim Yong Il and Vice-Department Director of the WPK Central Committee Pak Kyong Son." (KCNA, "Kim Jong-il Visits Chinese Embassy in Pyongyang," March 4, 2007)

DeTrani statement: "There has been considerable misinterpretation of the Intelligence Community's view of North Korean efforts to pursue a uranium enrichment capability. The intelligence in 2002 was high quality information that made possible a high confidence judgment about North Korea's efforts to acquire a uranium enrichment capability. The Intelligence Community **had then, and continues to have, high confidence in its assessment that North Korea has pursued that capability.** We have continued to assess efforts by North Korea since 2002. All Intelligence Community agencies have **at least moderate confidence that North Korea's past efforts to acquire a uranium enrichment capability continue today.**" [Sidesteps issue of when it will have an operational capability] (Statement by Ambassador Joseph DeTrani, North Korea Mission Manager, ONI Public Affairs Office, March 4, 2007)

Kim Gae-gwan met with Charles Kartman, former KEDO director. Asked if Kim showed interest in a light-water reactor, Kartman said, "Of course. He kept talking about it." (*Dong-A Ilbo*, "DPRK Vice Foreign Minister Met with Ex-U.S. Energy Official," March 6, 2007)

3/5/07

The UN Development Program announced that it was suspending work in North Korea because it had failed to meet conditions set up in response to American complaints that United Nations money was being diverted to the government of Kim Jong-il. "We have decided to suspend our operations, and the ball is really now in the court of the D.P.R. Korean authorities," said David Morrison, director of communications for the agency. The decision, which curtails 20 programs with a budget of \$4.4 million, was made March 2, a day after Pak Gil-yon, the North Korean ambassador to the United Nations, met with Ad Melkert, the development program's associate director, to say that his country would not agree to new conditions for assistance. Those conditions were that the United Nations would stop furnishing payments in hard currency to the government, local vendors and individuals, and stop making in-country hirings subject to government approval. The demands, with a March 1 deadline, were imposed by the development program's executive board on January 25 after the United States mission charged that the United Nations program had been "systematically perverted for the

benefit of the Kim Jong-il regime rather than the people of North Korea." Morrison said there was no connection between the announcement and the beginning today of two days of talks between North Korea, represented by Kim Kye-gwan, and the United States, represented by Christopher R. Hill, assistant secretary of state for East Asian and Pacific Affairs, on the North Korean nuclear program. "The timing was driven by our undertaking as made explicit in the board decision of the 25th of January to only continue our operations in the D.P.R.K. if certain conditions were met by March 1, which was Thursday," he said. The UNDP also said in January that it was narrowing its program to what Mr. Morrison said were "activities designed more directly to benefit the North Korean people rather than to build capacity of the North Korean government." Morrison said the North Koreans responded that this action "represented a politicization of the foreign assistance process." He added that a decision on whether to end the work of the eight international staff members and 15 Koreans involved would be made within two or three days. In a letter to Ambassador Pak on March 2, the program's administrator, Kemal Dervis, said, "Should circumstances change at a later date, we would be willing to reconsider this position." (Warren Hoge, "UN Development Agency Suspends Its Work in North Korea," *New York Times*, March 6, 2007, p. A-11())

Human Rights Watch: "The North Korean government has hardened its policy towards its citizens it catches crossing the border into China without state permission, or whom China has forcibly repatriated. Until around November 2004 those who crossed the border-often to find food-were typically released after questioning or served at most a few months in forced labor camps, a relatively light punishment by North Korean standards for what is considered an act of treason. Recent interviews by Human Rights Watch show that this relative leniency is over: in late 2004 North Korea announced a new policy of harshly punishing border crossers with prison sentences of up to five years. Anyone imprisoned in North Korea is liable to face abusive conditions including beatings, forced labor, and starvation far worse than among the population at large. The change of policy occurred after South Korea flew 468 North Korean refugees from Vietnam in the summer of 2004 for resettlement in South Korea. North Korea demanded their return, and cut off all dialogue with South Korea for 10 months afterwards. Immediately after the arrival of these North Koreans in South Korea, the Korean Central News Agency, North Korea's official mouthpiece, called it "premeditated allurements, abduction and terrorism committed by the South Korean authorities against people in the North in broad daylight," quoting the (North Korean) Committee for the Peaceful Reunification of the Fatherland, which handles ties with South Korea. The statement also accused South Korea of working with the United States Congress, which only a few days previously had passed the North Korean Human Rights Act, paving the way for the US to accept North Korean refugees for resettlement. North Korea called the Act an attempt to topple the North Korean government under the pretext of promoting democracy and a market economy. In conjunction with the tougher punishment, since at least early 2006 the North Korean authorities have made concerted efforts to discourage people from leaving the country, through officially organized meetings, decrees and announcements, and warnings of severe consequences. Meanwhile, some Chinese officials and residents in the border area told Human Rights Watch that they expected a new exodus of North Koreans in the

winter of 2006-07 and onward amid continuing food shortages plaguing the country. A widespread food shortage, made worse by a suspension of South Korea's food aid following North Korea's test firing of seven ballistic missiles in July 2006, could drive higher numbers of people to attempt to cross the border in search of food and other basic goods. The North Koreans discussed and cited in this briefing paper are generally referred to as "border crossers" rather than refugees, asylum seekers, escapees, or other terms. Each of those terms describes some, but not all, North Koreans in China. There are anywhere between several tens of thousands and several hundreds of thousands of North Koreans in China, according to humanitarian aid workers who assist North Koreans. They include those fleeing political and religious persecution, women who are in de facto marriages with Chinese men, those who have fallen victim to human trafficking, family members who are temporarily visiting China to meet their relatives (mostly without official permission) but intending to return home, people who escaped because of the food shortage or other economic reasons, and merchants who regularly cross the border for business either secretly or by bribing border guards. North Korea, which has been a member of the United Nations since September 1991 and a state party to the International Covenant of Civil and Political Rights (ICCPR) since December 1981, has an international legal obligation to permit North Koreans to leave and re-enter their own country. This obligation also entails an imperative to stop punishing North Korean border crossers, who have committed no crime other than leaving the country without state permission. China is obliged under international law not to return persons to a territory where their lives would be threatened, they would be at risk of torture or other ill-treatment, or subject to other grave human rights violations. This obligation, known as the principle of nonrefoulement, is articulated in the 1951 Refugee Convention and its 1967 Protocol, both of which China has been a party to since 1982. The Chinese authorities, however, categorically label North Koreans illegal economic migrants and routinely arrest and repatriate them, in complete disregard of China's international legal obligation to protect and shelter refugees and not to return anyone to torture or ill-treatment. In late November and early December 2006 Human Rights Watch interviewed 16 North Korean border crossers who arrived in China between mid-July and early December 2006. Although small in number, they were from eight different locations, and provided Human Rights Watch with consistent testimonies about the new policy of harsher punishment for those caught crossing the border or repatriated from China. To protect their identity and their families, all interviewees in this briefing paper are identified only by their gender, age, and place of origin. The Chinese authorities harass and even imprison some aid workers and missionaries who assist North Koreans. Such policies and practices make it difficult to arrange meetings with North Koreans in China, as most of them live in hiding, fearful of being exposed to strangers. This means that Human Rights Watch cannot, at this writing, confirm whether the predicted new exodus of North Koreans into China in search of food is presently taking place." (Human Rights Watch, "Harsher Policies against border-Crossers" March 2007)

3/5-6/07

At U.S.-DPRK working group meeting on the 42<sup>nd</sup> floor of New York's Waldorf Astoria, Hill and Kim Gye-gwan meet. Bush administration officials say they plan to tell the North's nuclear negotiators that Washington's doubts about how much progress the country has made in enriching uranium gives North Korea a face-saving way to

surrender its nuclear equipment. Hill, assistant secretary of state for East Asian and Pacific affairs, said yesterday that at the meeting he planned to “form an agenda to work on our bilateral relationship -- what's involved in the establishment of diplomatic relations, what's involved before North Korea can get off the state-sponsor-of-terrorism list, and how to get them off the Trading with the Enemies Act.” He said he would be “pressing for disclosure of all their nuclear programs, including highly enriched uranium.” Persuading North Korea to address that program will be particularly challenging -- both because the North Koreans have denied seeking to enrich uranium and because a top American intelligence official told Congress last week that there was only moderate confidence that the equipment North Korea bought had been used. But that ambiguity, officials say, may give North Korea the chance to turn over its equipment with a vague explanation that an effort to produce energy, rather than a bomb, did not work out. (David E. Sanger, “U.S. to Offer North Korea Face-Saving Nuclear Plan,” *New York Times*, March 5, 2007, p. A-7) The United States said on March 6 that North Korea must fully disclose its efforts to produce highly enriched uranium as part of the negotiations now under way that are aimed at ending North Korea's nuclear weapons program and normalizing relations between the two countries. “They need to come clean on it, explain what they have been doing, why they have been doing it, and ultimately they would need to abandon it,” said Christopher R. Hill in remarks to a morning gathering at the Japan Society in New York prior to entering his second day of talks with Kim Kye-gwan. (Warren Hoge, “U.S. Presses North Korea over Uranium,” *New York Times*, March 7, 2007) “I would say these were very good discussions ... I think they were very comprehensive,” said Hill. Kim called the talks “very good, constructive and sincere.” (*Korea Times*, “N.K., U.S. Envoys End Normalization Talks on Upbeat Note,” March 7, 2007) Hill called first days of talks “very constructive,” but added, “We don't look for any immediate outcomes from this working group.” (Bill Varner, “Hill Says U.S. Had ‘Constructive’ North Korea Talks on Ties,” *Bloomberg News*, March 6, 2007) “This process, not unlike a video game, gets more and more difficult as you get to different levels,” Hill said. Asked “What support will you have that will keep this on track?” he said that he had tremendous support from Condoleezza Rice. “I feel I've got a lot of support and as long as I can show some results I'll get more support. Diplomatic negotiation is sort of like managing a baseball game. As long as you win, everyone's happy.” (Ronda Hauben, “U.S., North Korea Move to Open Ties,” *Ohmy News*, March 7, 2007) Asked about establishing a liaison office before diplomatic relations, Hill said, “That model was successful in the establishment of U.S.-China relations, but I think it's not likely to happen here because North Korea considers it unnecessary. North Korea wants to proceed to diplomatic relations[without steps in between].” He stressed, “But for tis, North Korea should abolish its nuclear **program** first.” On delisting, he said, “We talked at length on the political and legal; sides of the historic reasons why North Korea was listed as one of the sponsor of terrorism. North Korea has a lot to do, which cannot be made open here.” (*Dong-A Ilbo*, “North Korea Wants to Skip Steps toward Amity, Hill Says,” March 8, 2007) After eight hours of discussions, Hill said, “there was a sense of optimism on both sides that we will get through this 60-day period and we will achieve all of our objectives that are set out in the February 13th joint statement. And so we spent a considerable amount of time looking to the next phase, which will be a more difficult phase because we will be dealing with the disabling of the facilities so that they cannot be brought back to use.

We will also be dealing with the North Koreans providing a final declaration of their entire nuclear program, so we want to make sure that we are prepared for that next phase and clearly, there are a number of issues that we need to address so that at the end of the 60-day period, we can immediately go into this next phase and not lose any momentum. ... The other issue that has to be resolved, from our point of view, from our part, is the issue of Banco Delta Asia and the U.S. role in Banco Delta Asia. There too, we're committed to resolving that within 30 days and based on meetings I've had with the Treasury Department in recent days, I think we will achieve that deadline. So I think we are moving ahead on the 30-day deadlines and that certainly augurs well for getting the 60-day deadline, which is the shutdown of the reactor. ... You're one step ahead of me on what the Treasury is doing then. I mean, they have not announced how they're dealing with this. I know there are basically a couple of components to it. It's the question of doing business with this bank. It's also the question of the accounts. So I'm not really in a position to comment on the Treasury, on how they resolve it, except to say that they will resolve it in 30 days and this will no longer be our problem; it will be the Macao Monetary Authority's problem. ... We had, as we have had in the past, a lengthy discussion of the HEU matter and we also discussed the need to resolve this matter to mutual satisfaction prior to the final declaration. So there was an understanding not just on my part but also on the DPRK delegation's part -- in fact, they raised it -- the need that we address this HEU matter before the declaration. So we are going to do just that and we're going to work out how we can get some experts to meet with some of their people and begin an expert level discussion that will get to the bottom of this matter, because I have stressed on many occasions we cannot have a denuclearization process that leaves out HEU. We cannot have a denuclearization of North Korea if HEU is still out there. So we have to have complete clarity on this issue, and I made that point very forcefully today. So I think we will be able to have further discussions and maybe some technical discussions that will help guide us as we get to the declaration.. ...Pushing this rock up the hill that seems to always come back down on the base of the hill, that's a positive frame of mind to have that we're actually making progress." (Christopher Hill, Readout on North Korea Six-Party Talks U.S.-DPRK Working Group Meetings in New York, Foreign Press Center, March 6, 2007)"

3/6/07

There are concerns in Tokyo that Japan might find itself left out as a result of Washington's shift on North Korea policy. Although Tokyo refuses to commit itself to energy aid, pressure may mount for it to ditch its policy of carrying a stick without offering any carrots if there is progress toward denuclearization. Although public support for PM Abe is plummeting precipitously because of scandals, most Japanese still support his hard-line stance toward North Korea. (Masaki Hisane, "Japan in a Bind over North Korea," *Asia Times*, March 7, 2007)

Former OM Lee Hae-chan, en route to Pyongyang denied his visit was intended to arrange a second summit. "The current step is not the right time to discuss summit talks," he said. "I plan to discuss mainly inter-Korean economic cooperation during my visit to the North." (Lee Joo-hee, "Time Not Ripe to Discuss Summit: Lee," *Korea Herald*, March 8, 2007)

Two years of six-party talks designed to end the crisis seemed to make progress in September 2005 with the conclusion of a joint statement sketching a path to the “verifiable denuclearization of the Korean peninsula in a peaceful manner.” Largely composed by Chinese diplomats, the accord was immediately gutted when U.S. officials essentially disavowed a key provision. Further complicating matters, as the agreement was being finalized, the U.S. Department of the Treasury threatened to sanction the Macau-based bank Banco Delta Asia for participating in Pyongyang’s money-laundering operations, resulting in the freezing of North Korea’s substantial hard-currency accounts in the bank. As a result, Pyongyang refused to return to the six-party talks until December 2006. Instead, in the summer of 2006, the North resumed testing missiles, ending a self-imposed moratorium that began in 1998, and in October 2006 conducted its first nuclear test. Although a full assessment must wait for an inside look at U.S. policy, unanswered questions remain about Kelly’s 2002 visit, particularly about the intelligence analysis that he used as the basis for the Pyongyang meeting. His ultimatum was based on an alarming new assessment that North Korea could produce HEU by the mid-2000s, much sooner than expected. One official recalled the contrary, saying that “the idea that I can tell you that by mid-decade they are going to be producing a couple of bombs’ worth of HEU is simply bad tradecraft.” He added, “[T]he single most important fact the United States had on North Korea’s HEU program was that they admitted to having it,” but even then “the notion that they admitted to the HEU isn’t as clear-cut in the transcript as in the oral tradition that the meeting seemed to foster.” Moreover, U.S. officials never questioned the North Koreans about their assertion, an astounding omission given its importance. The HEU threat has since disappeared from public discourse, perhaps a sign that U.S. assessments have changed once again. Mitchell Reiss, a former Bush administration official involved recently in formulating U.S. policy, argues that “the real failure has been Washington’s inability, after three years of on-again, off-again negotiations in Beijing, to learn whether North Korea is actually willing to surrender its nuclear weapons program, and if so, at what price.” (Joel S. Wit, “Enhancing U.S. Engagement with North Korea,” *Washington Quarterly*, (Spring 2007), 53-69)

3/7/07 North Korea accused Japan of a growing effort to suppress Koreans who support Pyongyang and urged U.N. members not to support Tokyo's campaign for a seat on the U.N. Security Council. In a letter to Secretary-General Ban Ki-moon circulated on March 7, North Korea's U.N. Ambassador Pak Gil Yon said the crackdown was directed toward Chongryon, an umbrella group of pro-North organizations. Japan is creating “a horrific atmosphere of terror and plunging the human rights issues of Koreans in Japan into a grave situation.” Taniguchi Tomohiko, deputy press secretary of the Foreign Ministry, said the charges were groundless. Japan has acted “in accordance with the law” and North Koreans can sue the government if they are dissatisfied, he said. (Edith Lederer, “North Korea Accuses Japan of Intensifying Suppression of Koreans Who Support Pyongyang,” Associated Press, March 8, 2007)

3/8/07 Quoting an unnamed diplomatic source, *Kyungyang Shinmun* reported Deputy SecState John Negroponte indicated an interest in talks on creating a peace regime in Korea. “Negroponte met with Korean leaders at the U.S. Embassy in Seoul and elaborated on the peace regime issue,” the source said. “At that time, he showed

strong willingness to achieve a peace agreement in cooperation with the countries involved." (Jung Sung-ki, "Bush Seeks Peace Regime on Peninsula," *Korea Times*, March 23, 2007)

3/6-8/07

At the Japan-DPRK bilateral working group meeting in Hanoi, two days of talks ended without progress. "We confirmed that the positions of Japan and North Korea are far apart," said Haraguchi Koichi, Japan's representative. "I find it regrettable that North Korea did not show a sincere attitude on the abduction issue." Japan "was not prepared to discuss the issue of comfort women or the settlement of the past, and only took up the issue of abductions," said the DPRK's Song Il-ho. Japan must "change its attitude" if it was to continue the dialogue. (Kyodo, "Japan, N. Korea Remain Far apart at Normalization Talks," March 8, 2007) On the first day North Korea "reacted angrily" to Japan's demands that it reinvestigate past abductions and boycotted the first day of talks. (Kyodo, "Japan-N. Korea Talks to Continue Thursday after Stall over Abduction," March 7, 2007; Teruaki Ueno, "North Korea and Japan Salvage Talks for Another Day," Reuters, March 7, 2007) *Chosun Sinbo* said, "The Japanese delegation made absurd accusations about the abduction issue at the meeting, and did not hesitate to make comments that seriously undermined the North Korea-Japan declaration" of 2002. (Yonhap, "Normalization Talks between N. Korea, Japan Suspended: Pro-N. Korea Paper," March 7, 2007) Haraguchi Koichi, said, "We want to aggressively approach these talks under a policy of wanting to realize normalized relations after resolving such issues as the abductions of Japanese nationals as well as North Korea's nuclear weapons and missile development programs based on the Pyongyang Declaration and undertaking a final accounting of the unfortunate past between the two nations." Song Il-ho said. "We also believe it that it is better to establish fruitful political, economic and cultural relations in line with the Pyongyang Declaration and after settling our unfortunate past and resolving the outstanding issues that exist between us." (*Asahi Shimbun*, N. Korea Scraps Afternoon Talks, March 8, 2007) On the second day the delegations agreed to discuss "pending issues including the abduction issue" the next day and "normalization" the following day. (*Yomiuri Shimbun*, "Japan, DPRK Okay Schedule; Diplomats Agree to Discuss Abductee Issue Today," March 7, 2007) Japan said it will join in the economic and energy aid only when there is "concrete development" on the abduction issue. "Japan doesn't think only a promise of a reinvestigation and providing information is a development," said Chief Cabinet Secretary Shiozaki Yasuhisa. The must be based on scientific and objective grounds and agree with information obtained from abductees who have already returned to Japan. (*Yomiuri Shimbun*, "Government to Ask DPRK to Look at Abductions," March 5, 2007) DPRK's Song Il-ho agreed to take up abduction issue on the first day, said Haraguchi Koichi, Japan's negotiator. Japan has 17 citizens on its official list of abductees, five of whom were repatriated in 2002. (Kyodo, "Japan, N. Korea Agree to Discuss Abduction Issue First," March 6, 2007) North Korea's representative said Tokyo's demands were akin to asking it to bring the dead back to life and return them to Japan. For its part, North Korea demanded a settlement of Japan's past colonial occupation of the Korean peninsula, withdrawal of economic sanctions and a halt to the investigation of Chongryon. But comments by Song Il-ho at a news conference following the talks hinted that Pyongyang might comply with the request to reopen the

investigation of the abductions depending on Japan's response." (*Asahi Shimbun*, "Japan-N. Korea Talks," [editorial], March 10, 2007)

3/9-10/07 N-S Red Cross talks discussed resuming construction of a family reunion center. (Yonhap, "Korea Hold Red Cross Talks to Resume Construction of Family Reunion Center," March 9, 2007) Seoul will give Pyongyang \$400,000 to buy videoconferencing equipment for separated families. (Lee Young-Jong and Ser Myo-ja, "South Will Give Money Directly to North," *JoongAng Ilbo*, March 12, 2007)

3/12/07 An investigation ordered by the Macao government of a bank accused by the United States of helping North Korea launder the proceeds of illicit activities has found no evidence of criminal misconduct by any bank employees, according to lawyers for the bank. In letters that were sent to the U.S. Treasury Department and made available by the department, the American lawyers of Banco Delta Asia said that a review of all the bank's accounts related to North Korea failed to turn up anything other than lax record-keeping. Joseph McLaughlin, of the law firm Heller Ehrman, in San Francisco, wrote to Treasury officials last October that the Macao government "has not yet found evidence of money laundering" and was "not currently planning to bring any criminal proceedings for money laundering." In a letter sent to Treasury officials on Oct. 16, McLaughlin, the American lawyer for Banco Delta Asia, cited findings from the Ernst & Young investigation that criticized the bank over internal record keeping, poor computer systems and the absence of a written money-laundering policy. "The bank paid insufficient attention to maintaining its own books," McLaughlin wrote. "Consequently, money could have been laundered, but there is no specific evidence that the bank was aware that it was being used for this purpose, nor that it facilitated any criminal activities." He said the bank had identified two deposits of counterfeit U.S. currency in 1994 and informed the police and the Macao Monetary Authority, which led to prosecutions against the account holders. Banco Delta Asia has said that all wholesale U.S. dollar bank deposits were passed to another bank, HSBC, for verification. One issue of concern identified in the Ernst & Young report was that Banco Delta Asia maintained an account for Tanchon Commercial Bank of North Korea, which is on a U.S. government list of entities aiding the proliferation of weapons of mass destruction. Last year, a senior U.S. official testified before a U.S. congressional committee that Tanchon was "the main North Korean financial agent for sales of conventional arms, ballistic missiles, and goods related to the assembly and manufacture of such weapons." Banco Delta Asia had kept the account with Tanchon open until just a few days before the United States acted against the bank in September 2005. The presence of Tanchon on the U.S. weapons proliferation list was "initially overlooked at the bank" because of poor information technology systems, McLaughlin told the U.S. Treasury. Donald Greenlee, "Macao Inquiry Clears Bank of Money Laundering for North Korea," *New York Times*, March 12, 2007)

President Roh Moo-hyun said the armistice should be converted into a peace regime once the North Korean nuclear standoff comes to an end. (Ryu Jin and Kang Shin-woo, "Roh Calls for Peace Treaty to End Armistice," *Korea Times*, March 12, 2007)

- 3/13/07 Japan and Australia agreed to expand strategic cooperation in security and defense issue in summit meeting between PM Abe and PM John Howard. (Kyodo, "Japan, Australia Strike Strategic Security Cooperation Agreement," March 13, 2007).
- 3/12-14/07 Mohamed El Baradei, IAEA chief, in Beijing after talks in Pyongyang says North Korea had pledged to honor its commitment to dismantle its nuclear arms program only after sanctions had been lifted on its funds frozen in a bank in Macao since 2005, which could introduce a snag in carrying out the accord negotiated with the United States last month. American officials have said that the authorities in Macao, a semiautonomous region of China, would decide those issues, but that only funds related to legitimate activities would be returned, not those connected with illicit activities like money laundering, counterfeiting, and narcotics and weapons trafficking. They have expressed confidence that a partial release of funds would satisfy North Korea. On the other hand, some American officials say that the nuclear disarmament accord with North Korea is delicate. They say that North Korea's behavior is often unpredictable, and that in the past the North has agreed to something in principle but then has seized on relatively small points in how it has been carried out as a pretext for backing out of the agreement. (Joseph Kahn and Steven R. Weisman, "North Korea Is Said to Tie Nuclear Accord to Freeing of Funds," *New York Times*, March 15, 2007, A-8) Kim Gye-gwan said he was "too busy" preparing for six-party talks to meet with ElBaradei. (AFP, "N. Korea Envoy 'Too Busy' to Meet UN Atom Chief: Reprot," March 14, 2007)
- 3/14/07 Treasury Department statement: "The Treasury Department today is finalizing the rule under Section 311 of the Patriot Act against Banco Delta Asia SARL (BDA). When it takes effect in 30 days, this action will prohibit all U.S. financial institutions from maintaining correspondent accounts for BDA and prevents BDA from accessing the U.S. financial system, either directly or indirectly. Today's regulatory action is targeted at BDA as an institution, not Macau as a jurisdiction. The Treasury Department is charged with safeguarding the U.S. and international financial systems from abuse, and today's action is an important step in the discharge of that responsibility. In September 2005, we found Banco Delta Asia to be of 'primary money laundering concern.' We outlined the reasons BDA posed such a concern and proposed a rule that, if finalized, would require U.S. financial institutions to terminate all correspondent accounts with BDA. With today's announcement, we are finalizing this rule. We are taking this step because of the systemic failures by Banco Delta Asia to apply appropriate standards and due diligence, as well as the gamut of illicit activities the bank has facilitated on behalf of North Korean-related entities. Over the past year and a half, under Deputy Assistant Secretary Danny Glaser's capable leadership, we have been engaged in an in-depth, rigorous investigation of Banco Delta Asia with the cooperation of Macanese authorities. The purpose of that investigation was to validate our concerns and determine whether to finalize the rule. The information gleaned from that investigation did in fact confirm the findings we put forth in September 2005. It also revealed additional illicit financial conduct at BDA beyond that spelled out in our designation - including activity related to entities facilitating weapons of mass destruction proliferation. Many North Korean account holders at BDA had connections to entities involved in North Korea's trade in counterfeit U.S. currency, counterfeit cigarettes, and

narcotics, including several front companies suspected of laundering hundreds of millions of dollars in cash through Banco Delta Asia. As described in the final rule, BDA did not conduct due diligence to attempt to verify the source of these unusually large currency deposits. BDA allowed its North Korean clients to use the bank to facilitate illicit conduct and engage in deceptive financial practices. Indeed, in exchange for a fee, the bank provided those clients access to the banking system with little oversight or control. The deceptive financial practices and grossly-inadequate controls within BDA have run too deep for us to ignore. BDA's business practices pose a real threat to banks worldwide, and BDA has no business accessing the U.S. financial system. Though the Macanese authorities have made significant strides in strengthening Macau's anti-money laundering regime and managed the bank responsibly since September 2005, the bank will not remain in receivership indefinitely, and BDA's historical deficiencies were therefore central to our decision-making. Additionally, after we designated BDA, the Macanese authorities moved to freeze upwards of \$25 million held in the bank by clients associated with North Korea. We have worked closely with the Macanese on our investigation into BDA, and this week we are transmitting our findings to the Macanese authorities. The Treasury Department notes with appreciation the strong cooperation of the relevant Macanese authorities with respect to BDA. Macau's positive developments are not limited to actions relating specifically to BDA, such as freezing suspect accounts and responsibly managing the bank. Over the past year, Macau has taken significant steps to reform its anti-money laundering regime, consistent with international standards. Macau has enacted new laws and promulgated new regulations to safeguard itself from financial crime. Moreover, Macau has created its first-ever Financial Intelligence Unit - allowing it to share information with counterpart institutions around the world - and developed a specialized money laundering unit within its police force. While these systemic developments will need to be tested through rigorous and effective implementation across Macau's entire financial system, they certainly represent important progress and a sign of commitment.

Deputy Assistant Secretary Glaser has met with the North Koreans three times over the past year - twice in a forum known as the Bilateral Financial Working Group - to discuss the broad and fundamental concerns of the international financial community. Indeed, financial institutions around the world have made independent determinations that doing business with North Korean-related entities presents an unacceptably high risk of being tainted by illicit conduct. North Korea is responsible for its own isolation from the international financial community. Only by halting its illicit conduct can North Korea reverse that isolation and persuade financial institutions and others to reestablish relationships with it. We are prepared to continue the Bilateral Financial Working Group in order to discuss with North Korea the steps it could take if it truly wishes to alleviate its isolation from the international financial community. (Treasury Department, "Prepared Remarks of Stuart Levey, Under Secretary for Terrorism and Financial Intelligence," March 14, 2007)The initial Treasury announcement put American banks on notice that after further investigation, the department would decide whether to bar U.S. banks formally from facilitating transactions with the bank. However, the practical effect was to make all U.S. banks voluntarily cease transactions with BDA. ((Steven Weisman, "Treasury Reportedly Set to Act to Free North Korean Money," *New York*

*Times*, March 14, 2007, p. A-14) Of the 52 accounts, 35 held \$13 million that was considered relatively legitimate. Another 17 accounts holding \$12 million were believed to be derived from illicit activities like narcotics, counterfeiting and North Korea's nuclear program. When it was decided in February to return the money to North Korea, both State and Treasury officials thought mistakenly it could be done easily. [Treasury knew better.] (Steven Weisman, "The Ripples of Punishing One Bank," *New York Times*, July 3, 2007, p. C-1) "It was sort of an interagency battle [between State and Treasury] at that point," said one involved official. "Treasury found itself in the position where it felt it would be too embarrassing not to come out with a judgment that seemed to reinforce the notion that [BDA was] carrying out illicit activities." At issue was Treasury's Section 311 authority. "The North Koreans were apoplectic," said one Western businessman whose plans for projects in North Korea had been stymied by the BDA issue. "To them it was a fundamental issue - how do you run an economy if you can't have any bank accounts? You can't even sell a case of beer in Singapore because they can't pay for it." Concerned about possible damage to U.S.-China dialogue he headed, Treasury Secretary Hank Paulson was persuaded by SecState Rice to instruct his staff to return all the North Korean money, but no specific guidance was given on how. (Chinoy, *Meltdown*, pp. 333-34)

Six-Party working group on energy and economic cooperation held first meeting. "At this juncture, we are not ready to extend energy or economic assistance to North Korea, when the abduction issue or the normalization" of relations "does not show progress," said a Japanese official in Beijing. (Maureen Fan, "Japan and N. Korea Clash As 6-Party Nuclear Talks Resume," *Washington Post*, March 20, 2007)

"North Korea is seeking more structural development assistance," said Lee Yong-sun of the Korean Sharing Movement. "They are saying they can't live on handouts forever." The North is expected to ask for more rice soon. "Food and fertilizer are nice, but their fertilizer production facilities are obsolete so help is needed to upgrade them -- that's the kind of proposals they're making." (Jack Kim, "North Korea Seeks End of Handouts: Aid Group," Reuters, March 14, 2007)

3/15/07

PRC FoMin spokesman Qin Gang: "We deeply regret the US insistence on ruling on BDA in accordance with its domestic laws. The central government in China supports the Macau SAR government in properly handling the relevant issue in accordance with the law. Two points should be kept in mind in dealing with the BDA issue: One is facilitating the advancement of the process of six-party talks, and two is helping to safeguard the Macau SAR's financial and social stability. ... China's 'deep regret' is due to our concerns in two respects regarding this issue. Our concerns in both respects should be taken into full consideration and dealt with properly. To achieve the goal of denuclearizing the Korean Peninsula, all sides, including the DPRK, have undertaken serious commitments under the 19 September joint statement and the 13 February joint document. **We hope all sides will honor their commitments.** Right now actions in the initial phase should be carried out in earnest. We have taken note of the positive assessment offered by Mr. Al-Baradei of his visit to the DPRK at the news conference yesterday. We welcome this." (FBIS, Transcript of PRC FM Spokesman News Conference, March 15, 2007) The spokesman, grim-faced and notably downcast,

said China wanted any decision on the bank to help protect Macau's financial and social stability and to help the six-party talks: "The reason China has expressed its regret because we have those two concerns and these should be fully taken into account,". "I think we have fulfilled what we need to do," Hill told reporters of the decision. "I think we will get ourselves into a situation where BDA will not pose a stumbling block to the six-party process." [We're not there yet] Hill said of China: "They want to make sure that Macau's reputation is intact so I'm not surprised they would say that but I would disagree. This is not going to be a problem for six-party undertakings." (Chris Buckley, "Rift over U.S. Bank Move Ahead of Nuclear Talks," Reuters, March 15, 2007)

Hill in Beijing for working group meeting: "We are also very much interested in looking at what we can do on a humanitarian (level) to address the needs of the DPRK people," he told reporters. "We've had some ideas for quick-start humanitarian projects. One of the projects under consideration has been providing some generators that could be useful in, for example, hospitals." (AFP, "US to offer Humanitarian Aid to North Korea," March 15, 2007)

The GNP began work adjusting its North Korea policy to support exchanges. "Humanitarian aid, including rice, should be carried out as much as it needs to. We must also actively support South Korean companies operating in Pyongyang and Kaesong," said Chung Hyung-keun, a former intelligence official and once the most prominent critic of engagement. Kim Hyung-o, the GNP's floor leader, said on SBS radio, "If the nuclear disablement of the North is implemented fully, it would be harmless to hold an inter-Korean summit," adding that "it would be more effective for a new president to hold the summit instead of an outgoing president." (Lee Joo-hee, "GNP Shifting toward Softer N.K. Policy," Korea Herald, March 15, 2007)

3/16/07 "I think they want assurances that the financial issue is resolved," said negotiator Christopher Hill. "Frankly, it has been resolved." But Treasury's decision to bar U.S. banks from dealing with BDA means Macao authorities have to decide what to do with funds that were frozen. (AFP, "U.S. Says N. Korea Financial Dispute Resolved," March 16, 2007) Deputy Asst Treasury Secretary Daniel Glaser goes to Macau and maybe also to Beijing. "Discussions will focus on implementation of the final rule and steps the Macanese and BDA can take for the Treasury to consider lifting the rule," said spokesperson Molly Millerwise. (Yonhap, March 16, 2007)

Three Republicans on the House Foreign Foreign Affairs Committee, Ileana Ros-Letinen, Edward Royce and Donald Manzullo, sent a letter to Secretary of State Condoleezza Rice saying, "The expeditious removal of the DPRK from [the list of state sponsors of terrorism] raises serious concerns over the integrity of the list, which has gained additional relevancy in a post-September 11<sup>th</sup> world." (Associated Press, "3 Republican Lawmakers Promise to Buck Any Move to Remove North Korea's Terror Designation," March 16, 2007)

3/17/07 "If the Banco Delta Asia financial sanctions are not completely lifted, we are not going to stop our nuclear development program," Kim Kye-gwan said to reporters on arrival

in Beijing for a new session of six-party talks. "What I mean is the initial steps. We are not going to stop the operation of the Yongbyon nuclear facility." (Lindsay Beck and Chris Buckley, "North Korea Insists U.S. Must Lift Money Curbs," Reuters, March 17, 2007) "We are ready to cooperate with the United States to solve suspicions regarding HEU," Kim said. "We will explain if evidence is presented." Christopher Hill said "I'll probably spend most of the time briefing [Kim on] the BDA issue." (Kyodo, "N. Korea Says No Reactor Halt without Complete Sanctions Removal," March 17, 2007)

A South Korean official in Beijing said the BDA issue has been "fully resolved," hinting the U.S. government would release the entire \$25 million in the frozen accounts. DPRK's Kim Song-gi said Pyongyang had already begun preparations to shut down its Yongbyon nuclear facility following the Feb. 13 agreement. Kim's comments were relayed by South Korean envoy Chun Young-woo. Chun said Kim had also promised that the North would submit a list of its nuclear programs and disable its nuclear facility "as soon as the right conditions" are created. (Jung Sung-ki, "Frozen NK Funds Pose No Obstacle to Nuke Talks," *Korea Times*, March 18, 2007)

Kay Seok, Human Rights Watch op-ed: In an ominous reversal, North Korea has apparently scrapped its 2000 decree that it would be lenient toward citizens who "illegally" crossed the border -- in effect, almost everyone leaving the country -- to China to find food or earn money to feed their families. According to recent border-crossers interviewed by Human Rights Watch, Pyongyang has implemented harsher punishments for those repatriated. The North Koreans interviewed recounted the chilling language officials use to describe the policies the North reinstated perhaps as long ago as late 2004: Those crossing the border without state permission "won't be forgiven," no matter why they went to China or what they did there, including first-time "offenders." (Kay Seok, "North Korea's Cruelty," *Washington Post*, March 17, 2007, p. A-19)

3/17-18/07

Six-party working group on North Korea's denuclearization met in China's state guesthouse. "I gave him some more details" about the U.S. financial measures, Hill told reporters in the afternoon. "I can assure you this is not going to be a problem for the six-party talks." Daniel Glaser, U.S. deputy assistant treasury secretary for terrorist financing and financial crimes, was expected to arrive in the Chinese capital later in the day to brief Chinese authorities about the U.S. action. "The North Korean delegation does not have many denuclearization experts, so I cannot say how much of a result this meeting will yield," Deputy FM Chun Yung Woo told reporters in the morning. "The primary aim of the current talks may turn out to be to listen to basic positions and carry out initial exchanges of views." (Kyodo, "Six-Party Working Group Discusses N. Korea Denuclearization for 2nd Day," March 18, 2007) "BDA will not be an impediment to our six-party talks," said Christopher Hill. (Joseph Kahn, "U.S. and North Korea Are Said to End Frozen-Funds Impasse," *New York Times*, March 19, 2007)

After third round of Financial Working Group talks March 17-18, Treasury DAS Glaser issues statement: "The United States and North Korean Governments have reached an understanding on the disposition of DPRK-related funds frozen at Banco Delta Asia. The DPRK has proposed the transfer of the roughly \$25 million frozen in BDA into an

account held by North Korea's Foreign Trade Bank at the Bank of China in Beijing. North Korea has pledged, within the framework of the Six-Party Talks, that **these funds will be used solely for the betterment of the North Korean people, including for humanitarian and educational purposes.** We believe this resolves the issue of the DPRK-related frozen funds. The disposition of the frozen assets has always been and remains a decision by the Macanese authorities to be taken in accordance with Macanese law. North Korea will need to work out the legal and technical intricacies of the arrangement with the Macanese. The Treasury has communicated to both the Macanese and Chinese Governments the United States' support of this arrangement. **Separately, the final rule against Banco Delta Asia, issued by the Treasury Department under Section 311 of the USA PATRIOT Act, remains in place.** The Treasury will continue to cooperate with the Macanese on this and other anti-money laundering issues. The events of the past 18 months demonstrate our lack of tolerance for illicit activity conducted in the global financial system. Financial institutions that facilitate weapons proliferation, terrorist financing, narcotics trafficking, and other illicit financial activity should be on notice of the significant consequences they face." (Treasury Department, "Statement by DAS Glaser on the Disposition of DPRK-Related Funds Frozen at Banco Delta Asia," March 18, 2007) SecState Rice orchestrated a significant shift in US policy towards North Korea by persuading the US Treasury to agree to Pyongyang's demands to release \$25m frozen in a Macao bank since 2005. Hank Paulson, Treasury secretary, agreed to overrule officials responsible for terrorism financing, who objected to the move, after Beijing warned that a failure to return the North Korean funds would hurt the Sino-US strategic economic dialogue. Gordon Flake, a Korea expert who heads the Mansfield Foundation, said the Treasury shift angered even supporters of the broader nuclear disarmament accord. He said Treasury had insisted for 18 months that the move against BDA was a "law enforcement action" that was not linked to the nuclear talks. But he said the statement in Beijing clearly showed there was a political link. "We have traded away the pressure we had on them." Jack Pritchard, president of the Korea Economic Institute, said Treasury had reluctantly acquiesced to the state department. "The Treasury action seems contradictory," said Pritchard, who was a critic of the original Treasury move. "Yes, BDA is guilty, but we are giving back all the money - not because we think it is the right thing to do, but because we are being forced to do so politically." One US official who broadly supports the nuclear deal said the administration was scrambling to find a way to return the \$25m, which had been complicated by the fact that some banks were reluctant to help move the money because the US Treasury had previously insisted it was "contaminated." The official added that the administration had to be careful that the deal would not "come a cropper" because of delays by the North Koreans that would reduce support for the agreement in Washington. The same official, who broadly supports making small sacrifices to achieve the larger gain, said it was "very unseemly" to have Treasury publicly acquiesce in Beijing. It also appeared at odds with previous statements by Hill, who in a speech to the American Enterprise Institute in 2006 said he had no influence over the Treasury action on BDA: "We have a separation of duties and it is not for me to tell law enforcement people not to pursue and not to do their jobs." Jon Wolfsthal, a North Korea expert at the Center for International and Strategic Studies, welcomed the move, "Holding denuclearization hostage to \$25m is short-sighted." (Demetri Sevastopulo and Andrew Yeh, "Rice Helped Unfreeze N

Korean Funds," *Financial Times*, March 21 2007) Deputy Asst Treasury Secy Glaser in Beijing for joint press conference with Hill is instructed by his boss, Under Secretary Stuart Levey to have Hill renegotiate the understanding with North Korea to include a "tracking regime." A screaming match ensued. "It was not a pretty moment," an eyewitness recalled. Hill's staff 'basically bullied the crap out of Treasury," said one official, "corralling Glaser in his hotel room at two o'clock in the morning, just yelling and badgering him until he was emotionally rattled." (Chinoy, *Meltdown*, p. 334) [Treasury, by refusing to indemnify banks for accept the transfer, was still blocking it.] Zarate: "In the end, President Bush saw this as a moment when we could use our leverage - to get the North Koreans back to the table. So it was that by 2007, the United States had prepared a plan to help the North Koreans unfreeze and transfer the assets held in Banco Delta Asia. Now it was up to Glaser to finalize a resolution. ...The false assumption [?] - prevalent even within the U.S. government - was that the United States could quickly issue an unfreezing order. ... Chris Hill certainly didn't realize this at first, and he became increasingly frustrated by how seemingly complicated the unwinding had become. Despite the close relationship between Secretary Paulson and Secretary Rice, this pernicious misunderstanding became a major source of tension between the Treasury and State departments. A second misperception - and one of which the North took full advantage - was that the assets in the bank all belonged to the North Koreans. They did not. Out of the 52 accounts, 35 of them, worth \$13 million, were determined to be legitimate accounts; 17 of them, worth \$12 million, were tied to illicit activity. Not all of them were held officially by the North Korean government. Most were held by other owners and interests (most related to the North Korean regime). The DPRK wanted the entirety of the assets to be unfrozen. ...The North Koreans were trying to take full advantage of the confusion by laying claim to assets that were not theirs. ...Glaser's problem was that no bank in their right mind would even touch such a transaction without ironclad assurances from the U.S. Treasury that they would not be subject to some form of sanction or additional attention in the future. ...The idea of the Chinese agreeing to use one of their banks to transfer the money back to North Korea ran counter to everything Glaser had heard from the Chinese directly. ...Glaser knew Hill was making a big mistake, but he joined him at the podium anyway and announced [the understanding with the DPRK]. ...Almost as soon as he landed in Washington, he received a call from Secretary Paulson. The Chinese central bank had put a stop to the deal ... The delegation was back in Beijing within seventy-two hours of having returned to Washington. This time, Paulson sent along his chief of staff, James R. Wilkinson, a veteran of the State Department who was trusted by Secretary Rice and known to Chris Hill. ...But the Treasury delegation was constrained in what it could offer. As a banking regulator itself, the Treasury did not want to be seen negotiating a deal for the transfer of the frozen assets. Furthermore, **the Treasury representatives did not want to signal that there would be automatic safe harbors against regulatory action for any jurisdiction of institution involved. ... it was up to the State Department to fund banks willing to do risky business.**" (Zarate, *Treasury's War*, pp. 253, 256-59, 261-63)

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In a sign that one of Kim Jong-il's sons could succeed him, *Rodong Sinmun* said in a lengthy article carried by KCNA, "Let us (continue) the revolution to the end through

generations," (Associated Press, "North Korea State Media Hints at Possible Hereditary Power Succession," March 19, 2007)

Porter Goss in a recent speech said North Korea had imported equipment that could be used to enrich uranium but "it would require a lot more equipment than we know that they have actually purchased" to make the thousands of centrifuges needed for an operational capability. (Selig S. Harrison, "In N.K. Denuclearization, U.S. Should Refrain from Repeating Its Mistakes," *Hankyore*, March 19, 2007)

David Albright: On February 1, 2007, Joel Wit and I visited the Institute of Atomic Energy (IAE), which is the leading institution in North Korea dedicated to the development of nuclear energy. Our host was Dr. Ri Kwang Yong, Deputy Manager (Scientific) of the institute, who told us we were the first Americans to visit the facility. Ri Kwang raised his hope that his country could re-start cooperation with the International Atomic Energy Agency (IAEA). He then described in general terms the work at the Institute of Atomic Energy (IAE). Rather than denying North Korea access to nuclear assistance, pending full and verified nuclear dismantlement, a more productive strategy is to phase in such cooperation as part of the processes established in the Six Party Talks. The medical profession relies extensively on radiation, particularly from radioactive isotopes, for identifying and treating disease. Radioactive materials are also used extensively to test new drugs and conduct research into cures for diseases. Radiation is used in pest control and to increase agricultural output. Radiation is also used to determine plant uptake of water and nutrients from the soil, enabling farmers to reduce over-watering and the over-application of fertilizers. Radioisotopes are used in a wide variety of manufacturing processes to provide measurement, density, and other information; to ensure quality control of processes; and enhance properties, such as hardness, strength, and density of certain materials. North Korea has medical facilities that have imported radioisotopes, expertise, and equipment for nuclear medicine, including the following: The Institute of Radiochemistry in Pyongyang obtained assistance in the 1980s to upgrade its equipment for radioisotope production, particularly implementation of quality control. In the late 1980s, a 4,000 curie cobalt-60 radiation source was provided to Pyongyang's People's Hospital No. 2 to treat up to 60 cancer patients per day and research the biological effects of radiation. This source would have decayed significantly by now. The Academy of Medical Sciences at the Institute of Radiation Medicine in Pyongyang received some assistance in the late 1980s and early 1990s to upgrade and modernize its radiotherapy facilities for cancer treatment. A gamma camera was apparently obtained in the late 1980s or early 1990s for nuclear imaging associated with cancer treatment. In the mid-1980s, the Institute of Experimental Biology and the Institute for Crop Cultivation received assistance in using radioisotopes to increase food production. The assistance aimed to establish a capability to use radioisotopes to research more efficient utilization of fertilizers and green manures by field crops, such as rice, maize, and vegetables. In the late 1980s and early 1990s, the Institute for Crop Cultivation received assistance in using radioisotopes to improve the nitrogen-fixing capacity and yield of soybeans. The status of this project and the associated isotope laboratory is unknown. North Korea has had at least two ways to produce radioactive isotopes, the IRT research reactor at the Yongbyon Center and the cyclotron at the Institute of

Atomic Energy (IAE) in Pyongyang. A main product of the IRT reactor is iodine 131 for thyroid treatment. The cyclotron produces a range of radioisotopes, although the major one is gallium 66. The cyclotron has been out of order for significant periods. The high frequency system broke several years ago. The IAE tried to buy a replacement at the cost of 250,000 Euros several years ago, but was unable to buy one, leading to reports that the cyclotron was permanently inoperative. Instead, the IAE bought subcomponents abroad at a total cost of 70,000 Euros and rebuilt the high frequency system. Ri Kwang said that he would like the cyclotron to produce isotopes with a half-life of less than a minute for use in medical diagnosis equipment, but North Korea lacks the necessary equipment. Nuclear power programs share a common goal of producing electricity using a nuclear reactor. Under the Agreed Framework, North Korea was to receive two 1,000 MWe light water reactors. As North Korea shuts down and disables nuclear facilities at the Yonybyon site, renewed cooperation on civil nuclear energy should commence. North Korea will retain a substantial nuclear program even after verified dismantlement would occur. It will also have a large, highly trained workforce that created and operated its civil and military nuclear programs. A priority is for North Korea to rejoin the IAEA and seek eligibility for technical cooperation once again. In the near-term, cooperation could be restarted in the areas of nuclear medicine and agriculture, areas which few would be expected to oppose. North Korea could also receive valuable technical cooperation in overall energy planning. North Korea will need substantial assistance to establish medical diagnostic and treatment capabilities. A key part of this assistance could be the provision of modern medical equipment, such as positron tomographs and gamma cameras, and the training in their use. In addition, North Korea may need longer-lived radioisotopes, such as cobalt 60, for cancer treatment. If rejoining the IAEA is not an immediate option, assistance could be provided in the area of nuclear medicine as a humanitarian and confidence building measure. DPRK officials have expressed interest in converting the IRT reactor to the use of low enriched uranium fuels. In the near-term, a study of conversion should be conducted, but conversion is likely to occur later. The IAE and other North Korean nuclear institutes have depended extensively on technical cooperation programs of the IAEA for the acquisition of equipment. After North Korea rejoins the IAEA, discussions could start about the provision of a wide range of equipment and expertise. Dr Ri Kwang listed several types of equipment that he believes are needed: a small electron accelerator for materials research and treatment; a 10 MeV linear accelerator; small Tokamak for experimental work by students. Estimated cost \$2 million; and a 30 MeV cyclotron for additional isotope production. North Korea will likely need foreign assistance in upgrading its capabilities in nuclear energy to support the safe closure and ultimate decommissioning of nuclear sites and the environmentally sound disposal of nuclear waste. It will also need to upgrade its knowledge and capabilities in many specific areas, including education and training, nuclear dosimetry, nuclear instrumentation and control, nuclear safety, destructive and non-destructive analysis, physical protection, environmental monitoring, and emergency response. An important consideration is the retraining of up to several thousand people involved in facilities that would be closed. Scientists, engineers, and technicians will likely require re-education or at least additional training to bring them up to date in their areas of expertise that can be applied in non-banned areas of work. After Libya closed down its nuclear weapons program, about 500 scientists and

engineers received training that was funded internationally. North Korea remains highly committed to restarting the LWR project. However, South Korea, Japan, and the United States are unlikely to agree to restart this program until at least nuclear dismantlement has started. The most worrisome aspect of a North Korean LWR is the prospect of a diversion of spent fuel and its reprocessing to extract plutonium for nuclear weapons. To alleviate this concern, a dialog could be started in the near-term in the Six Party Talks and among NGOs and North Korea to ensure that verification and other measures, such as rapid removal of any spent fuel or multilateral control over the reactor, are adequate to minimize the chance of misuse of the reactor and its fuel. (David Albright, "Phased International Cooperation with North Korea's Civil Nuclear Program," Institute for Science and International Security, March 19, 2007)

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*Chosun Sinbo*: "The stark reality is that even after the '13 February agreement,' the DPRK and the United States are still in hostile relations. Shortly before the sixth round of the six-party talks, the United States announced a 'statement' on handling the DPRK-related funds frozen at 'BDA.' Assistant Secretary of State Christopher Hill, chief of the US side's delegation attending the six-party talks in Beijing, insisted that 'actions to be taken in the next phase (upon completing the actions of the initial phase) based on this premise are of great importance' and therefore, discussion of the '13 February agreement' should be accelerated. The press echoed his words. Before one realizes, an argument that 'now that the obstacles have been removed, it is time for the DPRK to take actions' has advanced. A media play like this misses an important point. Of course, the DPRK side will not be parsimonious in speeding up the process of realizing the denuclearization of the Korean peninsula if conditions are mature. Incidentally, **what the DPRK expects from this is not 'economic incentive.'** **The argument of linking the actions taken by the DPRK only with 'unfreezing of the frozen funds' or 'obtaining of energy assistance' is frequently used by [those who] want to hide the source of the nuclear issue on the Korean peninsula.** The issue currently being discussed at the six-party talks came into being as a result of the political and military confrontation between the DPRK and the United States. **The DPRK has regarded the financial sanctions as a central expression of the US hostile policy toward [the DPRK].** Also, the **lifting of the financial sanctions was an item that the DPRK side has long identified as a 'prerequisite' to discussing the implementation of the 19 September Joint Statement. Prior to the sixth round of the six-party talks, Kim Gye-gwan, head of the DPRK side's delegation and vice foreign minister, said that [the DPRK] would not halt nuclear activities unless the funds frozen at BDA are unfrozen in full.** Many of the press [agencies] spread their own interpretation of his remark. **By this remark, he meant to say that if an issue that should, as a matter of fact, have been resolved before a discussion begins remains unresolved, there is no choice but to withhold even actions already agreed upon at the end of the discussion.** He did not mean to say that the DPRK has been preparing the suspension of nuclear activities for the purpose of having the frozen funds returned. ...**Were the United States to enforce an engagement policy for peaceful coexistence with the DPRK, it should take the steps to eliminate all of the legal and institutional devices hostile to the DPRK. The absolute condition for the DPRK to take the first step toward the denuclearization is the action to be taken in parallel by the United States which has long remained a hostile state to [the DPRK].** (Kim Chi-

young, "Sixth Round of Six-Party Talks -- The 'Economy' Is Not the 'Motive' of the DPRK," *Chosun Sinbo* (Japan), March 20, 2007)

KCNA: "Ri Je Son, director of the General Department of Atomic Energy of the DPRK, on April 20 sent a message to Mohamed el-Baradei, director-general of the International Atomic Energy Agency, in connection with the fact that on April 17 the IAEA made a request for the DPRK visit of its working delegation. Noting that when the director-general of the IAEA visited Pyongyang in March there was a preliminary understanding that the DPRK would invite the working delegation of the IAEA at an appropriate time, the message said: ... The DPRK still remains unchanged in its will to implement the February 13 agreement, but what matters is that it cannot move as the issue of frozen fund has not yet been completely settled. Working negotiations are now brisk between a DPRK bank and the above-said bank to settle the issue. The DPRK is ready to invite the above-said delegation of the IAEA the moment the actual defreezing of the frozen fund in the bank has been confirmed and discuss the issues of suspending the operation of the nuclear facility in Yongbyon and verifying and monitoring procedures of it according to the February 13 agreement." (KCNA, "Director of DPRK GDAE Sends Message to Director-General of IAEA," April 20, 2007)

Last month Robert Joseph quietly left the State Department, where he was under secretary for arms control and international security, telling colleagues that, as a matter of principle, he simply could not abide the new agreement with North Korea that the Bush administration struck in February. Joseph has declined to talk publicly about why he left, but he told colleagues that he thought the deal would prolong the survival of a North Korean government he has publicly called "criminal" and "morally abhorrent" while failing to require it to give up the weapons it has already produced. In an interview, Joseph made clear that he "does not support the policy" that President Bush has now embraced. "The approach I would have endorsed was to continue to put pressure on the regime," Joseph added. In his first days at the State Department in 2005, he drafted a paper entitled "Defensive Measures for North Korea" and when the United States succeeded in closing down Some, like Joseph's predecessor at the State Department, John R. Bolton, the former ambassador to the United Nations, have taken to the airwaves, denouncing the North Korea accord specifically, and what they view as a general drift toward compromise, a post-Iraq overemphasis on caution. Others, including Donald H. Rumsfeld, the former defense secretary; Paul D. Wolfowitz, Stephen A. Cambone and Douglas J. Feith, Mr. Rumsfeld's former deputies; and I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff, have remained silent. Wolfowitz has used his position as president of the World Bank to turn to other issues; others are writing books or articles defending the use of intelligence or their role in the decision to invade Iraq. Some hawks remain. Mr. Cheney is the most prominent, of course, and by all accounts he is as unyielding as ever in the administration's internal debates. But his public statements are often more muted than before the Iraq war. Cheney is supported by a dwindling band of loyalists, including John Hannah, who succeeded Mr. Libby as the vice president's national security adviser but seems to wield little of his clout. At the White House, J. D. Crouch, the deputy national security adviser, who headed the group that devised the administration's strategy to increase troops in Iraq, and Elliott Abrams, who leads

global democracy strategy, are known for their relatively hawkish views. (David E. Sanger, "Sensing Shift in Bush Policy Another Hawk Joins Exodus," *New York Times*, March 20, 2007, p. A-1)

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*Chosun Sinbo*, "According to the US theory, the 'criticism' that 'it was the DPRK side that pushed the talks to suspension by not participating in discussion' may be possible, but it is a self-centered angle disregarding the background of the BDA issue. The BDA issue is not an issue that suddenly emerged at the sixth round of six-party talks. It is an issue that the US side expressed its intention to resolve in the course of examining the resumption of the six-party talks, which had been suspended since the DPRK's nuclear test in October 2006. Although several months have passed since then, the United States continued to hold off the resolution of the issue. Then, right before the opening of the sixth round of six-party talks, [the United States] jumbled up by issuing a formal 'statement' unaccompanied by the return of the frozen funds. The primary responsibility for preventing the talks from achieving the goals because the BDA issue remained unresolved lies with the United States, which failed to meet the deadline for implementing the promise. The DPRK presented to the US side the lifting of financial sanctions as a 'precondition' for discussing the implementation of the 19 September joint statement. This is because [the DPRK] regarded financial sanctions as a graphic expression of [US] hostile policy toward the DPRK. And it was the DPRK's stance that it could not go to the meeting table while being sanctioned by a hostile country. Since last year, the United States has made several promises to the DPRK side concerning the BDA [issue]. At the DPRK-US talks held in Berlin in mid-January [2007], [the United States] even set a deadline, saying that it would unfreeze the funds within 30 days. Nevertheless, it stopped as a mere verbal promise every time. ...However, as shown in the process of dealing with the BDA issue, the United States experienced difficulties even in lifting on its own the sanctions that it carried out running counter to the 19 September joint statement. Therefore, abolishing the United States' legal and institutional mechanism of being hostile toward the DPRK is a not process that can be achieved easily. This is why the DPRK could not make even the slightest compromise regarding the BDA issue at the sixth round of the six-party talks. ...However, there is no need to be greatly discouraged and disappointed. In this round of talks, the DPRK adhered to its persistent stand in the BDA issue so as to correct the United States' inconsistency in speech and action. It should be viewed that [the DPRK adhered to its persistent stand] because it has completed preparations to sincerely implement the '13 February agreement.' Because the DPRK already made a decision on its 'action,' it tried to confirm the United States' 'action.' Speaking of the resolution of the BDA issue, it was originally an action plan that United States should have completed on the threshold of the denuclearization process. If the BDA issue is resolved, a plan to implement the "13 February agreement" will be concretized at the resumed six-party talks." ("The Lesson That [They] Should Make the Best Use in the Stage of Implementing '13 February [Agreement]' Is Consistency in Speech and Action - Why Did the DPRK Adhere to Stubborn Stance in the BDA Issue?" *Chosun Sinbo* (Japan), March 21, 2007) SecState Rice orchestrated a significant shift in US policy towards North Korea by persuading the US Treasury to agree to Pyongyang's demands to release \$25 million frozen in a Macao bank since 2005. Current and former officials say Christopher Hill, the chief US negotiator on North Korea, convinced Ms

Rice that the US should sacrifice the issue of the frozen funds to push forward the broader goal of implementing last month's six-party accord on denuclearizing the Korean peninsula. Several people familiar with the debate said Hank Paulson, Treasury secretary, agreed to overrule officials responsible for terrorism financing, who objected to the move, after Beijing warned that a failure to return the North Korean funds would hurt the Sino-US strategic economic dialogue. Many experts, and some White House officials, were dismayed when Daniel Glaser, the Treasury deputy assistant secretary for terrorist financing and financial crimes, said in Beijing that the US and North Korea had agreed on a mechanism to refund all the money. Critics also derided the explanation that Pyongyang had vowed to use the money for humanitarian purposes. Gordon Flake, a Korea expert who heads the Mansfield Foundation, said the Treasury shift angered even supporters of the broader nuclear disarmament accord. He said Treasury had insisted for 18 months that the move against BDA was a "law enforcement action" that was not linked to the nuclear talks. But he said the statement in Beijing clearly showed there was a political link. "We have traded away the pressure we had on them," said Flake. Molly Millerwise, a Treasury spokeswoman, said: "While the Macanese have authority over the funds, both the Macanese and US agreed that the proposal presented by the DPRK was a good solution for moving forward." (Demetri Sevastopulo and Andrew Yeh, "Rice Helped Unfreeze N. Korean Funds," *Financial Times*, March 21, 2007)

3/19-21/07

Sixth round of six-party talks recess at an impasse after North walks out over BDA: "If the Banco Delta Asia (BDA) issue is completely resolved, (North Korea) will halt its nuclear activities at Yongbyon," Kim Kye-gwan was quoted as saying in a keynote speech. (*Korea Times*, "Nuke Facilities to Be Shut Down after Fund Release," March 19, 2007) Kim said that "we did all that we can" on the abduction issue and that Japan may lose its qualification to take part in the six-party talks if it fails to clear doubts as to whether it will fulfill its obligations under a February agreement reached by the six nations. Sasae Kenichiro, director general of the Japanese Foreign Ministry's Asian and Oceanian Affairs Bureau, told reporters that he responded to Kim that North Korea's claim was "completely irrelevant" and "does not merit any comment." In his keynote speech, according to a summary of his remarks released by the Japanese delegation, Sasae said, "Our country is ready to work toward the settlement of unfortunate past and current outstanding issues of concern based on the Japan-North Korea Pyongyang Declaration and work toward the normalization of bilateral ties." (Kyodo, "Japan, N. Korea Trade Verbal Jabs at Six-Way Talks Due to Abduction," March 19, 2007) Talks stalled on March 21 when the DPRK refused to attend a plenary session until it could confirm the released of BDA funds. But Kim Gae-gwan held talks with Christopher Hill in the afternoon and confirmed the North was committed to implementing the disabling. (Kyodo, "6-Way Talks As N. Korea Seeks Confirmation of Fund Release," March 21, 2007) The Chinese "feel they can resolve some of the issues at the bank accounts that have really slowed things up," said Hill. "The Chinese assured us they could resolve these bank account issues." China asked an extension of "one day, possibly two," he added. "We agreed to stay one more day and see how it goes." The Bank of China has refused to accept the transfer of funds because doing so may lead to noncompliance with financial restrictions imposed by the U.S. Treasury Department. (Kyodo, "6-Way Delegates Decide to Extend Talks, Fund Issue Unsolved,"

March 22, 2007) China's chief negotiator at the talks, Wu Dawei, who has been involved in efforts to transfer the money, said that the Bank of China had concerns about accepting it and that "not all the concerns have been assuaged." Russia chided the United States on Thursday, saying it had undermined the talks. "The American side promised to resolve the financial question, and this promise was not fulfilled," Aleksandr Losyukov, Russia's negotiator said, after returning to Moscow, Reuters reported, quoting the Interfax news agency. Accounts controlled by about 50 North Korean banks, trading companies and people were frozen in Banco Delta Asia with \$7 million in the account of Daedong Credit Bank, the North's only foreign-managed bank. Daedong has said it can prove that the sources of the money frozen in its account are legitimate and has been lobbying officials in Macao and Washington to have the money released. "To me, it highlights the degree of" North Korea's "isolation that it sometimes proves difficult to return money to them even when everybody wants to see the money returned to them," Mr. Hill said. "It really was an issue of how do you move bank accounts." (David Lague, "China Ends North Korea Talks amid Delay in Return of Funds," *New York Times*, March 23, 2007, p. A-7) Hill said talks might resume. "As soon as we get this bank transfer done, we probably will put our heads together and decide whether we need another six-party meeting," he said. "I think that's quite possible, because there are a couple of things we want to get done." (Chris Buckley, "North Korea Talks Expected to Regroup Soon," Reuters, March 24, 2007) Nuclear envoys are trying to designate a bank outside China to release North Korea's money. "It seemed possible that the money will go to a bank in a third country via the Bank of China. That way a solution is being worked out," said South Korean negotiator Chun Young-woo. (Kim Hyun, "N. Korean Money May Be Transferred through Bank outside China: Chief Envoy," *Yonhap*, March 23, 2007) Administration officials sought to dispel any impression on Friday that the departments headed by Secretary of State Condoleezza Rice and Treasury Secretary Henry M. Paulson, Jr., were at cross purposes. Top officials made nearly identical statements saying that everyone agreed on the return but that implementation was difficult. "The policy decision about the disposition of the assets has been made," Ms. Rice said before leaving for the Middle East. "I've never had closer collaboration with a colleague than with Hank Paulson." At issue is \$25 million in 52 different accounts in Banco Delta Asia linked to North Korea. Some of the funds are said by American officials to be related to illegal activities like money laundering, counterfeiting, and narcotics and weapons trafficking. Others are said to be from legitimate business activities. A former administration official who remains close to current policy makers said Treasury aides had been taken aback when the State Department agreed to return all \$25 million, including the tainted funds. When the money became a bargaining chip used by American negotiators to get a nuclear deal with North Korea, Treasury Department officials had to scramble and work with the Chinese to carry out the deal without waiving bank regulations, he said. Officials say the accord now involves getting permission from the 52 account holders to seize their funds, transfer them to a bank in China and channel them to another purpose. (Steven R. Weisman, "U.S. Treasury Official to Help Free up North Korean Funds," *New York Times*, March 24, 2007, p. A-5)

North Korea is considering establishing special economic zones on Bidan and Wihwa islands on the Yalu River bordering China and has sounded out South Korean

companies on their investment plans for the area. "The North has been mulling building the zone since last year but hasn't made headway in the wake of its nuclear test. The idea is being considered again now, however, as conditions became favorable following the February 13 agreement," a South Korean source said. (Yonhap, "N. Korea Considering Building Special Economic Zone on Two Islands," March 23, 2007)

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Former PM Lee Hae-chan, who visited Pyongyang earlier this month, told a forum, "the timing of when the leaders of the four countries of the four countries get together to sincerely discuss and determine whether to launch a peace mechanism on the Korean Peninsula and in East Asia is coming closer." (*JoongAng Ilbo*, "Lee Breaks Silence on Summit, Proposes Meeting," March 22, 2007)

At the end of 2005 Japan had 43.8 tons of plutonium, 5.9 tons stored domestically or enough for more than 700 nuclear weapons. (*Yomiuri Shimbun*, "North Korea's Nuclear Threat: Japan Could Build N-Weapons But ..." March 22, 2007)

PM Abe Shinzo: Asked if he felt sidelined, "on this question, Japan and the United States are fully coordinated. I discussed this matter on the phone with President Bush. It is a matter to be discussed at the North Korea-Japan working group. To the extent that the issue remains unresolved, there will be no normalization of diplomatic relations between Japan and North Korea, **and therefore there will be no attainment of the objectives of the six-party talks**. All the participating countries in the six-party talks understand that if there is no progress on the abduction issue, Japan will not participate in energy assistance for North Korea." (Lally Weymouth, "A Conversation with Abe Shinzo," *Washington Post*, April 22, 2007, p. B-3)

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North-South had contacts over a possible visit by Kim Dae-jung to Pyongyang. "We held talks with North Korea through both official and unofficial channels [on Kim's visit]," Unification Minister Lee Jae-joung told the National Assembly. (*Korea Times*, "Koreas Discuss DJ's Trip to N. Korea," March 23, 2007)

Prof. Nakanishi Terumasa of Kyoto University calls for reviewing the third of the the three non-nuclear principles - not possessing, producing or allowing nuclear weapons in Japan: "Maintaining all three principles doesn't match the reality. If they're reduced to 'two' or '2 1/2,' the United States' nuclear umbrella can work more effectively." With the Pershing -2 as his model, Nakanishi said, "U.S. nuclear weapons will be deployed in Japan as arms exclusively for the defense of Japan, and Tokyo and Washington will share the buttons to fire them. Japan and the United States should have a joint system to operate nuclear weapons." In February a NATO official emphasized the importance of sharing nuclear weapons during talks with a former Japanese Defense Agency director general. The former defense chief said, "Unless the problem about whether Japan can exercise its right of collective self-defense is solved, the United States won't accept the idea of sharing the buttons to fire nuclear missiles with Japan." In November Defense Agency Director Kyuma Fumio stirred controversy when he said, "If U.S. submarines [with nuclear weapons] come extremely close to Japanese territory, it doesn't constitute allowing introduction of the arms into the nation. We can act

wisely to enhance deterrence by letting [U.S. submarines] come close to the nation." Asked about his intention in making the remark, he said, "Deterrence is created by keeping ambiguity on the whereabouts and types of U.S. nuclear weapons [around Japan]." (*Yomiuri Shimbun*, "Should Revision of the 3 Non-Nuclear Principles Be Discussed?" March 22, 2007)

3/26/07

Pres Roh approached by DPRK Ambassador to Kuwait Ho Jong on Monday at a state dinner hosted by Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah in the Bayan Palace. "I am the ambassador of the Democratic People's Republic of Korea," Ho told Roh, who was greeting the guests along with the emir. "Ah, I am very pleased to meet you here!" Roh replied. "Please deliver my message (to your home country). We are doing (our policies toward your country) with sincerity from the bottom of our heart." (Ryu Jin, "Roh Encounters N. Korean Envoy, *Korea Time*, March 27, 2007) During his official visit to Saudi Arabia, President Roh Moo-hyun met with Korean residents in the Al Fasaliah Hotel. "In order to survive, Korea sometimes has to be pro-America or pro-North Korea. How do we deal with a situation in which North Korea became our enemy?" he told them. "How could there be an extremely pro-Pyongyang administration in South Korea?" (*Dong-A Ilbo*, "Seoul Can Be Pro-Pyongyang to Survive," March 27, 2007)

3/26/07

A largely foreign-owned North Korean bank, Daedong Credit Bank, the largest single account holder with about \$7 million in BDA, in two letters sent to the Monetary Authority of Macao, is preventing any of its frozen funds from being moved in accordance with the agreement reached between American and North Korean nuclear disarmament negotiators. Colin McAskill, who has agreed to buy the bank and is representing it in its negotiations with the Macao authorities, warned in a letter on Wednesday that he would hold the regulator "totally responsible" and would "take whatever steps necessary" if the bank's funds were transferred without its consent. McAskill has also written to Kim Kye-gwan seeking a written commitment that the government has no claim over any of Daedong's funds or assets. Daedong contends that all of the \$7 million it has frozen in Macao belongs to legitimate foreign businesses with joint ventures in North Korea. A delegation led by James Wilkinson, chief of staff to Treasury Secretary Henry M. Paulson Jr., Daniel Glaser, deputy assistant treasury secretary for financial crimes, and James Freis, deputy assistant general counsel at Treasury met this evening in Beijing with North Korea to try to work out transfer of the funds. (Donald Greenlees with Steven R. Weisman, "Bank Blocks Plan to Release Frozen Funds to North Korea," *New York Times*, March 27, 2007, p. A-6)

North Korea has acknowledged a one million ton food shortage, World Food Program reported. Asia director Tony Banbury said, "It is a very significant development that they themselves are confirming they have a gap of 1 million tons. (Reuters, "North Korea Facing 1 Million Ton Food Shortage: WFP," March 26, 2007)

According to North Korean defectors, market competition is growing there. "Because so many people are selling goods unofficially on the outskirts of the markets, trading is difficult," said one North Korean from Musan, North Hamkyung province during a visit to Yanji, China. (IFES, "Commercial Competition Heats up in the DPRK," March 26, 2007)

KCNA: "Japan has persistently misbehaved in the international arena only to see its poor image sagging. At international meetings now, Japan is behaving rashly, hammering repeatedly away at its chosen theme of 'abduction issue,' ignorant of their main theme and purport. It insisted that 'sanctions should not be eased,' 'north Korea can not sidestep the 'abduction issue' within the framework of the six-party talks' and 'Japan is concerned over the U.S. 'perfidy'.' This misbehavior on the part of Japan has left a disgusting and unpleasant impression on the international community and media. Japan took such approaches at the previous talks, adversely affecting the progress of the talks and becoming a target of accusing fingers. Still today it refuses to abandon this misbehavior. Japan is stooping to any infamy in hindering and barring the settlement of a problem in the international political arena to gratify its ambition of ultra-nationalism. This extremely shrewd selfishness is a natural result of the nature of the state of Japan. For Abe to make any concession over the 'abduction issue' means his political death, considering that he succeeded in assuming the premiership by lifting his approval rating through his hard-line policy toward the DPRK in reliance upon the political foothold of the ultra-right conservative forces. Now he finds himself in an embarrassing situation as he is compelled to go against the general trend of the international community in order to pay what he owes to them. Japan has entered the new century without settling its crime-woven past in which it brought misfortunes and pains to a countless number of people in the Asia-Pacific region. Now it is vociferating about a "threat" from the DPRK in a bid to cover up its moral vulgarity and create an atmosphere favorable for reviving militarism. The settlement of the nuclear issue on the Korean Peninsula at the six-party talks would leave Japan stripped of one of its major pretexts for realizing its militarist ambition to become the leader of Asia. For this reason Japan is resorting to every conceivable means to scuttle the talks. The misbehavior of Japan to drive the six-party talks to a collapse by throwing an artificial snag in the way of their progress is inviting criticism and derision. It was against this backdrop that Japan made it its state view that 'there should be no aid to north Korea unless the abduction issue is solved.' In order to get rid of the situation where it stands isolated in the trend of the times, Japan is playing sleight of hand, crying that 'if the U.S. pays no heed to the shared understanding, it will inflict a deep wound on the matchless bilateral relations' and 'Japan-U.S. alliance will face a crisis if there is any difference in the recognition of threat.' It is illogical for a country which does not wish to see any success of the talks to involve itself in the talks. Japan is not qualified to attend a political dialogue for peace and stability as it is swimming against the trend of the times. (KCNA, "Japan Not Qualified to Participate in Six-Party Talks: KCNA," March 26, 2007)

3/27/07

PM Abe Shinzo at a press conference addressed PM Wen Jiabao's April 11 visit: "I'll further strengthen cooperation [with China] toward settlement of [North Korea-linked] problems including the issue of abductions of Japanese nationals in the six-nation talks." Asked about visiting Yasukuni Shrine, he said, "Now that there is the reality that the shrine visit can be a diplomatic issue, I have no intention of saying whether or not I will go." (Kyodo, "Abe Vows to Boost Cooperation with China on N. Korea though Wen Visit," March 27, 2007)

At a conference at Georgetown University, U.S. Negotiator Christopher Hill said Pyongyang needs to meet international standards, especially in human rights in order to have diplomatic relations with Washington. "It's the price of admission to the international community." He said its nuclear declaration had to be "minutely specific" on fissile material "all of it down to the gram." (Lee Dong-min, "Envoy Says N.K. Must Address Human Rights for Better Relations with U.S." Yonhap, March 26, 2007)

Separated families began three days of reunions by videoconference. (Yonhap, "Koreas Hold Family Reunions Via Video Link," March 27, 2007)

3/28/07 *Rodong Sinmun* signed article: "The joint military rehearsals RSOI and Foal Eagle now under way in south Korea are a token of the deep-rooted hostile policy towards the DPRK. They are bringing the chill of distrust and confrontation to the DPRK-U.S. and inter-Korean relations which have entered upon the road of reconciliation and improvement and driving the situation to a phase of tension. ... (KCNA, "Joint Military Exercises Reveal Anti-DPRK Policy," March 28, 2007) "The war exercises are a flagrant violation of the six-party agreement. ... This may entail such serious consequences as escalating the tension between the DPRK and the U.S. and scuttling the six-party talks for the settlement of the nuclear issue on the Korean peninsula arranged with so much effort." (Yonhap, "N. Korea Dubs S. Korea-U.S. Exercises As Violation of Nuke Deal," March 29, 2007)

3/29/07 Presidents Bush and Roh spoke on the telephone on closing the FTA agreement. (Yoo Cheong-m, "Roh, Bush Hold Phone Talks over FTA," Yonhap, March 29, 2007)

3/?/07 U.S. Committee for Human Rights in North Korea, *The North Korean Refugee Crisis: Human Rights and International Response*, (eds. Stephen Haggard and Marcus Noland)

4/3/07 Abe teleconference with Bush. They discuss "comfort women" and North Korea. "I have stated that I will uphold the government's position so far and expressed my heartfelt sympathy to the former comfort women who have suffered," Abe was quoted as saying. "I have also expressed my apologies for the fact that they were made to endure such pain." Abe drew heavy criticism for the *Washington Post* and the *New York Times* when he said recently there was no evidence to prove the Japanese military physically coerced women to provide sex for its soldiers, citing a government position paper. (Kyodo, "Abe Seeks Bush's Understanding of Position on 'Comfort Women,'" April 3, 2007)

U.S.-ROK FTA concluded.

Richard Lawless resigned as Deputy Under SecDef to be replaced by DAS James Shinn, former NIO for Asia. (*The Nelson Report*, April 3, 2007)

4/4/07 Kim Yang-gon, a close confidant of Kim Jong-il, named unification chief of KWP. (Yonhap, "Kim Jong-il's Confidant Appointed Unification Chef: Sources," April 4, 2007)

Vice Finance and Economy Minister Cho Won-don said products made at Kaesong Industrial Complex and other areas in North Korea could be recognized as South Korean goods and shipped to the United States under a clause on "outward processing zones" in the FTA. (Lee Hyo-sik, "FTA to Benefit Goods Made in North," *Korea Times*, April 4, 2007) South Korea and the United States agreed to launch a joint "Korean Peninsula OPZ Committee" to deal with inclusion of South Korean products manufactured in the North one year after the FTA goes into effect. (Jung Sung-ki, "S. Korea, U.S. to Launch Panel on Kaesong," *Korea Times*, April 4, 2007)

4/5/07 U.S. negotiator Christopher Hill met with Kim Myong-gil this week in New York to discuss how to resolve the BDA issue. (Associated Press, "Report: U.S. Nuclear Envoy Secretly Met North Korean Official over Financial Dispute," April 7, 2007) North Korea is unlikely to disable its reactor before next week's deadline because of delay in resolving BDA issue. (Anna Fifield, Michiyo Makamoto and Demetri Sevastopulo, "N. Korea Likely to Miss Deadline," *Financial Times*, April 5, 2007)

4/6/07 After thirteen days of negotiations in Beijing led by Deputy Assistant Secretary of the Treasury Daniel Glaser and Chief of Staff Jim Wilkinson, DoS spokesman Sean McCormack said, the parties were able to "identify the technical pathway" to resolve the BDA issue. "We support the release of all the funds," he said. "It is now a matter of technical implementation." That is up to the authorities in Macao. (David E. Sanger, "Money Shift Could Clear Way to Shut North Korea Reactor," *New York Times*, April 7, 2007, p. A-5)

Larry Niksch and Raphael Perl, *North Korea: Terrorism List Removal?* Congressional Research Service, April 6, 2007. The U.S. could "downgrade" the DPRK as "a state sponsor of terrorism." Michael Sheehan, State Department coordinator for counterterrorism, in Senate testimony in 2000, said it would be possible for states to "step off that state sponsor list and be left only on the 'not fully cooperating' list, with an eye towards stepping off that list when they fully cooperate with U.S. counterterrorism efforts." (Lee Dong-min, "U.S. Could 'Downgrade' North Korea's Status as State Sponsor of Terrorism: Report," *Yonhap*, April 21, 2007)

4/8/07 Ishihara Shintaro reelected to third term as governor of Tokyo with 51% of vote. (Yomiuri Shimbun, "Ishihara Reelected in Tokyo," April 9, 2007)

Japanese police had learned from testimony that North Korea ordered a female agent to abduct Watanabe Hideko and her two children, who all went missing in 1973, investigative sources said. But the agent failed to deliver the three to a North Korean operated ship in 1974, leading the police to believe it is highly likely that she killed the mother and later abducted only the two children to North Korea. The 59-year-old agent worked for Universal Trading, a now defunct trading company established by a Chongryon executive. The children, Ko Myung Mi, a girl and Ko Gang, were born to Watanabe and her husband, Ko Dai Gi, a pro-Pyongyang Korean resident in Japan. (Kyodo, "N. Korea Ordered Agent to Abduct 2 Kids, Mother, in Early 1970s," April 8, 2007)

PM Abe is likely to take concrete measures to allow Japan to come to the aid of an ally that is under attack in a limited number of contingencies, such as a ballistic missile attack on the United States, a government sources said. The concept is known as collective defense - currently banned in line with the official interpretation of the constitution. The government is expected to create a panel of experts this month chaired by Yanai Shunji, former ambassador to the U.S., to conduct detailed discussions on four contingencies: using Japan's missile defense shield to intercept a ballistic missile targeted on an ally, staging a counterattack when a warship sailing with an SDF vessel is attacked on the high seas, staging a counterattack when another country's forces in multinational forces including SDF troops working for a shared objective are attacked, using arms to eliminate obstacles to implementing U.S. peacekeeping operations. (Kyodo, "Abe Moves toward Major Defense Policy Shift," April 8, 2007)

4/9/07 Kim Gye-gwan says implementation slower than expected.

4/10/07 Treasury Department: "The United States understands that the Macau authorities are prepared to unblock all North Korean-related accounts currently frozen in Banco Delta Asia. Based on previous discussions with Chinese, Macanese, and DPRK officials, as well as understandings reached with the DPRK on the use of these funds, the United States would support a decision by the Macau authorities to unblock the accounts in question. Throughout this process we have appreciated the consistent help, goodwill, and professionalism shown by the Macanese authorities and look forward to continued cooperation between the United States and Macau. Treasury Department, "Statement on North Korean-Related Funds Frozen at Banco Delta Asia," April 10, 2007) "The account holders or authorized parties can go to the bank and withdraw or deal with their deposits," said Wendy Au, spokeswoman for the Monetary Authority of Macao. (Kyodo, "Macao Unfreezes N. Korea Finds with Immediate Effect," April 10, 2007)

Investigations code-named Royal Charm and Smoking Dragon led the Treasury to designate Banco Delta Asia as a "primary money-laundering concern" under the USA PATRIOT Act. "Royal Charm and Smoking Dragon were just incontrovertible proof of the role of Macao banks, Macao gangsters, North Koreans in Macao," said David Asher. "In effect, they also demonstrated the awareness of the Macao authorities to these things," he added. "This stiff was going on such a large scale, going through several different banks." The declaration against BDA produced a run on the bank draining \$133 million about one-third of its deposits, say the bank's lawyers. The Monetary Authority of Macao replaced its management and froze \$25 million in North Korean-linked accounts Banks around the world, fearing exclusion from the U.S. banking system, started to shun business with North Korea, triggering an informal financial embargo. **The Bush administration decided not to take similar action against a local branch of the Bank of China, China's third largest lender, to avoid excessive damage to the financial system of Macao and a clash with China,** officials say. (David Greenlees and David Lague, "How a U.S. Inquiry Held up the North Korea Peace Talks," *International Herald Tribune*, April 11, 2007) Two months before North Korea tested its first nuclear weapon, President Bush was asked about a Treasury Department investigation of North Korean counterfeiting of \$100 bills, which had

ruptured talks on ending Pyongyang's nuclear programs. "Counterfeiting U.S. dollars is an issue that every president ought to be concerned about," he replied bluntly during an August news conference. "And when you catch people counterfeiting your money, you need to do something about it." Yesterday, the Bush administration agreed to allow those suspected counterfeiters, along with other North Koreans suspected of money laundering and other fraud, to get their money back -- with no strings attached -- in the hopes it will ensure that North Korea shuts down its nuclear reactor by the end of the week. "The United States started on this path not understanding what the impact would be," said Alan D. Romberg, senior associate at the Henry L. Stimson Center and an expert on Asia. "This should be an object lesson: Be careful what you do, and play through how you would undo it." John R. Bolton, the former U.N. ambassador who has emerged as a critic of the nuclear deal, said the retreat is "an image of surrender that is going to be hard to erase." Returning the money to entities that committed fraud "will have a dilapidating effect on bringing sanctions against Iran and other rogue states," he said. "It is a terrible symbol." The investigation started in 2003, when Colin L. Powell's State Department was under attack from conservatives for not being tough enough on North Korea. Officials there latched on to the idea of targeting North Korea's illicit activities, and an interagency group was formed to track the country's counterfeiting operations and then figure out ways to cut it off, officials said. Citing reports that two dozen financial institutions in Asia had voluntarily cut back or terminated their business with North Korea, Treasury Undersecretary Stuart Levey declared last September: "The result of these voluntary actions is that it is becoming very difficult for the Kim Jong Il regime to benefit from its criminal conduct." But another result was that North Korean officials refused for months to return to the nuclear negotiations, citing the investigation. Finally, after the country's nuclear test in October, North Korea agreed to renew talks but would not discuss substantive issues until the banking case was resolved. A high-level Treasury team was dispatched to Beijing, including Chief of Staff Jim Wilkinson, Deputy Assistant Secretary Daniel Glaser and James Fries, deputy assistant general counsel. Wilkinson had been a former senior adviser to Secretary of State Condoleezza Rice, and his presence was intended to signal that Treasury and State were united on the issue. (Glenn Kessler, "To Prod N. Korea, U.S. Relents in Counterfeiting Case," *Washington Post*, April 11, 2007, p. A-1) SecState Rice pressed Treasury Secretary Paulson and President Bush for what Christopher Hill called a "strategic decision" to resolve BDA. Hill: "I kept saying, 'For Christ's sake, we're getting them to shut down their reactor by giving them their own money. Why is that such a bad deal?'" (Chinoy, *Meltdown*, p. 335)

Japan extended economic sanctions on North Korea for another six months. (Kyodo, "Japan Extends Economic Sanctions on N. Korea for Six More Months," April 10, 2007)

Democratic Party of Japan made big gains in prefectural assembly elections, gaining 370 seats, up from 230 four years ago. (*Yomiuri Shimbun*, "DPJ Makes Big Leap in Urban Areas; Gains in Pref. Assembly Seats Worry LDP," April 10, 2007)

4/?/07 The Yongbyon fuel fabrication plant has not operated since **before 1994**. (IISS, "Halting North Korea's Nuclear Program," *Strategic Comments*, 13, No.2 (March 2007), p. 1)

- 4/8-11/07 DPRK First Vice FM Kim Gae-gwan told Richardson, the North "would invite the ... inspectors back the moment the funds are released to the North Korean government." (Foster Klug, "N. Korea: If Funds Freed, Inspectors In," Associated Press, April 9, 2007) Gov. Bill Richardson, for Veterans Affairs Secy Anthony Principi and K.A. Namkung went to Pyongyang to facilitate the return of MIA remains. "Talk about retreating to a Clinton policy," said GOP political consultant Ed Rogers. "Next they will want Hillary to sponsor healthcare legislation." (Glenn Kessler, "Bush Backs Richardson Trip to North Korea," *Washington Post*, April 4, 2007), p. A-5) Richardson asked to meet with Kim Jong-il, said Tony Namkung in a radio interview. (Yonhap, "U.S. Gov. Richardson Requests to Meet kim Jong-il: Aide," April 7, 2007) He was accompanied by Victor Cha. "Richardson is running for president and really only wants to get publicity out of this. So the administration does not think he can be a reliable messenger," former NSC senior director for Asia Michael Green said in an email. (Lee Dong-min, "Former Aide Says White House Official Going with Richardson to Prevent Confusion," Yonhap, April 7, 2007) MIA remains repatriated for first time in two years. North Korea wanted to delay a weekend deadline for shutting down its reactor at Yongbyon, but said Gov. Bill Richardson, "We let them know that this was not acceptable and the issue was dropped. Instead, he said, the shutdown would take just a "few days." (Burt Herman, "U.S. Tells N. Korea Delay 'Not Acceptable,'" Associated Press, April 11, 2007) DoS denies North Korea expressed its willingness to return the USS Pueblo. (DoS Office of the Spokesman, "North Korea - Return of the Pueblo, April 17, 2007; Yonhap, "N.K. Hints at Returning Pueblo: Source," *Korea Herald*, April 15, 2007)
- 4/9-14/07 Chinese PM Wen Jiabao meets with President Roh in Seoul, then three-day visit with PM Abe Shinzo in Tokyo. (Kyodo, "Abe, Wen Agree to Build Strategic Ties, Economic Unity," April 11, 2007) Abe told Wen at the start of talks, "I hope your visit serves as a large step toward creating a mutually beneficial strategic relationship." {Wen is pictured in a baseball uniform, an American game.] Wen said, "If historical issues are handled satisfactorily, that will serve as the foundation for friendship between our two nations. However, if the issues are handled badly, it would become a hurdle to better relations." [It's a pointed reference to Abe's pledge not to visit Yasukuni.] (*Asahi Shimbun*, "Abe, Wen Agree on Strategic Ties," April 12, 2007)
- 4/9-14/07 N-S Red Cross talks protracted, failed to agree. "Nothing has been decided yet. It will take more time," said Jang Seok-jun, chief of the South's delegation. At one point the North threatened to walk out if the South continued to use the terms "POWs and abductees." The North insisted they be called "those unaccounted for during or after the war." (Yonhap, "Koreas Mired in Protracted Negotiations over Family Reunions," April 12, 2007)
- 4/11/07 During Supreme People's Assembly session, DPRK replaces PM Pak Pong-ju with Kim Yong-il, KCNA reported. Vice PM Kwak Pom-gi, who led the session, said the country's main economic goals this year were to "improve the people's living" along with "modernization of the national economy." (Associated Press, "North Korea Replaces Prime Minister," April 11, 2007)

Park Geun-hye, former representative of the Grand National Party, announced on the 9th the "Korean Peninsula 3-Step Peace Unification Theory" that covers establishment of peace, economic unification, and political unification. Park said, "A small-scale unification can be accomplished through a North-South economic community with complete disarmament of North Korea's nuclear weapons and dissolution of the military, fulfilling an actual construction of peace on the Korean peninsula." The powerful GNP presidential candidate Lee Myung-bak, former mayor of Seoul, announced last February the "MB (Myung-bak) doctrine" containing the North Korean policy. The announcement format, like Representative Park's, was at a press meeting with foreign reporters. Lee revealed the following, "If North Korea completely disarms its nuclear weapons, we will aggressively support the economic advancement of North Korea through taking the initiative to lead its development. Within 10 years, we will achieve a national per capita income of 3,000 dollars." Befitting the image of a business leader, he tried to find an economic solution to the North Korean issue. Between the two powerful candidates, there is not much of a difference in the construction of a North Korean policy on the premise of complete North Korea nuclear disarmament based on international cooperation. Further, the step by step approach to achieving North Korea's economic development first before North-South reunification is similar. The mentality that structural reformation is futile without North Korea's improvement in human rights is also common. But differences can be seen. Lee emphasizes the principle of "leading the effort for North Korea to take the initiative on development." On the other hand, Park pointed out that the "reciprocity-centered" approach has a more conservative tint. This can be attributed to Lee trying to align his focus on supporting North Korea's development initiative, while Park places greater weight on a stricter inspection. Also, regarding the plan for reunification, Lee emphasized that merely declaring peace-building is meaningless and stressed economic development and other active intervention first. Park prioritized the necessity of establishment of peace before suggesting a military decision. Park proposed the resolution of the North Korean nuclear problem and announced, "Political reunification will follow if we create a community for the citizens of the peninsula through economic reunification. We must ultimately achieve political unification by revitalizing the economic exchange based on North-South peace."(Jeong Jae Sung, "Lee-Park North Korea Doctrine - Difference in Principle and Reality? *Daily NK*, April 11, 2007)

4/12/07

Chinese FoMin spokesman Qin Gang, asked about BDA, said, "The Chinese side hopes the issue will be handled in a way that is conducive to safeguarding the financial and social stability of China's Macau Special Administrative Region and also conducive to promoting the process of the six-party talks." (Lin Liping and Xiong Zhengyan, "Foreign Ministry Spokesman: It Is Hoped That Various Relevant Sides Implement Initial Steps As Early As Possible," *Xinhua*, April 12, 2007)

DPRK FoMin spokesman: "The DPRK took note of the announcement made by the U.S. Department of Treasury and the Macao administrative authorities on April 10 that they took a measure of de-freezing the fund of the DPRK deposited in Banco Delta Asia in Macao. A DPRK financial institution concerned will confirm soon whether the measure is valid. The DPRK remains unchanged in its will to implement the Feb. 13 agreement

and will also move when the lifting of the sanction is proved to be a reality." (KCNA, "DPRK to 'Move' When Defreeze of BDA Funds Confirmed, Sanctions Lifted," April 13, 2007)

4/14/07 Atlantic Council report, *A Framework for Peace and Security in Northeast Asia*, is the first time U.S. Korea experts associated with both the Republican and Democratic parties have joined together to recommend a peace regime for the Korean peninsula. (*Hankyore*, "Multipartisan Team of U.S. Experts Calls for Korean Peace Regime," April 14, 2007). James Steinberg comment: "There is in my judgment, very little prospect of complete denuclearization by North Korea absent a dramatic change in the political environment both in North Korea itself and in the region."

4/16/07 Audit by Ernst & Young suggests that the U.S. Treasury overstated claims that BDA laundered "hundreds of millions" in counterfeit currency. "From our investigations it is apparent ... the Bank did not introduce counterfeit U.S. currency notes into circulation," the audit concluded, noting that large cash deposits from North Korea were routinely screened for counterfeits by the Hong Kong branch of an unidentified bank with U.S. operations. The audit found that the only time BDA knowingly handled counterfeit U.S. notes was in 1994 when its inspectors discovered 1000 counterfeit \$1000 bills and turned the \$10,000 over to Macao authorities. (Kevin G. Hall, "U.S. Challenged on Action against Key Bank," McClatchy, April 16, 2007)

4/17/07 Stanley Au, owner of BDA, said, "There are no banks accepting the so-called black money. The only thing they can do at the money is to take the money in banknotes out of the bank." (Bo-mi Lim, "North Korea Signals Atomic Shutdown," Associated Press, April 17, 2007)

An independent audit of BDA shows that the Treasury may have had an unstated motive in trying to blacklist it - blocking vital gold sales. One of BDA's most important activities was to handle its gold sales, a key source of hard currency earnings. Of the 50 North Korea-linked entities with accounts at BDA, six were involved in trading gold bullion, Ernst & Young found. (Kevin G. Hall, "Gold Sales May Have Spurred Macau Bank's Blacklisting," McClatchy, April 17, 2007)

4/18/07 Student from South Korea kills 32 at Virginia Tech.

Dick K. Nanto and Emma Chanlett-Avery, *The North Korean Economy: Overview and Policy Analysis*, Congressional Research Service, April 18, 2007) p. 14: In 2006, exports to China \$468 million, Japan \$76 million, South Korea \$520 million, Russia \$20 million, Germany \$17 million. Imports from China \$1,232 million, Japan \$44 million, South Korea \$830 million, Russia \$191 million, Germany \$59 million.

4/19/07 *Rodong Sinmun* analyst: "If the talks get rid of such filibuster as Japan, a favorable atmosphere for the talks will be created and the implementation of the agreement will run on oiled wheels. Noting that Japan is persistently bringing forward quite an irrelevant issue which has nothing to do with the 6-party talks, the analyst goes on: This is because it has a sinister intention to obstruct the implementation of the February 13

agreement and, furthermore, derail the 6-party talks at any cost. ...By doing so, the Japanese reactionaries seek to invent a pretext for the nuclear armament of Japan and gratify their ambition for the building of a military power and overseas aggression. For this very purpose Japan obstinately denies its past crimes including the issue of the "comfort women" forcibly recruited for the imperial Japanese army and tries to bury them in the limbo of historic oblivion. It is entirely attributable to the unreasonable and shameless obstructions of Japan that the implementation of the February 13 agreement has come up against a snag and the 6-party talks fail to make a progress." (KCNA, "Japan Denounced for Disturbing 6-Party Talks," April 19, 2007)

4/20/07 In a letter to IAEA director-general Mohamed El-Baradei, Ri Je-son, director of the DPRK Atomic Energy Department, said, "Working negotiations are now brisk between a DPRK bank and [BDA] to settle the issue. ... The DPRK is ready to invite the [inspection] delegation of the IAEA the moment the actual defreezing of the frozen fund in the bank has been confirmed and discuss the issue of suspending the operation of the nuclear facility in Yongbyon and verifying and monitoring procedures of it according to the February 13 agreement." (Yonhap, "N. Korea Repeats Intention to Invite IAEA Inspectors after BDA Fund Release," April 20, 2007)

Hannah Fischer, *North Korea's Provocative Actions, 1950-2007*, Congressional Research Service, April 20, 2007)

4/19-22/07 At N-S economic talks, South will consider North's request for a "loan" of 400,000 tons of rice and will hold up delivery of rice aid until reactor is shut down. (Yonhap, "Seoul Likely to Link Rice Aid to Shutdown of N. Korean Reactor: Sources," April 16, 2007) The talks opened late when North demanded the South's speech in advance. (Yonhap, "Inter-Korean Economic Talks Get off to Shaky Start," April 19, 2007) The two sides agreed to conduct test runs of cross-border railways next month, but are still negotiating over a military guarantee for their safe operation. On the schedule of South Korean provision of raw materials for the North to produce clothing, footwear and soap in return for North Korean natural resources, a South Korean delegate said, "We stressed the parallel exchange of raw materials and natural resources. The first batch of raw materials for the North's light industry could be shipped in late June, while our visits to natural resource sites can be made sometime in June." He added, "As we made clear in our keynote speech, we urged the North to honor its promise to carry out the February 13 agreement. But I don't think the talks should go awry because of this demand." (Yonhap, "Koreas Lock Horns over Guarantee for Railway Tests, N. Korea's Nuke Dismantlement," April 21, 2007) South agreed to resume rice aid. The agreement was unconditional, but in a supplementary statement, the UnifMin said, "The South emphasizes the speed and timing of aid could be changed depending on the North's sincere implementation of the February 13 agreement." (Jon Herskovitz, "South Korea to Resume Rice Aid to North," Reuters, April 22, 2007)

4/23/07 Victor Cha, Asia specialist at the NSC staff, delivered a pointed message to North Korean diplomats in New York, a senior U.S. official told the Associated Press, saying that U.S. patience is limited and urging them to shut down the reactor at Yongbyon.

(Choe Sang-hun, "Embattled North Korea Celebrates Its Military," *New York Times*, April 25, 2007)

PM Abe in interview said, "I would like to have a frank discussion [with Bush] on what we need to do in order to make North Korea keep its promises from now on, learning from the lessons of various negotiations Japan has been engaged in with North Korea, including the abduction issue." Asked what he meant by "progress" on the abductions issue, he said, "I would say there is progress when there is a consensus [between Japan and North Korea] on resolving all the abductions and concrete, verifiable steps taken to proceed with doing so." He added, "**The abductions issue will be resolved when all abductees are returned to Japan.**" (Kyodo, "Abe to Seek Bush Cooperation on N. Korea Abductions, Nukes at Summit," April 23, 2007)

4/?/07 Poll: if North Korea continues to produce material that can be used to develop nuclear weapons, would you support the United States' taking military action? 8 percent support, 70 percent oppose, 21 percent unsure. If the U.N. Security Council votes to use military force against North Korea, would you support the international community's taking military action? 53 percent support, 26 percent oppose, 21 percent unsure. (*Foreign Policy*, "Safety in Numbers, March/April 2007, p. 68)

4/25/07 Japan forms study group on executing right of self-defense headed by former ambassador to U.S. Yanai Shinji.

4/26/07 DPRK deputy FM Kim Yong-il met with his counterpart in Myanmar Kyaw Thu in Yongon to sign an agreement restoring relations. After the meeting they were joined by China's ambassador to Myanmar. "There is an arms embargo on the Burmese military, so maybe the Burmese military is looking for [North Korean] arms systems, using Burmese resources -like rice. You don't have to pay with hard currency; you could barter," said Aung Naing Oo. (AFP, "Secretive Myanmar, N. Korea Meet on Restoring Ties," April 26, 2007)

PM Abe expressed regret in *Newsweek* for his remarks about "comfort women." Douglas Wilder, NSC senior director for East Asia said, "Prime Minister Abe has done a lot to clear up misunderstandings in the last couple of weeks on the issue." (Kyodo, "Abe Regrets Misunderstandings Caused by Remarks on 'Comfort Women,'" April 26, 2007) Rep. Mike Honda (D-CA) has introduced a non-binding resolution calling on Japan to apologize officially for its role in running the brothels. It has some 80 co-sponsors. (Thomas H. Snitch, "Abe Must Frankly Discuss Critical Issues during Washington Visit," *Yomiuri Shimbun*, April 26, 2007) "The U.S. is going blindly into an alliance with these people without appreciating the fact that their friends in Japan aren't on the right side of history, as with the 'comfort women' issue," said Francis Fukuyama. "If you end up polarizing Asia on these history issues, nobody will be on the side of Japan." Columbia University professor Gerald L. Curtis said, "Abe and his allies are clearly in dismay that the neocon rug was pulled from under them last fall." (Norimitsu Onishi, "Japan Premier to Visit a Politically Changed Washington," *New York Times*, April 26, 2007, p. A-10)

The Metropolitan Police Department obtained an arrest warrant for Kinoshita Yoko, the 59-year-old woman alleged to be the leader of a group of North Korean agents, on suspicion of abducting two children of Watanabe Hikedo in 1974. (*Yomiuri Shimbun*, "Female Agent Sought over '74 Abduction; Warrant Issued for Suspect in N. Korea," April 27, 2007)

Dennis Wilder, NSC senior director for Asian affairs, said, "We aren't going to de-link the abductee issue from the state sponsor of terrorism issue." [?] (Yonhap, "U.S. Will Not Remove N. Korea from List of Terror-Sponsoring States: Official," April 26, 2007)

U.S. congressmen and their aides left an hour-long meeting with PM Abe Shinzo less satisfied and more puzzled about his position on "comfort women," after he told them that "as prime minister and an individual" he feels "heartfelt sympathy" for the women, adding, "I have a sense of apology toward these individuals." Sen. Daniel Inouye (D-HI), who opposes the resolution introduced by Rep. Mike Honda (D-CA), had organized the meeting. House Speaker Nancy Pelosi (D-CA) also attended. Honda was not invited. "The senators and representatives were all quiet, but their aides sitting with them were shaking their heads," said one source. "All of the aides who were there met after the meeting, asking each other what they thought of Abe's comments about 'sense of apology.' The consensus was that they were extremely dissatisfied. Almost like a slap in the face." He added, "This, I think, was the last straw for them." (Lee Dong-min, "Abe's 'Comfort Women' Comments Leave Congress Puzzled, Discontent: Sources," Yonhap, April 26, 2007)

4/27/07

Bush-Abe summit at Camp David. Abe probes on BDA. U.S. President George W. Bush admitted during his talks in April with Japanese Prime Minister Abe Shinzo that the U.S. government failed to fully read North Korean actions over the recent banking impasse, saying Washington "screwed it up," sources close to the Japan-U.S. relation said Thursday. (*Kyodo*, "Bush Admits U.S. 'Screwed up' over N. Korea Banking Impasse," May 31, 2007) "We hope the United States will not take North Korea off the list of state sponsors of terrorism until the abductions issue is resolved," Abe told Bush in their one-on-one meeting. Bush said he understood and asked Abe to take the matter up with Rice. Rice's explanation of the conditions the U.S. uses to designate a state sponsor of terrorism "was not music" to Abe's ears. Her language suggested she felt the abductions fell short of meeting that condition. Abe told his aide, "The president's stance hasn't changed. He knows the importance of the abduction issue. We shouldn't be worried even if other people within the U.S. administration hold different opinions." [Nixon shock] (*Yomiuri Shimbun*, "North Korea's Nuclear Threat; Teamwork Needed to Rein in N. Korea," May 20, 2007) Bush admitted during his talks in April with Abe that the U.S. government failed to fully read North Korean actions over the recent banking impasse, saying Washington "screwed it up," sources close to the Japan-U.S. relations. The remark may be seen as a rare acknowledgment by Bush that the United States erred in handling the stalemate over the transfer of North Korean funds that effectively has held up the six-nation nuclear talks since March, the sources said. (*Kyodo*, "Bush Admits U.S. 'Screwed up' over N. Korea Banking Impasse, May 31, 2007) [Abe says KJI is untrustworthy. Bush agrees. Abe thanks Bush for see Yokota kin. Bush says a politician should be nice to people. Abe urges no deal with North Korea on

terrorism list until progress on abductions. Bush says talk to Rice, who says abductions are not an obligation under U.S. law. ] Rice: "It began to feel as if the Japanese wanted the Six-Party Talks to fail lest they lose their leverage with us to help them with the admittedly tragic abduction issue. For the remainder of the term, I'd fight to avoid linkage between the two issues. ...Tom Schieffer, the President's good friend and former co-owner of the Texas Rangers, was ambassador to Japan ... Tom was a good guy but sometimes a little too insistent in making Tokyo's case. After one incident in which Tom called the President - not me - about Japan's complaints, we had a discussion about the appropriate chain of command. He hadn't meant to cross the line and we never had difficulties again." (Rice, *No Higher Honor*, pp. 648-49)

Joint press availability, Bush: "We spent a lot of time talking about North Korea and our mutual desire for North Korea to meet its obligations. Our partners in the six-party talks are patient, but our patience is not unlimited. We expect North Korea to meet all its commitments under the February 13th agreement, and we will continue working closely with our partners." Abe: "With regard to the abduction issue, President Bush once again expresses unvarying commitment to support the government of Japan saying that to this day the strong impressions he got when he met Mrs. Yokota, around this time last year, still remains. I told the President that before my departure this time, Mrs. Yokota had told me ever since she last heard from her daughter, Megumi, that the most moving moment was her meeting with the President. So the President expressed his, as I said, unvarying commitment to support of the government of Japan on this abduction issue. We agree that the current state of the six-party talks, as well as North Korea's attitude towards the abduction issue, are regrettable. And we'll work for closer coordination between our two countries to achieve progress." Q Some people say you're going soft on North Korea. You said you had unlimited patience with the regime. They've missed their deadline on shutting down their nuclear reactor -- BUSH: No, I said our patience is not unlimited. Q Not unlimited. My question, sir, is how long are you willing to wait to have them shut this down? Are we talking days, weeks, months? And -- BUSH: No, I appreciate that very much. Do you want to ask the Prime Minister something, too? It's an old U.S. trick here. Keep plowing through it. (Laughter.) Q Are you worried that America is softening its stance on Kim Jong-il? BUSH: I have always believed that the best way to solve these difficult problems is through diplomacy. That's the first choice of the United States, to solve difficult problems diplomatically. I also believe that the best way -- and the difficult problem, of course, was to convincing the leader of North Korea to give up his nuclear weapons program. ...We recently had a bump in the road to getting them to honor their agreement, and that is, there is a financial arrangement that we're now trying to clarify for the North Koreans, so that that will enable them to have no excuse for moving forward. And that's where we are right now. The interesting thing about our position is that if it looks like the North Korean leader is not going to honor his agreement, if it looks like that there are reasons other than the financial arrangements that will cause him to say, well, I really don't mean what I said, we now have a structure in place to continue to provide a strong message to the North Korean. We have the capability of more sanctions. We have the capability of convincing other nations to send a clear message. So I like our position in terms of achieving this mission in a diplomatic way. And I want to thank the Prime Minister for being a strong advocate of sending a clear message to the North

Korean leader that there's a better way forward than to defy the world. On all issues, there is a --- whether it's this issue or any other issue, is that we will work with our partners to determine how long. But as I said, our patience is not unlimited. And that's the operative word for the leader in North Korea to understand. We hope he moves forward soon, obviously. ...There's still time for the North Korean leader to make the right choice. ABE: Today this issue had very candid exchange of views. Our understanding of the issue and the direction we are pursuing, we completely see eye to eye on this matter, and we've had completely the same attitude. We'll continue to deal with the North Korean issue. We have to make the North Koreans understand that unless they keep up their promise, the difficult conditions they find themselves under -- the food situation and economic situation -- they'll not be able to resolve those difficulties. And in fact, the situation would only worsen. So they need to respond appropriately on these issues, otherwise we will have to take a tougher response on our side. Q Once again, allow me to ask questions related to North Korea. In Japan, the interpretation is that the United States have become softer on the BDA, Banco Delta Asia issue, and some people are concerned. Now Mr. Abe, in your meeting today, did you ask President Bush to step up the American pressures on North Korea? And a question for Mr. President. I understand the United States has agreed with North Korea to start negotiations on lifting the terrorist state designation. Is it right to consider that a precondition for lifting would be the abduction issue resolution? ABE: To resolve the North Korean issue, of course, dialogue is needed. But in resolving those issues, and in negotiating with North Koreans, there is a need for pressure. And on that score, George and I fully agree. We reaffirmed that point today. Should the North Koreans fail to keep their promise, we will step up our pressures on North Korea. And on that point, again, I believe we see eye to eye. As for the importance of the abduction issue, George and our American friends, I'm sure, are fully aware, and they understand our thinking and they support our position. In resolving that abduction issue, as well, Japan and the United States will cooperate with each other, when we need to cooperate with each other. And the President thinks the same way. BUSH: We have shown the North Korean leader that obstinance on this issue, that there's a price to pay. We have come together as a group of nations, all aiming to achieve the same objective, and that is for the leader to North Korea to verifiably give up the weapons program that he has, just like he said he would do. And we have proven that we can work in collaboration to deny certain benefits to the North Korean government and people. That's what we've shown so far. I think it's wise to show the North Korean leader, as well, that there is a better way forward. I wouldn't call that "soft," I'd call that wise diplomacy. It's his choice to make, ultimately, not our choice, as to whether he honors the agreement he agreed to. Our objective is to hold him to account. But he's got different ways forward and we have made that avenue available for his choice. So the meeting today, of course, is to hope for the best and plan for the worst. We're hoping that the North Korea leader continues to make the right choice for his country. But if he should choose not to, we've got a strategy to make sure that the pressure we've initially applied is even greater. That's our plan. And so it is -- he ought to know that if he makes right choices, there is a way for him to be able to deal with a listing that our government has placed on him; in other words, there's a way forward. And this is -- what you're referring to is the beginning of a process, it's the beginning of an opportunity for him to be in a different position, vis- -vis the United States government

on a variety of fronts. **Any discussion about ways forward, however, shouldn't -- should not obscure my strong sentiment about the abductee issue.** The Prime Minister mentioned how Mrs. Yokota was affected by her visit to the Oval Office -- well, I was affected by her visit to the Oval Office. It broke my heart to be in the presence of a Japanese mother whose love for her daughter has not diminished over time and her grief is sincere and real. I remember her bringing the picture of the child as she remembers her, right there where I go to work every day, and sitting it on the couch next to her. So I'm deeply affected by her. She needs to understand that her visit added a human dimension to an issue which is obviously very important to the Japanese people. And I will never forget her visit and I will work with my friend and the Japanese government to get this issue resolved in a way that touches the human heart, in a way that -- it's got more than just a, kind of a diplomatic ring to it, as far as I'm concerned. It's a human issue now to me; it's a tangible, emotional issue. And thank you for bringing the question up." [Note how their views differ and how Bush hints at delisting.] (White House, Office of the Press Secretary, April 27, 2007) A Japanese official who accompanied Abe said, "The United States won't give consideration to Japan over the North Korea issues unless Japan maintains its Iraq policy, which was inherited from the administration of Koizumi." [?] (Igarashi Aya, "Japan-U.S. Gap over DPRK Remains; Differences in Approach Belie Geniality of Abe's Initial Encounter with Bush," *Yomiuri Shimbun*, April 30, 2007)

North and South held working-level talks on test runs of the cross-border railways. (Yonhap, "Koreas Hold Working-Level Talks on Test Runs of Railways," April 27, 2007)

4/29/07 Former prime minister Lee Hae-chan will visit the United States for talks on holding a four-way peace summit meeting. (AFP, "S. Korea to Explore Peace Summit to 'End' Korean War," April 29, 2007)

The Swiss Agency for Development and Cooperation and North Korean officials are testing a microcredit program for farmers. (Yonhap, "N. Korea, Switzerland Try New Bank Program to Help N.K.'s Farmers," April 29, 2007)

4/30/07 SecState Rice meets with FM Aso Taro. "With regard to the abduction issue, Secretary Rice made it clear that there was no change in U.S. support for the position of the Japanese Government. Also, with regard to the issue of removing North Korea from the designation as state sponsors of terrorism, it was confirmed that the abduction issue would be given due consideration in any discussion of removing that designation." (MOFA summary, April 30, 2007) "If there is no response at all from the DPRK in a few days ... we will have to take additional measures," Aso tells reporters. (Kyodo, "Aso, Rice Agree Tougher Moves on N. Korea If Needed for Denuke Steps," April 30, 2007)

Country Report on Terrorism: "The Democratic People's Republic of Korea (DPRK) was not known to have sponsored any terrorist acts since the bombing of a Korean Airlines flight in 1987. The DPRK continued to harbor four Japanese Red Army members who participated in a jet hijacking in 1970. The Japanese government continued to seek a full accounting of the fate of the 12 Japanese nationals believed to have been

abducted by DPRK state entities; five such abductees have been repatriated to Japan since 2002. In the February 13, 2007 *Initial Actions* Agreement, the United States agreed to 'begin the process of removing the designation of the DPRK as a state-sponsor of terrorism.'" (U.S., Department of State, Office of the Coordinator for Counterterrorism, April 30, 2007) The report was half the length of last year's and omitted a longer discussion of the abduction issue. (Yonhap, "'U.S. report Retain N. Korea on Terrorism List But Makes Notable Changes,'" *Hankyoreh*, April 30, 2007)

International Crisis Group, *After the North Korean Breakthrough: Compliance or Confrontation?* April 30, 2007.

DoS, Office of Counterterrorism, Country Reports on Terrorism: "The DPRK was not known to have sponsored any terrorist acts since the bombing of a Korean Airlines flight in 1987. The DPRK continued to harbor four Japanese Red Army members who participated in a jet hijacking in 1970. The Japanese Government continued to seek a full accounting of the fate of 12 Japanese nationals believed to have been abducted by DPRK state entities." The North Korea segment in the report was nearly halved from the 2006 version, deleting much from the Japanese abduction issue. (Yonhap, "U.S. Report Retains N. Korea on Terrorism List But makes Notable Changes," *Hankyoreh*, April 30, 2007)

Jon Van Dyke, "Legal Issues Related to Sovereignty over Dokdo and Its Maritime Boundary," *Ocean Development and International Law*, 38 (2007), pp. 157-204.

5/1/07 FM Wu Dawei tells Japanese Diet delegation led by ex-FM Komura Masahiko that North Korea asked for BDA funds to be transferred to accounts in Italy and Russia in either dollars or euros. Authorities are "studying whether that is technically possible." (Associated Press, "N. Korea Asks for Funds Transfer to Italy, Russia," May 1, 2007)

5/2/07 South proposes joint survey of two North Korean mines in Ryongyang (magnetite) and Geomdeok (lead and zinc) to facilitate cross-border economic changes, a South Korean official says. (Yonhap, "S. Korea Proposes Joint Exploration of N. Korean Mines: S. Korean Official," May 2, 2007; *Hankyoreh*, "Here Come North Korean Minerals," May 8, 2007) South ships \$1.41 million in anti-malaria and other medical supplies. (AFP, "South Korea Ships Anti-Malaria Aid to North," May 2, 2007)

A May 2 statement by Stanley Au appealing his bank's blacklisting raises new questions about the Treasury's March 19 decision as well as the Bush administration's assertions that the North Korean regime has used the Banco Delta Asia to introduce counterfeit \$100 bills into circulation. In his declaration, Au said that some \$160,000 in counterfeit American currency had turned up at his bank in 1994 but that he'd reported the incident to Macau's police after he'd learned the money was fake. A short time later, U.S. government agents called on him, he said. "I cordially answered the questions and asked if their preference was that we should desist from doing business with North Korean entities," Au wrote. "They said they would like us to continue to deal with them, as it was better that we conducted this business rather than another financial entity that may not be so cooperative with the United States." "In the next couple of years, the

Bank was periodically contacted by other U.S. government agents and we cooperated in their inquiries," Au said in a statement first published by China Matters, an Internet blog. "Since those meetings, I believed that the U.S. government knew of my willingness to cooperate with regard to the Bank's North Korean business and, indeed, to end that business if this would help prevent unlawful conduct." (Kevin G. Hall, "Bank Owner Disputes Money-Laundering Allegations," McClatchy Newspapers, May 16, 2007)

5/?/07 J.D. Crouch announces departure as Deputy NSA. (Matthew Lee, "Top Security Chiefs Leaving in Doves," Associated Press, May 7, 2007)

5/?/07 Meir Dagan, dir-gen of Mossad, called in late April and arranged for early May meeting to brief NSA Stephen Hadley on Syrian nuclear reactor with pictures taken from inside the facility, apparently by a Syrian who had been "turned." Among the photos was one of Ibrahim Othman, head of the Syrian Atomic Energy Agency, standing next to "Chon Chibu," who managed fuel production at Yongbyon. The reactor resembled Yongbyon. "A carbon copy," [?] said one official who had reviewed the intel. (Sanger, *The Inheritance*, pp 271-73) Two senior officials said that Bush seriously considered ordering a U.S. strike on the reactor. Shortly after Dagen's visit, the Pentagon developed a detailed plan for the strike. "It was discussed in the Oval [Office], more than once," said a senior administration official who participated. "the thinking was that if we did it instead of Israel, there was less of a risk of it turning into a broader Middle East war." But Hadley said in his mind the reactor did not meet the standards of the Bush Doctrine fo a preemptive strike. The CIA assessed that because so much was missing at al-Kibar - including a reprocessing facility - that the U.S. could prove only that Syria was seeking a capability to make nuclear weapons, not the intent to make one. Based on the evidence, "we had low confidence that it's part of a weapons program." Instead, SecState Rice said in a May 8, 2008 interview, "We had an alternative plan that involved going rapidly to the United Nations, exposing the program, and demanding that it be immediately dismantled." A senior Israeli said, "It was laughable logic. Whatever happened to the George Bush who said after 9/11, we could not let threats fester?" (pp. 276-77) The first of a number of secret meetings between Syria and North Korea took place on June 12, 2000, two days after Hafez Assad's death, with a DPRK delegation that came for his funeral. They discussed supply of "a facility that would enable it to produce a nuclear bomb." Two weeks later, Kim Jong-nam, eldest son of KJI, arrived on a secret visit. At a summit conference in Damascus in July 2002, the details were worked out. Shortly thereafter, ships began arriving in Syria loaded with components for the project and carrying North Korean technicians. On April 21, 2005, at the very time another meeting with the North Koreans was taking place in Damascus, a North Korean-flagged cargo ship manned by Syrians and Egyptians, carrying 1,400 tons of "cement" and bound for the Syria port of Tartous began to sink. An Israeli navy missile boat nearby helped rescue the crew. In September 2006 a Panamanian-flagged North Korean ship, the *Gregorio I*, en route to Syria was stopped in Cyprus. Inspections revealed 18 mobile radar systems and tubing suitable for use in nuclear plants, which were seized. (Ronen Bergma n, *The Secret War with Iran* (New York: Free Press, 2007) pp. 354-56) In March 2007 General Ali Reza Askari revealed Iran-North Korea-Syria cooperation ona joint nuclear project for Syria ,

with funds from Iran and expertise from North Korea. The nuclear project avoided electronic communication and used couriers and short land lines. Satellites revealed construction in the Dir al-Zur region in northern Syria. In May U.S. intel reported a group of scientists left North Korea for Syria. North Korea would supply fuel rods which would be irradiated in Syria's reactor. And the plutonium reprocessed at separate facility with warhead assembly at a third plant. In mid-August twelve men from Israel's Sayeret Matkal commando unit were flown by helicopter into Syria and traveled in vehicles identical to those used by the Syrian army to take soil samples at the site. In July the North Korean-flagged *Al Ahmad* set sail from North Korea to Syria, anchored at a port in the Nile Delta before moving on to Tripoli, then to Tartous carrying uranium fuel rods. (pp. 358-60) In early 2007, as Iraq seemed to be slipping inexorably into chaos and President George W. Bush into inescapable political purgatory, Meir Dagan, the head of the Israeli Mossad, flew to Washington, sat down in a sunlit office of the West Wing of the White House, and spread out on the coffee table before him a series of photographs showing a strange-looking building rising out of the sands in the desert of eastern Syria. Vice President Dick Cheney did not have to be told what it was. "They tried to hide it down a *wadi*, a gully," he recalls to filmmaker R.J. Cutler. There's no population around it anywhere.... You can't say it's to generate electricity, there's no power line coming out of it. It's just out there obviously for production of plutonium. The Syrians were secretly building a nuclear plant—with the help, it appeared, of the North Koreans. Though the United States was already embroiled in two difficult, unpopular, and seemingly endless wars, though its military was overstretched and its people impatient and angry, the vice-president had no doubt what needed to be done: "Condi recommended taking it to the United Nations. I strongly recommended that we ought to take it out." Launching an immediate surprise attack on Syria, Cheney tells us in his memoirs, would not only "make the region and the world safer, but it would also demonstrate our seriousness with respect to nonproliferation." This was the heart of the Bush Doctrine: henceforth terrorists and the states harboring them would be treated as one and, as President Bush vowed before Congress in January 2002, "the United States of America will not permit the world's most dangerous regimes to threaten us with the world's most destructive weapons." It was according to this strategic thinking that the United States answered attacks on New York and Washington by a handful of terrorists not by a carefully circumscribed counterinsurgency aimed at al-Qaeda but by a worldwide "war on terror" that also targeted states—Iraq, Iran, North Korea—that formed part of a newly defined "axis of evil."<sup>1</sup> According to those attending National Security Council meetings in the days after September 11, "The primary impetus for invading Iraq... was to make an example of [Saddam] Hussein, to create a demonstration model to guide the behavior of anyone with the temerity to acquire destructive weapons or, in any way, flout the authority of the United States." And yet five years after the president had denounced the "axis of evil" before Congress, and four years after his administration had invaded and occupied Iraq in the declared aim of ridding Saddam's regime of its weapons of mass destruction, the North Koreans had detonated their own nuclear weapon and the Syrians and Iranians, as the vice-president tells us in his memoirs, were "both working to develop nuclear capability." What's more, "Syria was facilitating the flow of foreign fighters into Iraq, where they killed US soldiers. Iran was providing funding and weapons for exactly the same purpose, as well as providing weapons to

the Taliban in Afghanistan. They were both involved in supporting Hezbollah in its efforts to threaten Israel and destabilize the Lebanese government. They constituted a major threat to America's interests in the Middle East." By the vice-president's own analysis the "demonstration model" approach, judged by whether it was "guiding the behavior" of the axis of evil countries and their allies, was delivering distinctly mixed results. No matter: "I told the president we needed a more effective and aggressive strategy to counter these threats, and I believed that an important first step would be to destroy the reactor in the Syrian desert." Launching an air strike on Syria, as he tells Cutler, "would sort of again reassert the kind of authority and influence we had back in '03—when we took down Saddam Hussein and eliminated Iraq as a potential source of WMD." (Mark Danner, "In the Darkness of Dick Cheney," *New York Review of Books*, March 6, 2014, p. 49) 5/?/07 SecDef Gates: "In the spring of 2007, the Israelis presented us with compelling evidence that North Korea had secretly built a nuclear reactor in Syria. The administration was divided about how to respond, our options constrained by the fact that the Israelis had informed us of this stunning development and therefore **were in a position to significantly influence - if not dictate - what could be publicly divulged and when.**" ...This was a significant failure on the part of the U.S. intelligence agencies, and I asked the president, "How can we have any confidence at all in the estimates of the scope of the North Korean, Iranian, or other possible programs" given this failure? (Robert M. Gates, *Duty: Memoirs of a Secretary at War* (New York: Knopf, 2014), p. 171-72)

5/3/07 Abe tells reporters in Cairo, "President Bush and I have agreed that North Korea's unjust stance is unforgivable and unacceptable." "Keeping in mind that North Korea has failed to take initial steps, we may have to consider further action." (AFP, "Japan PM Abe Warns of More Sanctions against North Korea," May 3, 2007)

5/4/07 DOS spokesman Tom Casey: "On North Korea and the state sponsors of terrorism list. During U.S.-Japan summit talks last month Secretary Rice conveyed to Prime Minister Abe about resolving the Japanese abduction issue wouldn't be part of the precondition to drop North Korea from the terrorism list since no U.S. citizens have been abducted. But President Bush reassured Prime Minister Abe today in a phone call that it would indeed be considered whether -- in deciding whether to remove North Korea from the list. And I just wanted to -- there seems to be a disconnect here and I just wanted to clarify. **MR. CASEY:** No. Look, I don't think there's any disconnect on this. The U.S. policy on this issue is well known and it hasn't changed. And we've supported Japan on this issue. We've repeatedly told North Korea that it needs to address Japan's concerns about the abductee issue. And while I'm sure this issue -- I know this issue was discussed during the Prime Minister's recent visit, there certainly was no change in our policy signaled or discussed by either the Secretary or the President. (DOS Daily Briefing, May 4, 2007)

Hill at SAIS: "Alas, due to a number of technical matters, and I now know a lot more about banking than I did a few weeks ago, it's not easy to move accounts in a bank that is not permitted to do business with U.S. banks. And so, we have been working actively with various partners to see what can be done to resolve this matter, and to have these North Korean funds available to the DPRK government. So the DPRK government,

unfortunately, and I think rather wrongly, has determined that they will not move ahead on denuclearization until they actually see these funds appear in another bank, and show up in another bank and accessible to the North Korean government. ...I think the issue of finding a mechanism is a better way to describe it, because when you take money from a bank, someone has to move the money, and then the money has to go somewhere. So, as each other institution receives the money, they have due diligence issues, they need to ask where did it come from, et cetera. They have their own rules that they have to proceed. And if they hear that it comes from a bank that's under sanction, there'll be a lot of questions, and so we have to work through this. ...so far, our view, and the view of our partners, and the view of the Chinese is no, that they are not trying to use the banking issue in order to avoid implementing their denuclearization goal, so that also is a sign that we take to try to be patient as we go through this. ...What we got from the Chinese was their concerns that this is a complex matter, that we needed to be in touch directly with the North Koreans, and we have been, by the way, on this issue. We have had considerable use of our New York channel to be in touch with them. And, as you recall, some weeks ago, we actually had Treasury Department officials in China who also had direct contacts with the North Koreans on this. It has proved to be complex, so the complexity of it argues for the need for more time. That was a point the Chinese made, and a point that we agreed on with the Chinese." (Christopher Hill, *The United States and the Republic of Korea: Dialogues on the Relationship*," SAIS, May 4, 2007)

5/6/07 Kim Gae-gwan meets Hill in New York. Kim says, Beijing "is only trying to use" Pyongyang. Calling on the United States to deal directly with North Korea and not rely on China, he says, "What has it achieved? We have test-fired missiles and conducted a nuclear test, doing what we wanted to do. China has solved nothing." (IISS, *Strategic Survey, 2007*, p. 321)

5/7/07 Ri Kyong-son, DPRK FoMin vice spokesman, tells APTN, "The shutdown is something that can be done immediately and it won't take long" once it get its funds from the BDA. (Associated Press, "North Korea Ready to Comply, Almost," May 7, 2007)

PM Abe made a ceremonial offering to Yasukuni but did not go there last month. (Martin Fackler, "Japanese Premier Makes Gift to War Shrine But Does Not Visit," *New York Times*, May 8, 2007), p. A-4)

?/?/07 Hill told friends, "These assholes don't know how to negotiate. Everything is Appomattox. It's just 'Come out with your hands up.' It's not even really Appomattox, because at the end of Appomattox they let the Confederates keep their horses." (Sanger, *The Inheritance*, p. 330)

5/8/07 Kim Myung-gil Yonhap interview: "Our position has been consistent all along," he said. "If (this) problem is solved, then we can enter into the implementation of the agreement." Kim said further action required by North Korea to declare and disable all of its nuclear programs, in exchange for energy aid and diplomatic benefits, would then be possible. "When the first button is done right, then the buttons below it would

also be done right." (AFP, "North Korea Unsure When Bank-Nuclear Row Will Be Settled," May 8, 2007)

Official familiar with the matter says North asked last week to use U.S. bank to transfer BDA funds. (Associated Press, "N.Korea: Let Us Use U.S. Bank," May 8, 2007) South Korea weighs use of Export-Import Bank of Korea to transfer BDA funds. (*Chosun Ilbo*, "U.S. Should Let an American Bank Handle BDA problem," May 8, 2007)

DoS spokesman Sean McCormack: "For the time being, we are willing to give this process a little more time. Everybody shares the sense that we wish that we had been able to move beyond this point, but we haven't been up until now. And the North Korean Government has reassured us multiple times throughout this entire period that they are, in fact, committed not only to the September '05 agreement, but the February 13th agreement as well. And there are indications that they are actively working to resolve the BDA issue. We have said that we're going to give them a little time and space to do that. It's incredibly complicated and arcane, so it has taken much longer than anybody would have expected. ... Now since then, we have tried to offer our advice to the various parties in as much as it's asked for regarding any potential transfer of funds out of BDA to some other financial institutions. So that, I expect, is something that the Treasury Department will be involved in as this process unfolds and as appropriate. But beyond that, it is not -- it hasn't been the U.S. Government that has been in charge of how these assets are dispensed out of BDA." (DoS Daily Briefing, May 8, 2007)

5/8-11/07 North's Lt. Gen. Kim Yong-chol opens N-S general-level talks with joke about Bush, about to be struck by a car, is pulled away by a group of school children. He asks what they want for saving him. They say a plot at Arlington Memorial Cemetery because their parents will kill them when they find out. (*Al Jazeera*, "Bush Joke Kicks off Korea Talks," May 8, 2007) ROK official: "The North Korean side has repeatedly said a cancellation of a test-run won't recur." (Yonhap, "North Korea Won't Disrupt Trial Run of Cross-Border Railroad," May 7, 2007) Kim says, "We definitely would like to discuss ways of preventing conflicts in the West Sea as well." (Jin Dea-woong, "North Korea Seeks Sea Border Talks," *Korea Herald*, May 9, 2007) Talks conclude. "The two sides have shared the view that preventing military conflict and creating a joint fishing zone in the West Sea is an issue to be urgently resolved in the course of easing military tension and establishing peace." (Yonhap, "Two Koreas Agree on Rail Test, Tension-Reducing Measures," May 11, 2007) North and South agree to test run on both rail lines on May 17. Gyongui line, built in 1906, runs 518.5 km. from Seoul to Shinuiju. Donghae line, built in 1937, runs from Yangyang north to Anbyun. The North maintained its stance on the need to abolish the NLL it agreed to broader discussions on tension reduction and greater economic cooperation. On the second day of talks, the sides agreed to provide a security guarantee for the test run of N-S rail line. The talks were extended one day. (Jin Dae-woong, "N. Korea Agrees to Security Pledge for Railway Tests," *Korea Herald*, May 10, 2007) The DPRK continued to link expanded economic cooperation to the elimination of the NLL. The North threatened to walk out as a spokesman for the KPA Navy Command issued a statement that "vehemently denounced the South Korean military war hawks for amassing forces in the waters off five islets in the West Sea and infiltrating warships deep into the territorial waters of the

DPRK almost every day". The spokesman warned that "the situation in the West Sea of Korea is so unpredictable and serious that the third West Sea skirmish can occur there anytime" and "the South Korean warlike forces are seriously mistaken if they think that they can contain the DPRK and defend the illegal 'northern limit line.'" He also warned that "there is a limit to the patience of the DPRK side." (KCNA, "S. Korean Warlike Forces Urged to Halt Intrusion into North's Territorial Waters," May 10, 2007)

5/9/07 Bush phoned Hu. (AFP, "Bush, Hu Pledge Cooperation on North Korea Nuclear Case," May 9, 2007)

5/10/07 FM Aso Taro says Japan is considering further sanctions against North Korea if no denuclearization, banning fund transfers and barring foreign ships that have been to North Korea from entering ports. (*Yomiuri Shimbun*, "Govt Mulls Total DPRK Export Ban," May 10, 2007)

Atlantic Council peace regime report should be considered. (Jang Jungsoo, "How Can a Peace Be Achieved on the Korean Peninsula?" *Hankyoreh*, May 10, 2007)

Gyeonggi Province Governor Sohn Hak-kyu meets President of Supreme People's Assembly presidium Kim Yong-nam "in a brotherly atmosphere." (*Korea Herald*, "Presidential Hopeful Sohn Meets N. Korea's No. 2 Leader," May 10, 2007)

5/11/07 "If there is any requirement for an opinion from the Treasury Department as to whether or not this is a transaction that the financial institutions involved would feel comfortable doing, then the Treasury Department will take a look at that, see what it is that they can do," State Department spokesman Sean McCormack said when asked if the money could be deposited in an American bank. "The main issue is to get BDA over and done with, to have it completed so we can get back to the six-party talks and focus on denuclearizing the Korean Peninsula." Treasury officials refused to comment but did not dispute Mr. McCormack's remarks. "I can't believe they will do that," said Charles L. Pritchard, the State Department's former special envoy for talks with the North who resigned in protest at the administration's hard-line policy in 2003. "They would be violating their own [March] ruling." (Nicholas Kralev, "N.Korea Cash May Wind up in U.S. Bank," *Washington Times*, May 10, 2007)

Vice FM Kim Yong-il in Teheran signs agreement on closer ties. VP Parviz Davoudi says, "Teheran sees no limit in expanding ties and cooperation with Pyongyang." (AFP, "Top N. Korea Official Holds Talks in Teheran," May 11, 2007)

5/11-13/07 Two hundreds families have three-day reunion. (Yonhap, "Reunited Families from Two Koreas Bid Farewell," May 14, 2007)

5/13/07 Three CCP officials from Liaison Department, including a North Korean section chief, fired for leaking information to South Korea. Tan Jialin, assistant head of department, demoted to deputy sec-gen of CASS for failure to supervise the three. (Saeki Satoshi, "3 CCP Officials Fired for Leaking Info on DPRK," *Yomiuri Shimbun*, May 13, 2007)

5/14/07

Dep chief cabinet secy Shimomura Hakubun announces that SecState Rice told Japanese lawmakers that Bush told Abe at Camp David summit in April that U.S. does not consider abduction issue a prerequisite for removal of DPRK from list of state sponsors of terrorism. (Kiyori Ueno, "Rice Says North Korea Abductions Not Tied to Status, Asahi Says," Bloomberg News, May 14, 2007)

Abe-Bush telephone conversation. Abe urges Bush to keep North Korea on list of state sponsors of terrorism until abduction issue is resolved and Bush says he will take it into consideration. (*Comparative Connections*, July 2007, p. 28)

North has new IRBM on parade. (Makino Yoshihiro, "New N. Korea Missile Can Hit Guam," *Asahi Shimbun*, May 14, 2007) Musudan believed to have been developed from Soviet SSN-6. A source in Washington says, "But we did obtain intelligence tips that the missile was test-fired in Iran. I understand that the intelligence communities of relevant countries are tracking down the information." (Yonhap, "S. Korea, U.S. Verifying Reports on Test of New N.K. Missile in Iran: Source," May 16, 2007)

5/15/07

SecDef Gates: "As the Bush national security team discussed what to do about the [Syrian] reactor, I asked Lieutenant General Martin Dempsey, acting commander at Central Command, to provide us with a number of military options and different target lists associated with each. I sent Dempsey's report to National Security Adviser Steve Hadley on May 15 for the president to see. ...I told Hadley there were a number of other considerations to be taken into account as well, including the impact in the broader Middle East of a military strike on Syria - after all, we were already in two wars in or near the region. We also had to consider whether the kings of Saudi Arabia and Jordan would support a strike. And what about the risk to the 7,000 Americans in Syria?" In the coming weeks, Cheney, Rice, Hadley, and I frequently discussed our options in Syria. Cheney thought we should attack the site, the sooner, the better. He believed not only that we had to prevent Syria from acquiring nuclear weapons, but also that a military strike would send a powerful warning to the Iranians to abandon their nuclear ambitions. We could also, he said, hit Hizballah weapons storage sites in Syria at the same time to weaken them - always a key priority of the Israelis. By attacking, we might even be able to rattle Assad sufficiently so as to end his close relationship with Iran, thus further isolating the Iranians. Cheney often raised the question of what our actions, or inaction, would have on the Israelis and their own decisions about what to do. ...Cheney knew that, among the four of us, he alone thought a strike should be the first and only option. But perhaps he could persuade the president" (Gates, *Duty*, p. 172)

Yang Sung-chul, former ambassador to U.S., says, "A more reasonable solution seems to be either the U.S. Treasury provides irreproachable evidence, facts and figures of North Korea-related illicit BDA financial transaction to the public or does not allow its final rule to become a booby trap for the implementation of the [February 13] Beijing agreement." (Kim Ji-hyun, "Seoul Urged to Heed North Korea Threat," *Korea Herald*, May 15, 2005)

DPRK FoMin spokesman: "There was a promise that the DPRK would start implementing the Feb. 13 agreement on the measures to be taken at the preliminary phase on the premise that financial sanctions against the DPRK are lifted. What the DPRK has demanded since the outset is that sanctions should be lifted to enable it to freely remit fund as it did before. To this end, the work is now underway to remit the fund in Banco Delta Asia in Macao to the DPRK account in a third country. The DPRK is ready to move to suspend the operation of its nuclear facility pursuant to the Feb. 13 agreement once the fund is remitted. The DPRK will immediately invite a working-level delegation of the IAEA and have an in-depth discussion with the U.S. side on the measures to be taken after the suspension of the operation of the nuclear facility." (KCNA, "Spokesman for DPRK Foreign Ministry on Issue of Remittance of De-frozen Fund of DPRK," May 15, 2007)

5/16/07 Hill at Korea Society dinner: "I can assure you ... we are not going to allow \$25 million or even \$26 million to get between us and a deal that will finally do something about nuclear weapons on the Korean peninsula." (Associated Press, "Chief U.S. Negotiator at Nuclear Talks Says Financial Dispute with the North Will Be Resolved," May 16, 2007)

Wachovia spokeswoman Christy Phillips-Brown says the Charlotte-based bank had "been asked, on a non-profit basis, by the U.S. State Department to help them process interbank transfer of funds held at other banks, which are the subject of negotiation with North Korea," adding, "We have agreed to consider this request, and our discussions with various government officials are continuing." She noted that the bank **"would not agree to any request without appropriate approvals from our regulators."** (Glenn Kessler, "Transfer of N. Korean Money Sought," Washington Post, May 17, 2007, p. A-14)

5/17/07 Trains cross inter-Korean border. Kim Yong-sam, DPRK railway minister, in a luncheon speech after crossing to South's Jejin station, says, "It took more than half a century to cross this short, approximately 20-kilometer distance. We have to prevent anyone from blocking the railways. They were so hard to reconnect." (Yonhap, "Trains Cross Inter-Korean Border for First Time in over 50 Years," May 17, 2007)

5/18/07 Pak Ui-chun, former ambassador to Russia, is named new DPRK FM, succeeding Paek Nam-sun, who died January 2. (*Korea Times*, "N. Korea Names New Foreign Minister," May 18, 2007)

5/?/07 U.S. aid to North Korea down in 2005 from high of \$287.2 in 1999 (\$222.1 food, \$65.1 KEDO) to \$7.5 million in food accord, according to Congressional Research Service. (Cho Myung-chul and Jung Seung-ho, "Prospects for Economic Relations Between North Korea and the United States," *Vantage Point*, May 2007, p. 45)

5/21/07 Pyongyang wants a N-S summit soon, but its main interest is improved U.S. relations. Rep Choi Sung quotes a senior official on the DPRK Council for Reconciliation and Cooperation, "The inter-Korean summit is an issue between the [Korean] people, so what does it have to do with the [six-party talks]?" (Kim Hyun, "Pyongyang Open to

Second Inter-Korean Summit, But More Keen on Ties with U.S.: Lawmaker," May 21, 2007)

43 junior LDP Diet members form a caucus for a "value-driven diplomacy" led by Furuya Keiji and advised by Nakagawa Shoichi, chairman of LDP Policy Research Council. It argues that the Imperial Japanese Army did not enslave comfort women. "We cannot erase our doubts about China's hegemonic expansion, including its growing military budget. China is not a country that shares our values," Furuya tells its first meeting, adding, "The issues surrounding the human rights protection legislation bill, the Imperial House Law, visits to Yasukuni Shrine, and article 772 of the civil law [presumption of legitimacy] all directly concern the issue of beliefs and creeds." Nakagawa says, "China is our closest threat. We must do everything to avoid becoming another Chinese province." (*Asahi Shimbun* editorial, "Abe's Cheering Squad," May 21, 2007)

North accuses South of violating its territorial waters in the Yellow Sea by a military buildup near the NLL. ROK JCS spokesman: "South Korean navy ships have never violated the North Korean territorial waters. The North's claims are groundless." (AFP, "North Korea Accuses South over Ships," May 21, 2007)

A report by the Swiss Bundeskriminalpolizei, which has seized 5 percent of all the known supernotes, says North Korea's own currency is of "such poor quality that one automatically wonders whether this country would even be in a position to manufacture the high-quality 'supernotes.'" In theory, if the North were doing so, it could print \$50 million worth of them within a few hours - as much as has been seized in two decades, the report says. "What defies logic is the limited, or even controlled, amount of 'exclusive' fakes that have appeared over the years. The organization could easily circulate tenfold that amount without raising suspicions." (Kevin G. Hall, "Swiss Authorities Question U.S. Counterfeiting Charges Against North Korea," McClatchy Newspapers, May 22, 2007)

5/23-24/07 N-S working level talks close without agreement on the list and price of raw materials the South would provide in return for the right to develop the North's natural resources. (*JoongAng Ilbo*, "Two Koreas Fail to Reach Agreement in Kaesong," May 24, 2007)

5/24/07 South Korea, which had planned to start shipments 400,000 tons of rice to North Korea puts it off until the North carried out the February 13 agreement and shuts down its reactor. (Yonhap, "S. Korea to Postpone Rice Aid Until N. Korea Acts on Denuclearization," May 24, 2007) Roh reportedly promised Bush to postpone shipment. (*Hankyore*, "Roh Took Bush's Advice to Postpone Aid to North: Source," May 27, 2007)

5/25/07 North fires two short-range (1-200 km) missiles, one into the East Sea and the other into West Sea. (Kyodo, "N. Korea Fires Two Short-Range Missiles from East, West Coasts," May 25, 2007) South launches first Aegis destroyer from Ulsan shipyard. (Yonhap, "S. Korea Launches First Aegis Destroyer," May 25, 2007)

- 5/?/07 David Hawk, "Concentrations of Inhumanity," Freedom House, May 2007
- 5/26/07 Liang Guanglie, chief of staff of the PLA, visits three South Korean military units for the first time. (Brian Lee, "Chinese Military Leader Visits Korea," *JoongAng Ilbo*, May 26, 2007)
- 5/27/07 South military and intelligence agencies refused comment on a report that North Korea was preparing missile tests. (AFP, "Seoul Silent on Further N. Korea Missile Tests," May 27, 2007)
- 5/30/07 Hill meets Wu Dawei in Beijing in effort to resolve BDA. "Once they have their funds from the bank, they are prepared to do their part of the bargain, which is to shut down the Yongbyon plant," Hill said after the meeting. (David Lague, "China and U.S. Confer on North Korean Arms," *International Herald-Tribune*, May 31, 2007, p. 3) Hill: "We both agreed that both in private channels and publicly, the DPRK, the North Koreans, continue to be committed to the February 13 agreement." (Reuters, "Hill Returns to China to Work on BDA Puzzle," *Korea Herald*, May 31, 2007, p. 2)

A series of "peace agreements" between North Korea and South Korea and the United States can be an interim step toward building a permanent peace regime, says Leon Sigal at an international symposium in Seoul. (Kim Hyun, "'Peace Agreement' Between U.S., Two Koreas a Useful Step to Resolve Tension: U.S. Scholar," *Yonhap*, May 30, 2007)

Failure to resolve BDA issue does not bode well for negotiations to come. "We want action-for-action measures in the implementation of this agreement," said DPRK dep permrep Kim Myong-gil. "This mistrust has accumulated over fifty years, so we cannot build trust overnight." David Straub, former DoS official says the talks fall somewhere "between farce and fraud." Tension with Treasury is a problem. "Chris is under a lot of pressure now because the State Department really pushed the Treasury," says one senior official. "Each day we go past April 14 and have nothing to show for it he will feel more pressure - not just from hardliners, but from normal, regular people as well." Gordon Flake says, "No one is thinking about the key question - what are the consequences of the October 9 nuclear test?" The North soon realized Hill was more committed to the timeframe than it was. "So they just crossed their arms and refused to budge," Flake says. "In our desperation to keep this process alive we didn't even think long-term We have not even started the hard negotiations and in the hard negotiations we need more leverage, not less leverage." Those who promoted pressure say the U.S. for the first time found an "effective and kinetic" way of hitting the North. One Treasury official says, "Their dependency on illicit activities makes them vulnerable and we made a point to North Korea - we showed them they were not invulnerable." Despite criticism that Washington has given up what little leverage it had, Robert Gallucci says he would have done the same if he saw a measly \$25 million getting in the way of progress toward denuclearization. "They're doing nothing wrong with kicking the can down the road, providing you eventually catch up with the can." Jack Pritchard says, "I'm not convinced that the president believes there is no viable other option. It's North Korea that owns the leverage - the U.S. needs progress - and if the North Koreans were smart, they would realize this and give the U.S. a modicum of progress." (Anna

Fifield, "Frozen: How the North Korea Nuclear deal Ran into Trouble at the Outset," *Financial Times*, May 30, 2007, p. 9)

Liberal presidential hopefuls have been flocking to Kim Dae-jung seeking his support for their candidacy and support his effort to form a liberal alliance. (Jin Hyun-joo, "Kim Dae-jun Steps in to Rescue Alliance Effort," *Korea Herald*, May 31, 2007)

5/30-31/07 In N-S ministerial talks, South's UnifMin Lee Jae-joung proposes joint study of Korean peace regime and open cross-border railways, but talks break down over suspension of rice aid. (*Korea Herald*, "Seoul Proposes Joint Peace Study," May 31, 2007, p. 2)

6/1/07 Approval rating for Abe cabinet plunges to 35.8 percent, down 11.8 after suicide of Agriculture, Forestry and Fisheries Minister Matsuoka Toshikatsu, implicated in financial scandal. (Kyodo, "Approval Rating for Abe Cabinet Plunges to 35.8%: Poll," June 2, 2007)

6/3/07 Foreign ministers of South Korea, Japan and China meet on Jeju.

6/4/07 ROK intelligence official: "The operation of the 5-megawatt reactor was suspended for 10 to 15 days and was recently resumed." No sign it was an attempt to remove spent fuel. "We believe the operation of the reactor was halted because of a mechanical problem." (Lee Jin-woo, "Operation of N.K. Nuke Reactor Halted in May," June 4, 2007)

Japan's consulate in Shenyang has taken more than 20 North Korean defectors into protective custody since January 1. Nine were admitted to Japan. (*Yomiuri Shimbun*, "Japan Accepts 9 DPRK Defectors," June 4, 2007)

6/5-6/07 FM Song Min-soon and SecSt Rice discuss BDA by phone. Rice also talks to FM Yang Jiechi. (Yonhap, "S. Korea U.S. Agree to Rapidly Resolve N. Korean Banking Issue," June 6, 2007) Dep FM Aleksander Losyukov tells Reuters, "We will have to explore the opportunity of transfer of the money to one of the Russian banks." Treasury Sec Henry Paulson at Heritage Foundation says "China is a constructive player here, and so that's a big driver." (Yonhap, "Paulson Emphasizes China's Role in North Korea's Denuclearization," June 5, 2007) The North Koreans had suggested a Russian bank in Khabarovsk, Far East Commercial Bank, and with no other options, U.S. ambassador to Moscow William J. Burns was authorized to ask Russia for help. The Russians ask for private U.S. assurances their banks would not face anti-money-laundering consequences.

6/?/07 Baek Jong-chun, ROK secretary for national security, meets with Treasury Secretary Henry M. Paulson Jr. and resolve BDA issue by routing funds through Federal Reserve and Russian Central Bank to Russian bank.

6/6/07 Bush-Abe bilateral at G-8 in Heiligendamm, Germany. At press conference, Bush says, "We talked about a lot of subjects. Particularly we talked about North Korea. There is a common message here, and that is, we expect the North Koreans to honor

agreements. And it's very important for the Japanese people to know that I strongly support Shinzo Abe's desire to deal with this very important issue of -- the abduction issue." Abe says, "This is the sixth time that I'm having discussions with George, and as we always do, this time we were able to have **a very frank exchange of views** on many things. On North Korea, unfortunately, the North Koreans have not done anything to implement the initial actions. And also on the issue of abduction, they have not taken any sincere actions to resolve that issue. So we agreed that the G8 leaders need to send a strong message to North Korea on these issues. And also on the abduction issue, I explained the Japanese position to George once again, and I was able to gain his understanding on this issue, as he has always shown understanding." (White House, Office of the Press Secretary, "President Bush Meets with Japanese Prime Minister Abe in Heiligendamm, Germany," June 6, 2007)

Chung Dong-young and Kim Guen-tae to lead 30 in National Assembly in Bolt from Uri Party [orchestrated by Kim Dae-jung]. (Jung Sung-ki and Lee Jin-woo, "4-Way Competition Looms for Anti-GNP Alliance," *Korea Times*, June 6, 2007)

6/7/07

President Bush discussed with Russian President Putin the gist of using a Russian bank to resolve the BDA issue. (Chinoy, *Meltdown*, p. 336)

An Song-nam, executive director, DPRK Institute of Disarmament and Peace, presentation at Asia Pacific roundtable in Kuala Lumpur: "In the Joint Statement, the DPRK committed to abandoning all nuclear weapons and existing nuclear programs if the U.S. switches over its hostile policy against the DPRK to a policy of peaceful coexistence with the latter. But the U.S. applied financial sanctions against the DPRK within three days after the Joint Statement was made public to seek a nuclear-free Korean Peninsula. **We can say the U.S. sanctions against the DPRK are a miniature of its hostile policy.** This practice has clearly proved that the U.S. has no will of giving up its hostile policy against the DPRK. ... The DPRK, for its part, faithfully implemented its obligations under the February 13 agreement. It allowed the visit of the director general of the IAEA to the DPRK last March and participated in the meetings of five working groups to be held within 30 days after its publication. We are now finding that the step for the next phased action is delayed because the U.S. has not kept its commitment to unfreeze the DPRK's fund in Banco Delta Asia in Macao within 30 days after the publication of the February 13 Agreement. **Pyongyang attaches so much importance to the lifting of the financial sanctions against the DPRK because this issue serves as a yardstick showing whether the U.S. is willing to drop its hostile policy toward the DPRK or not.** .... The U.S. hostile policy and its nuclear threat against the DPRK, a cause for the nuclear issue between the DPRK and U.S., come out from the armistice mechanism, the structure of confrontation of the Cold War era. As long as this mechanism remains unchecked, we can't root out the cause of the nuclear issue. The ceasefire mechanism stands as a stumbling block on the road of making the Korean Peninsula nuclear free. Thus, replacing the fragile ceasefire mechanism with a lasting peace mechanism on the Korean Peninsula is an urgent issue which brooks no further delay. ... The U.S. sanctions are aimed at tarnishing the image of the DPRK and hindering its effort to deal with external economic relations. In essence, this is an act of gravely infringing upon the sovereignty and dignity of a dialogue partner. This can be

proved with fact that the U.S. has not come up with any hard evidence or smoking guns though it had enforced financial sanctions against the DPRK for over a one year period by invoking its domestic law rather than relevant international law. Lifting financial sanctions is not simply a technical issue of withdrawing some amounts of frozen fund. This assumes a political character directly linking not only with the Six-Party Talks but also with the implementation of the September 19 Joint Statement, and this becomes an acid test of weighing up any change of the U.S. policy toward the DPRK." (NAPSNET, "Process of Denuclearization on the Korean Peninsula and the Challenges," June 29, 2007)

Australia's FM Alexander Downer calls for coordinating policy on the "big strategic questions," stronger alliance with Japan: "Australia and Japan - as liberal democracies and allies of the United States share many common values and elements in our vision for the future." (AFP, "Japan, Australia Alliance Set to Counter N. Korea Threat," June 7, 2007) U.S., Japan, India and Australia hold unpublicized meeting at assistant secretary level to kick off Quadrilateral Initiative, coordinated approach to Asia. (Brahma Chellaney, "Playing the New Great Game in Asia and Beyond," *Japan Times*, June 7, 2007)

UN Department of Political Affairs internal report urges proactive measures to boost UN and Ban Ki-moon's role in Korea with high-level UN coordinator in charge of UN aid programs for North Korea, lays out options for Ban's role in nuclear talks. (*Chosun Ilbo*, "UN Chief Could Join Six-Party Talks," June 7, 2007)

Preliminary audit finds UNDP and three other UN agencies\_routinely violated UN rules by hiring local staff through the government, making payment in hard currency and failing to monitor the programs they funded. (Bay Fang, "Audit: Agencies in North Korea Broke UN Rules," *Chicago Tribune*, June 8, 2007) UNDP decides to scrap new projects for North Korea. (Shirakawa Yoshizaku, "UNDP Likely to Scrap New N. Korean Aid Programs," *Yomiuri Shimbun*, June 7, 2007) About \$3 million in aid diverted to purchase property in France, U.K. and Canada according to a U.S. probe by Deputy Ambassador Mark Wallace presented to UNDP Administrator Kemal Dervis. (Glenn Kessler and Colum Lynch, "U.S. Alleges North Korea Is Misusing Aid for Poor," *Washington Post*, June 9, 2007, p. A-11) [Miami lawyer Mark Wallace, fought on behalf of the GOP in Palm Beach County on the butterfly ballot brouhaha was a Bolton appointee. (Carol Rosenberg, "Bush Recount Troops Land Plum D.C. Jobs," *Miami Herald*, July 14, 2002)]

6/8/07 N-S general officer talks held one day after North again tests two short-range missiles into West Sea. (AFP, "Two Koreas Hold Military Talks after Missile Tests, June 8, 2007) "The South has nothing at all to worry about as far as our missiles are concerned," Jong Kok-ki, vice chair of North's Council of National Reconciliation, says, "It was part of normal military exercises." (Jack Kim, "North Korea Says Missile Test Part of Normal Drills," Reuters, June 8, 2007) "These are modern, solid-fueled, which means they are easy to handle and rapidly capable of being fired," General B.B. Bell, commander of USFK, said at breakfast with South Korean journalists. "These were not failure missile tests. These were successful tests." Designed to replace short-range Frog missiles, he said, "These missiles are designed to be used on this peninsula, and these missiles, in

general, appear to be performing as they are designed." (Lee Chi-dong, "Bell Says N. Korea's Recent Missile Tests Were Successful," Yonhap, July 2, 2007)

6/10/07

Russia has accepted a U.S. request to facilitate the transfer of \$25 million from BDA, South Korean sources say. (Yonhap, "Russia to Transfer N. Korean Funds Via U.S. Bank: S. Korean Sources," June 10, 2007) The plans calls for the North Korean money to be transferred via the New York Federal Reserve and Russia's central bank and deposited in a Russian bank, the Far East Commercial Bank [Dalkombank], where North Korea has a dormant account. The transfer comes as the Bush administration presented evidence to the U.N. that money transferred to Pyongyang through the UN Development Program may have been diverted to North Korea's nuclear programs. One plan had called for Wachovia to transfer the funds was blocked because Treasury would not indemnify it. (Jay Solomon, "Russia to Move North Korea Funds," *Wall Street Journal*, June 11, 2007, p. A-7) Zarate: "In June 2007, Banco Delta Asia transferred \$25 million to Macau's central bank, the Macau Monetary Authority. Once these assets were transferred, the Macanese authorities sent the money to the Federal Reserve Bank of New York. Then the Fed sent the assets to the Russian central bank, which then transferred the assets to the Far Eastern Bank. Finally, the Far Eastern Bank transferred the \$25 million into the account of the North Korean Foreign Trade Bank." (Zarate, *Treasury's War*, p. 264)

Deputy U.N. Amb. Mark Wallace alleged \$3 million in UNDP funds were diverted by North Korea to buy property in France, Britain and Canada. (AFP, "U.S. Unveils New Charges That North Korea Misused U.N. Aid," June 10, 2007)

6/12/07

North Korea must account for centrifuges it purchased from the A.Q. Khan network as part of the February 13 second-phase agreement, a senior administration official said. "We know they acquired ... close to two dozen centrifuges, P-1 and P-2 design, with P-2s being the most sophisticated," the senior official said. Additional North Korean bought special aluminum tubes used for centrifuges. "When you put all that together, it spoke to a clear intent to have basically a production-scale capability to enrich uranium." [?] Seeking to clarify recent U.S. intelligence statements, he said that Pyongyang had been "going full-speed ahead based on everything we were seeing." What changed was the confidence level about the pace of the enrichment program. "At the end of 2006, because we were seeing less transactions, the confidence level went from high confidence to moderate confidence that the program to acquire a capability to enrich uranium was still in existence." [?] (Bill Gertz, "Data on N. Korea Centrifuges Sought," *Washington Times*, June 12, 2007)

6/13/07

Rep. Sander Levin sent a letter to U.S. Trade Representative Susan Schwab asking about a draft FTA annex on "outward processing zones" that could allow North Korea-made goods in Kaesong into the U.S. "To apply any lesser or different standards for goods from North Korea," Levin wrote, "would be wholly inconsistent with ... basic international labor standards." (*JoongAng Ilbo*, "Kaesong Is Target of U.S. FTA Letter," June 13, 2007)

6/14/07 BDA moved \$23 million to Macau Monetary Authority, which in turn wired the funds to the Federal Reserve Bank of New York. The money was then wired to the Russian central bank, which deposited it in a single account belonging to the North Korean Foreign Trade Bank at the Far East Commercial Bank in Khabarovsk. Two million remained in Macau because of legal disputes. "In the end we laundered the money for them," sighed a senior official who supported the move, "by washing it through the Federal Reserve." [Why use a bank with dubious due diligence rather than Wachovia, which offered to, or Citibank, which North Korean officials proposed?] (Chinoy, *Meltdown*, p. 336)

UnfMin Lee Jae-joung announced the resumption of humanitarian food aid to the North with a \$23-million donation to the World Food Program. (Ser Myo-ja, "Food Aid to North Set for Restart Via the U.N.," *JoongAng Ilbo*, June 15, 2007)

Full-page ad in *Washington Post* by Dietman disputing claim that Japan engaged in "forceful coercion" of "comfort women."

6/15/07 Kim Jong-il had surgery on a clogged artery by a team of doctors from the German Heart Institute in Berlin last month. "The 65-year-old Kim, who suffers from diabetes and high blood pressure, recovered well from the surgery," a source told *Bloomberg News*. Shukan Gendai reported on June 8 that Kim suffered a heart attack and had heart bypass surgery. (*Chosun Ilbo*, "Kim Jong-il 'Had Artery Surgery' - Bloomberg," June 15, 2007) An inside Japanese source well acquainted with North Korea said he underwent a percutaneous transarterial coronary angioplasty in mid-May. (Yang Jung-a, "Kim Jong-il Received PCTA, Not Surgery," *Daily NK*, June 21, 2007) The National Intelligence Service said in a report submitted to the National Assembly, "We previously confirmed that doctors from the German Heart Institute in Berlin visited Pyongyang to conduct surgery on five to six North Korean workers, but it is uncertain if the doctors treated Kim, too." It added, "Although Kim suffers from chronic diseases such as diabetes and heart problems, his health has not deteriorated enough to affect his public activities." (Yonhap, "Spy Agency Denies Reports of Kim Jong-il's Health Problems," June 25, 2007)

6/16/07 KCNA: "Ri Je Son, director general of the General Department of Atomic Energy of the DPRK, [today] sent a letter to the director general of the International Atomic Energy Agency (IAEA) as regards the discussion of the procedures of the IAEA's verification and monitoring of the suspension of the operations of nuclear facilities at Yongbyon under the February 13 agreement. He noted in the letter that a working-level delegation of the IAEA has been invited to visit the DPRK as it is confirmed that the process of de-freezing the funds of the DPRK at the Banco Delta Asia in Macao has reached its final phase." (KCNA, "IAEA Working-Level Delegation Invited to Visit DPRK," June 16, 2007)

Hill in Mongolia received an unexpected invitation via the U.S. embassy in Beijing from Kim Gye-gwan to visit Pyongyang. He telephoned SecState Rice, bypassing the interagency process, saying it would allow him to jump-start six-party talks. Rice called Bush, who gave his approval. "It was all very hush-hush, said an official who worked the

logistics in Washington. "There was a lot of grumbling [from other agencies] because they felt they should be there as well." When Rice called SecDef Robert Gates to provide a military aircraft to transport Hill, says a knowledgeable official, "The Pentagon freaked out about it. They tried their damn best to prevent it, but what were they going to do? Gates had said, 'Do it.'" Hill was the "Lone Ranger," says a sympathetic official. But he was taking a risk. "He's raising the stakes, his personal stake," said an official working on Korean issues at the time. "If the North Koreans don't follow through, he's gone way out on a limb, and that branch is pretty shaky." As a State Department official put it, Bush and Rice "basically said, 'OK, fuine. If Chris Hill thinks he can do it, let him do it. If he succeeds, we'll get the credit. If he fails, then he takes the blame and we hang him out to dry.'" The tensions inside the administration were such that Hill was instructed to remain in Pyongyang no more than 24 hours. An official involved in the arrangements, says, they were told "that they needed to get in, get the business done, and get out." (Chinoy, *Meltdown*, pp. 337-38) North Korea demanded a LWR in return scrapping its nuclear weapons program, sources close to the six-party talks said. (Sakamoto Takashi, "Pyongyang Sought N-Reactor during Hill's Visit," *Yomiuri Shimbun*, July 12, 2007)

6/17/07

North Korea fired a short-range missile into the East Sea (Sea of Japan), NHK reported. (*International Herald Tribune*, "North Korea Said to Fire Missile," June 20, 2007, p. 3) "The missiles that North Korea recently fired into the East Sea and the West Sea are ground-to-ground and ground-to-ship missiles with a range of around 100 kilometers," The Defense Ministry said in a press release. "They have not been deployed, as they re still in the development stage." NSC spokesman Gordon Johndroe said, "The U.S. is deeply troubled that North Korea has decided to launch these missiles during a delicate time in the six-party talks." Yonhap, "N. Korea Testing Newly Developed Missiles: Defense Ministry," June 28, 2007)

SecDef Gates: "Our first long meeting as a group with the president was on the evening of June 17. Cheney, Rice, Hadley, and I were joined by [Chief of Naval Operations] Mullen, White House Chief of Staff Josh Bolten, and several NSC staff members. My views then, and for the next four years, were shaped by several overriding considerations: we already had two ongoing wars in Muslim countries, our military was overstretched, we were already considered by most countries as too quick to use military force, and the last thing America needed was to attack another Arab country. I also thought we had both time and options other than an immediate military strike. Using notes, I spoke bluntly: Without specific proof of a state taking hostile action against Americans (Libya - 1986; Panama - 1989; Afghanistan - 2001), I am aware of no precedent for an American surprise attack against a sovereign state. We don't do 'Pearl Harbors.', in the Middle Remember, President Reagan condemned an Israeli attack on Iraq's Osirak reactor in 1981. U.S. credibility on weapons of mass destruction is deeply suspect at home and abroad because of the Iraq legacy. Israeli credibility is equally suspect, if not more so, in the Middle East, Europe, and maybe significant elements of the U.S. public. An act of war based principally on information provided by a third party is risky in the extreme. U.S. and Israeli interest are not always the same. Any Israeli action will be seen as provocative, aimed at restoring their credibility and deterrent after their indecisive war with Hizballah (in 2006) and at

shoring up a weak Israeli government. Israeli action could start a new war with Syria. Any over U.S. preemptive attack will cause a firestorm in the Middle East, Europe, and the U.S. Efforts to prove our case against Syria and North Korea, based on currently available intelligence, will be unsuccessful or regarded with deep skepticism. U.S. military action will be seen as another rash act by a trigger-happy administration and could jeopardize our efforts in Iraq, in Afghanistan, and even with respect to missile defense in Europe. It would be seen as an effort to offset or distract from failures in Iraq. I told the group that I agreed the reactor should not be allowed to become active, but that we shouldn't use it as a pretext to try to solve all our problems with Syria and placate Israel by hitting other targets, as Cheney had suggested. We should focus just on the reactor. I said that my preferred approach was to begin with diplomacy and reserve a military strike as a last resort. We should expose what the Syrians and North Koreans had done and focus on their violations of UN Security Council resolutions, the nonproliferation treaty, and more." (Gates, *Duty*, pp. 173-74)

6/18/07 A Tokyo District Court ordered Chongryon to repay about 62.7 billion yen to the Resolution and Collection Corporation, a state agency, in a lawsuit filed by the RCC. Chongryon-related facilities are expected to be seized, cancelling the sale of its Tokyo central headquarters. In a suspected effort to avoid seizure of its ten-story building and 2,390 square meters of land, , Chongryon paid more than 400 million yen to a former real estate firm president in an aborted transaction aimed at transferring ownership of the property to Ogata Shigetake, former chief of the Public Security Intelligence Agency. (*Yomiuri Shimbun*, "Chongryon Members at Crossroads," June 20, 2007, p. 2; *Yomiuri Shimbun*, "Chongryon HQ, Offices Likely to Be Seized," June 20, 2007, p. 3) Prosecutors are seeking to prove that Ogata set out to defraud Chongryon. A key fraud suspect told them that 30 million yen he paid to Ogata came from Chongryon. (*Asahi Shimbun*, "30 Million Yen Paid to Ogata 'Came from' Chongryon," July 4, 2007)

SecDef Gates on Syrian reactor: "The president pulled me aside and thanked me for my comments the evening before. He knew that Hadley, Rice, and I had discussed the 'Tojo option'... earlier that morning and simply said, 'I'm not going to do that.'" (Gates, *Duty*, pp. 174)

6/20/07 SecDef Gates: "The administration's senior leaders again staked out our positions in a meeting with the president on June 20. Cheney said we should hit the [Syrian] reactor immediately. Rice and I argued for a sequenced approach, beginning with diplomacy, but if that failed, we should take military action. General [JCS Chairman Peter] Pace supported that approach, saying it 'gives you two chances to win.' Hadley observed that if we gave Assad too much time, he would organize the Arab world against us. I warned the president that [Israeli PM] Olmert was trying to force his hand." (Gates, *Duty*, pp. 175)

6/21/07 For first time since Kelly in October 2002, Hill goes to Pyongyang, meets Kim Gye-gwan, pays courtesy call on FM Pak Ui Chun, declines to go to Yongbyon, meet with the head of the Department of Atomic Energy. (Chinoy, *Meltdown*, p. 338) In a sharp

reversal of strategy, the Bush administration dispatched Hill to Pyongyang for one-on-one talks. Hill will seek to get the enrichment equipment that the North purchased from A.Q. Khan. "This is critical to the administration's plan," said one senior official involved in North Korea strategy, "because unless they get their hands on the stuff, there is no way we can argue that we've stopped the North from making more nukes." "Condi knows she needs big win here," said a senior administration official who has dealt with her often on North Korea. "They know they are getting nowhere on Iraq, and they probably won't get far on Iran. She needs to show that she can reduce at least one big threat." (David E. Sanger and Norimitsu Onishi, "U.S., in Shift, Plans Talks in North Korea on Arsenal," *New York Times*, June 20, 2007, p. A-8) "The talks were very detailed, very substantive, useful and positive," Hill said in a joint press conference with Chun Yung-woo in Seoul. (Yoon Won-sup, "Hill Positive on N.K. Denuclearization," *Korea Times*, June 23-24, 2007) The talks were about phase 2 or disabling the reactor. Hill: "I spent some 22 hours in Pyongyang ... to discuss the way ahead. ... Now disabling has got to be defined. But essentially what it involves is making it so that the reactor cannot be brought back on line without an enormous repair bill. And I think there are a number of ways you can disable a reactor. This is something that technical people will be talking to other technical people about, but obviously the more extensive the disabling, the better from our point of view. ... We would hope once we get into the disabling phase we could...begin a peace process on the Korean peninsula among the directly affected parties. And our definition of that - I think everyone's definition of that - would be the U.S. and China and the two Koreas. So we have a long way to go. ... But if all goes well, we would hope that by the end of the calendar year '07 we will have the facility shut down and disabled. We would have a peace process, peace mechanism talks underway in the Korean peninsula. We will have had a six-party ministerial and a way charted that would lead to some kind of Northeast Asian security process. ... We would like to see additional meetings of the working groups, including ... the U.S. DPRK Bilateral Working Group and the Japan-DPRK Bilateral Working Group, both so there would be progress made in the normalization process with the understanding that the full normalization will not take place until there's full denuclearization. ... We have to have a serious talk about the issue of highly enriched uranium. We know that they've made purchases that are entirely consistent with the highly enriched uranium program. So we - one way or the other - we're going to have to get to the bottom of it. And we need clarity on this - not just some clarity, but complete clarity. We need to know what this was all, about and how far did they get if they enriched uranium. That obviously needs to be included in the declaration. The equipment needs to be included in the declaration of nuclear programs that they would abandon, pursuant to the agreement. ... And then we have to work on the implementation of the next phase, that is, the declaration and the disabling, and there's a lot of heavy fuel oil involved there and there's a question of how quickly the fuel oil can arrive in North Korea because they have a limit of some 50,000 tons. So that means we will be using fuel oil equivalents, so in some cases there might be provision of electricity rather than fuel oil. ... That has to be worked out in a working group." (Christopher Hill, Briefing on His Recent Travel to the Region and the Six-Party Talks, Washington, June 25, 2007)

FROM THE DEPARTMENT OF STATE  
A/S HILL VISIT TO PYONGYANG  
Key Points

- \* Assistant Secretary Hill arrived in Pyongyang the afternoon of June 21. He will depart the following morning.
- \* A/S Hill's visit comes at the invitation of his North Korean counterpart, Vice Foreign Minister Kim Kye-Gwan.
- \* A/S Hill's visit to Pyongyang is part of the consultations he has been having with other six-party counterparts on ways to move the Six-party process forward.
- \* A/S Hill will reinforce to the North Koreans the need to make up for lost time and restore momentum to the Six-party process.
- \* A/S Hill will be discussing with his counterpart Kim Gye-Gwan **ways to move the Six-party process forward**, including the DPRK's implementation of its commitments under the February 13 initial actions agreement.
- \* The other parties are aware of A/S Hill's visit to the DPRK.
- \* A/S Hill will brief his counterparts during stops in Seoul and Tokyo, June 22-23, en route back to Washington.
- \* The parties are consulting on dates for the next round of Six-Party talks and working group meetings.
- \* All parties remain firmly committed to the prompt completion of the initial action plan and to achieving the denuclearization of the Korean peninsula through the implementation of the September 2005 Joint Statement.
- \* The United States welcomes North Korea's decision to invite IAEA personnel to return next week. There should be no delay in IAEA's return to the DPRK.
- \* It is incumbent upon the DPRK to implement, without delay, the commitments it made under the February 13 initial actions agreement, including by shutting down and sealing the Yongbyon nuclear facility, allowing the IAEA to conduct necessary monitoring and verification actions, as well as conduct discussions with the other five parties of a list of all North Korea's nuclear programs to be abandoned pursuant to the September 2005 Joint Statement.
- \* The United States has long made clear its readiness to engage with the DPRK bilaterally within the context of the Six-party talks.
- \* A/S Hill's visit takes place in the context of consultations with six-party partners regarding ongoing efforts to move the six-party process forward.
- \* This visit is not intended to be a formal meeting of the U.S.-DPRK bilateral working group.
- \* The initial actions agreement describes actions that parties, including the DPRK and the United States, will take on the road to denuclearization.
- \* The visit is an opportunity for the United States to make sure that decision-makers in Pyongyang understand that the United States expects the DPRK to honor its commitments, and that they understand exactly what actions the United States expects, and when.
- \* A/S Hill is traveling to Pyongyang in his capacity as Assistant Secretary of State and lead U.S. negotiator at the Six-party talks.
- \* A/S Hill is scheduled to hold substantive meetings with his Six-party counterpart and host, Vice Foreign Minister Kim Kye-gwan.
- \* There is currently no plan for A/S Hill to visit Yongbyon.

\* The next phase within the Six-party process will cover the implementation of the rest of the goals laid out in the September 19 Joint Statement of principles.  
\* The United States has seen the reports that PRC Foreign Minister Yang Jiechi is planning to visit Pyongyang. It expects FM Yang will reinforce with the DPRK the need to have the IAEA return to North Korea as scheduled and to resume the Six-party process as quickly as possible to fully implement the February 13 Initial Actions Agreement.

DPRK FoMin spokesman: "Christopher Hill, U.S. assistant secretary of State, visited the DPRK from June 21 to 22. During his visit he met the DPRK foreign minister and had talks with a vice-minister of Foreign Affairs. At the meeting and the **talks both sides discussed the ways of completely settling the issue of the de-frozen funds just as they had agreed in Berlin in January last** and boosting cooperation in the field of financial transaction in the future. As for the issue of implementing the February 13 agreement, both sides shared the view that **they would start implementing the agreement on the premise that the issue of the remittance of the funds is finally settled** and **had an in-depth exchange of views on the actions to be taken by each side in the next phase before agreeing to deepen contacts and consultations in the future**. The discussions of issues were comprehensive and productive. Both sides agreed to examine the possibility of holding **talks of the heads of the delegations to the six-party talks in the first half of July and opening a meeting of the foreign ministers of the six parties during the ministerial meeting of the ASEAN Regional Forum slated to take place in Philippines early in August** and cooperate with each other for their realization for the present." (KCNA, "Foreign Ministry Spokesman on DPRK Visit by Assistant Secretary of State," June 23, 2007)

The KPA Navy Command declared that "the reckless intrusion of South Korean naval warships into DPRK territorial waters may become a dangerous fuse to spark off the third skirmish in the West Sea and, furthermore, a bigger war going beyond the skirmish". The spokesman said the KPA Navy was "ready to send all targets, big and small, intruding into its waters to the bottom of the sea anytime." (KCNA, "DPRK Strike Means Fully Ready to Go into Action," June 21, 2007)

6/23/07

Japan is becoming increasingly wary over the seeming proximity between the United States and North Korea following Hill's visit, which one senior Foreign Ministry official called "premature." According to a Japanese government source, Rice is the "one who is keenest" about convening a ministerial meeting and making progress on the nuclear standoff when the U.S. is facing difficulties in Iraq. (Kyodo, "Japan Wary of U.S.-N. Korea Proximity with Hill's Pyongyang Visit," June 23, 2007) [Veiled reaction to U.S. commitment to delist DPRK as state sponsor of terrorism?]

6/24/07

Over the past six months, the Bush administration has repeatedly criticized the U.N. Development Program for channeling millions of dollars in hard currency into North Korea to finance the agency's programs, warning that the money might be diverted to Pyongyang's nuclear weapons program. But the United States also has funneled dollars to Kim Jong Il's regime over the past decade, financing travel for North Korean diplomats and paying more than \$20 million in cash for the remains of 229 U.S.

soldiers from the Korean War. And in a bid to advance nuclear talks, the Bush administration recently transferred back to North Korea about \$25 million in cash that the Treasury Department had frozen at Banco Delta Asia, a Macao-based bank that the United States had accused of laundering counterfeit U.S. currency on behalf of North Korea. "The U.S. has no moral high ground," said Michael Green, former NSC senior director for Asian affairs. "In terms of bribing Kim Jong Il, UNDP is a minor offender." North Korea's regime has skillfully extracted hundreds of millions of dollars in bribes from foreign companies and governments, and has persuaded South Korea and China supply billions of dollars' worth of food and fuel with virtually no oversight. South Korea reportedly paid hundreds of millions to bribe the North Korean leader to attend a 2000 summit, and China agreed in 2005 to build a \$50 million glass factory for North Korea in exchange for its participation in six-nation nuclear talks. Such payments are "part and parcel of doing business in North Korea," said L. Gordon Flake, executive director of the Mansfield Foundation, a nonprofit organization that promotes U.S. relations with Asian countries. Since 1995, the United States has provided the North Korean regime with more than \$1 billion worth of food and fuel in the hopes of forestalling famine -- and of restraining Kim's nuclear ambitions. In an effort to promote diplomatic contacts between the two countries, the Energy Department has channeled money to U.S. nonprofit agencies and universities, including a \$1 million grant to the Atlantic Council to cover travel costs for informal talks between U.S. and North Korean diplomats. U.S. military officials routinely traveled to North Korea's demilitarized zone between 1996 and 2005 to give cash to North Korean army officers for the recovery of the remains of 229 of the more than 7,000 U.S. troops missing in North Korea since the Korean War. "There was a painstaking transfer process: cold, hard cash, counted carefully, turned over carefully," said Larry Greer, spokesman for the Pentagon's Prisoner of War/Missing Personnel Office. Greer insisted that the payments, which covered labor, material and other expenses, were in line with recovery operations in other parts of the world. But he and other officials said North Korea frequently tried to inflate the costs and once requested that the U.S. military build a baby-clothing factory. The United States demurred, he said. The Bush administration dramatically scaled back U.S. assistance to North Korea in 2002, but it continued to finance the effort to recover remains of Korean War veterans until 2005, when the U.S. military said it could no longer ensure the safety of U.S. recovery teams. Between 2002 and 2005, the United States flew a seven-member North Korean team, at a cost of \$25,000 a year, to Bangkok for discussions about future recovery missions, according to the Congressional Research Service. "It's pretty close to a ransom of remains," said James A. Kelly, U.S. assistant secretary of state for East Asian and Pacific affairs, adding he had little confidence that Washington could account for how the money was spent. "I personally didn't like it, but I didn't feel it was enough to get into a big squabble with the veterans organizations that felt strongly about it." Mark D. Wallace, the U.S. representative to the United Nations for administration and reform, lambasted the U.N. Development Program earlier this year for engaging in similar practices. For instance, he faulted the UNDP for flying a North Korean official in business class to New York at a cost of \$12,000 to attend a meeting of the U.N. agency's board of directors. UNDP spokesman David Morrison said that the allegations "don't seem to add up" and that the United States has not substantiated its assertions. He said the agency can account for the \$2 million to \$3 million it spends each year on its North Korea programs. UNDP

officials said the dual-use equipment -- which included Global Positioning System devices and a portable Tristan 5 spectrometer available on eBay for \$5,100 -- was part of a weather forecasting system for flood- and drought-prone regions. "We have been subject to all manner of wild allegations about wide-scale funding diversion," Morrison said. U.S. officials said there is no link between criticism of the UNDP and U.S. efforts to restrain North Korean nuclear ambitions. "If I were a conspiracy theorist, I would think that way, but there is really no connection," said a senior U.S. official who tracks the issue. (Colum Lynch, "U.S., Critic of N. Korea Payments, Also Sends Millions," *Washington Post*, June 24, 2007, p. A-18)

6/25/07

DPRK FoMin spokesman: "**The funds frozen at the above-said bank were finally wired as demanded by the DPRK side**, thus settling the controversial issue of the frozen funds. It has thus become possible to use the de-frozen funds for improving the standard of people's living and humanitarian purposes, as planned. The DPRK took a serious view of the issue of de-freezing the funds not because of that amount of money but the action taken to freeze the funds was a vivid manifestation of the hostile policy toward the DPRK. This is also in line with the principle of 'action for action' confirmed by the six parties. Now that the issue of de-freezing the funds has been settled, the DPRK, too, will start implementing the February 13 agreement on the principle of 'action for action.' As part of it, the DPRK will hold a discussion on the suspension of the operations of nuclear facilities, its verification and monitoring with the working delegation of the International Atomic Energy Agency in Pyongyang from June 26." (KCNA, "Foreign Ministry Spokesman on Solution to Issue of Frozen Funds," June 25, 2007)

KCNA: "*Rodong Sinmun* carries an article contributed by a military commentator disclosing the truth behind the 'northern limit line' and clarifying once again the principled stand of the DPRK on it in connection with the fact that the warlike forces of south Korea are perpetrating the intrusion into the waters of the north side in the West Sea of Korea not just as a mere provocation but are pursuing the brigandish purpose of bringing under control those waters invaded by them. Pointing out that the 'northern limit line' is an illegal ghost line, the article observes that the U.S. imperialist aggressor troops unilaterally drew the line inside the inviolable territorial waters of the DPRK after occupying south Korea under the helmets of the 'UN forces'. The article goes on: The Korean Armistice Agreement (KAA) signed in July 1953 stipulated the Military Demarcation Line (MDL) on the ground and its extension in the East Sea of Korea but to everybody's regret it fell short of fixing the extension of the MDL in the West Sea of Korea. The U.S. imperialists, utterly exhausted after sustaining an unprecedented defeat in the Korean war, ordered Clark, the then commander of the 'UN forces,' to fix the so-called 'northern limit line' also known as 'Clark line' in the **West Sea** of Korea in a bid to prevent south Korean fishermen from coming over to the north while checking traitor Syngman Rhee's reckless attempt at an 'independent expedition to the north' and averting a war that may break out again accordingly. The 'northern limit line' was, therefore, a 'final line for stopping the defectors to the north' and a boundary line banning the trespassing of ships unilaterally drawn by the commander of the U.S. imperialist aggressor forces to meet Washington's self-justified interests. It was precisely for this reason that the U.S. imperialists could not announce

the existence of the 'northern limit line' for such a long time, much less informing the DPRK side, one of the belligerent parties, of it. The reason why the 'northern limit line' is called an illegal ghost line can be explained by the fact that it was unilaterally drawn without any agreement reached between the two sides and is in breach of the KAA as well as the universally recognized law of the sea, the article notes, citing specific facts to prove it. Saying that the assertion about the 'northern limit line' is sheer sophism, the article goes on: The south Korean authorities, steeped in flunkeyism and submission to the marrow of their bones, seek to attain their political and strategic aims to put an end to the June 15 era of reunification and aggravate the north-south relations in a bid to please their American master at any cost. They are, at the same time, working hard to achieve their sinister aim to maintain the 'northern limit line' come what may in utter disregard of the north-south agreement on fixing a boundary line of non-aggression in the West Sea, though the issue of establishing peace mechanism on the Korean Peninsula is high on the agenda. It is the fixed will of the Korean nation to certainly force them to stop claiming the 'northern limit line.' The south Korean authorities should clearly understand that their moves of straining situation in the West Sea of Korea under the pretext of the 'northern limit line' would be as foolish an act as that of a robber claiming that other's yard belongs to him after drawing a demarcation with rotten straw rope without the owner's knowledge. The army and the people of the DPRK will never remain an on-looker to south Korean naval warships' reckless intrusion and movement in the inviolable waters of the north side and the south Korean military authorities' backstage manipulation. The south Korean authorities had better think twice over their behavior so that the patience and the repeated warnings of the Navy of the Korean People's Army may not touch off their resentment and just resolute actions. They would be well advised to pay heed to the warning of the KPA Navy that it is fully ready to go into actions to mercilessly punish the intruders by sending them into the bottom of the sea any moment as all the targets, big or small, are accurately sighted by all its strike means whose hit probabilities are fully guaranteed in any event." (KCNA, "Truth behind 'Northern Limit Line' Disclosed," June 25, 2007)

6/26/07 Rep. Mike Honda's (D-CA) resolution on comfort women adopted 39-2 by House Foreign Affairs Committee.

6/27/07 Song Il-ho, ambassador for normalization talks with Japan, in interview, sees no point to bilateral talks until Japan changes its attitude. "In my personal opinion, there is no outlook [for improved relations] under the current Abe government." Ri Pyong-dik, FoMin researcher in charge of Japan, denied that Kinoshita Yoko abducted two children. The incident "is not even worth talking about." (Kyodo, "N. Korea Envoy Sees No Outlook for Improved Ties under Japan's Abe," June 27, 2007)

European Parliament Delegation for Relations with the Korean Peninsula returned from Pyongyang. "We made it clear that human rights dialogue should start again," said Hubert Pirker, delegation head. Although the North had often had "aggressive" reactions to human rights issues in the past, this time they were "never aggressive, accepting what we were urging and mentioning they were ready to discuss it." Pirker, Glynn Ford and Istvan Szent-Ivanyi met with Chie Thae-bok, chairman of the Supreme

People's Assembly. (Jung Sung-ki, "EU Urges N.K. to Improve Human Rights," *Korea Times*, June 27, 2007)

6/29/07

In a confidential letter delivered to U.S. Ambassador Zalmay Khalilzad, UNDP deputy director Ad Melkert rebutted allegations it had squandered millions in North Korea and questioned the authenticity of documents provided to support the allegations. The documents "show UNDP corporate system codes not in use by the UNDP in those years." The money amounts, vendor names and transaction dates supplied by the U.S. mission had been examined and "there is not a single match." The volume of payments claimed to have been made to North Korean entities was "significantly higher" than the total the office had for all purposes in the country. (Warren Hoge, "U.N. Development Agency Rebuts U.S. Charges of Wasteful Spending in North Korea," *New York Times*, June 29, 2007, p. A-14) The U.N. Development Program, in a growing dispute with Washington over its North Korean operations, denied it fired an employee for trying to expose the agency's alleged wrongdoing in Pyongyang. UNDP spokesman David Morrison told a news conference that the former employee, earlier identified as Artjon Shkurtaaj, had met with senior U.N. officials this year, including the head of UNDP, Kemal Dervis. "He has been invited to submit substantiating information and documentation, but has so far not done so," Morrison said. "We would wish to see this evidence." (Evelyn Leopold, "UNDP Denies Firing Employee over N. Korea Criticism," Reuters, July 6, 2007)

Tens of thousands of workers and anti-U.S. activists rallied against the FTA despite monsoon rains, organized by the Korean Confederation of Trade Unions, the more militant of the two umbrella unions. (Shim Sun-ah, "Korea Hit by Massive Protests against FTA with U.S.," *Yonhap*, June 29, 2007)

6/30/07

A 13-member government panel established to formulate policy for PM Abe Shinzo said Japan should be allowed to intercept ICBMs fired at the United States and the Constitution should be reinterpreted to permit it. "There was overall consensus that it is absurd to have a legal system where Japan can't do anything. There was no objection to the idea that we should intercept," said Kitaoka Shinichi, a Tokyo University professor on the panel. (Kyodo, "Japan Should Defend U.S. from ICBM Attacks: Panel," *Japan Times*, June 30, 2007)

6/26-30/07

IAEA inspectors, led by deputy dir-gen and safeguards department chief Olli Heinonen, land at Yongbyon. "We have now reached a mutual understanding how to do the verification and monitoring of the Yongbyon facilities when they will be shut down and sealed," said Heinonen after concluding talks. "We went to the fuel fabrication plant, the radiochemical laboratory or reprocessing plant as it's called, then the 50-megawatt reactor which is under construction, and then the 5 MW reactor. So all the places we wanted to see, we saw." (Kyodo, "IAEA Official Says Reached 'Mutual Understanding' with N. Korea," June 29, 2007) The Yongbyon reactor, the IAEA found, had been reloaded, upgraded extraction equipment had been installed at the reprocessing facility, and the fuel fabrication plant had been refurbished, confirming what Siegfried Hecker had found in January 2004. (Kyodo, "N. Korea Upgrades Some Equipment at Yongbyon: IAEA," July 4, 2007)

7/1/07

DPRK FM spokesman: "The Abe group instructed the corporation to raise an extremely discriminative and unfair demand to Chongryon, persistently turning down its sincere and reasonable proposals to redeem debts. It has thus unilaterally hamstrung Chongryon's efforts for the solution of the problem. This is nothing but **a wanton infringement upon the sovereignty of the DPRK** which no previous regime of Japan dared as it is a move to physically remove the centre of activities of Chongryon, a champion of democratic national rights of Koreans in Japan, and stamp out the activities of Chongryon and Koreans in Japan. Chongryon is a legitimate overseas compatriots organization of the DPRK whose mission is to protect the democratic national rights of the direct victims of the criminal drafting of Koreans by the Japanese imperialists in the past and the Koreans in Japan, their descendants. The present Japanese authorities are **under an unavoidable legal and moral obligation** to protect Chongryon and guarantee its activities in the light of the historical background against which Chongryon came into being and the crimes committed by the Abes against the Korean nation for several generations. ...The DPRK will never remain a passive on-looker to the Abe group's harsh suppression of Chongryon and its relevant field will take necessary steps against it." (KCNA, "DPRK Foreign Ministry Spokesman Blasts Anti-Chongryon Campaign in Japan," July 1, 2007)

7/3/07

PRC FM Yang Jiechi met with Kim Jong-il in Pyongyang on three-day visit. (Lee Joo-hee, "Chinese Foreign Minister Visits North Korea," *Korea Herald*, July 3, 2007) Kim Jongil told Yang, "All parties should implement the initial steps" for denuclearization. (Kyodo, "N. Korea's Kim Says All Parties Must Implement Denuke Deal," July 3, 2007) Kim was quoted as saying, "Recently there have been signs that the situation of the Korean peninsula is easing." (Sohn Suk-joo, "Kim Jong-il's Conciliatory Remarks Reflect Improving N.K.-U.S. Relations," *Yonhap*, July 4, 2007) The transfer of North Korean funds from the BDA was negotiated by the State and Treasury Departments, and it involved the central banks of Russia and Macao; the Far Eastern Commercial Bank, a private bank in Vladivostok; and the Federal Reserve Bank. The final arrangement also involved a general discussion of its terms between President Bush and President Putin of Russia at the G-8 summit meeting in Germany in June. "You can be sure that other countries like Iran will be drawing lessons from North Korea," said a senior administration official. "What Banco Delta Asia demonstrates is that once you find yourself in this tar pit, it's almost impossible to extract yourself. That has huge implications for banks we've targeted in Iran." Of the 52 accounts, 35 held \$13 million that was considered relatively legitimate. Another 17 accounts holding \$12 million were believed to be derived from illicit activities like narcotics, counterfeiting and North Korea's nuclear program. When it was decided in February to return the money to North Korea, both State and Treasury officials thought mistakenly it could be done easily. [Treasury knew better.] "Our financial tools are sometimes the most powerful weapons our government has to help change behavior," said James R. Wilkinson, chief of staff at Treasury. "At the end of the day after this transaction, the diplomacy is moving forward and the world now sees just how powerful Treasury's financial tools really are." [?] A team led by Wilkinson and also including Daniel Glaser, a deputy assistant secretary for terrorist financing and financial crimes, and James H. Freis Jr., director of the Financial Crimes Enforcement Network at Treasury, flew to Beijing in

March to try to untangle the situation. It turned out that the North Korean government, which promised to use the money for humanitarian purposes, was required by law to get permission from the 52 account holders to give up the money to Pyongyang. It took weeks to obtain releases from most of the account holders. North Korea designated the Far Eastern Commercial Bank in Russia, where it had an account, to receive the funds, but that bank had no formal relationship with Banco Delta Asia that would allow for the funds to be wired. No other bank would transfer the money, even when the Treasury Department sent signals that it would offer assurances to hold any bank harmless in participating in the transfer. One paradox was that, according to administration officials, it fell to the State Department – notably Christopher R. Hill, the United States envoy to North Korea – to recruit banks for the job of executing the transfer. They said it was considered inappropriate for Treasury, as an enforcer of banking regulations, to ask banks to do so. Mr. Hill spent weeks “flailing around” to find banks, at one point coming close to a deal involving Wachovia Bank, which backed out because of concerns about handling “hot money,” an administration official said. Finally, administration officials said the Federal Reserve Bank of New York offered to become involved. It did so only after the Macao bank first transferred the funds to the Macao Monetary Authority, the region’s own central bank. The funds were next transferred from the Macao authority to the New York Fed, then to the Russian Central Bank and then to the Far Eastern bank in Vladivostok, where North Korea’s account was under the name of the North Korean Foreign Trade Bank. Russia was willing to honor American requests to help, administration officials said, but it wanted assurances that its financial institutions would not be punished by any anti-money laundering statutes or regulations. These were given by the American ambassador in Moscow, William J. Burns. Since last September, Treasury Secretary Henry M. Paulson, Jr. has been publicly calling on banks in Europe, the Middle East and Asia to stop doing business with Bank Saderat and Bank Sepah even if the transactions do not involve dollars. “Most of the world’s top financial institutions have now dramatically reduced their Iranian business or stopped it altogether,” Mr. Paulson said in June in a speech at the Council on Foreign Relations in New York. He added that “the risk of transacting Iran’s business is present in every currency.” (Steven Weisman, “The Ripples of Punishing One Bank,” *New York Times*, July 3, 2007, p. C-1)

DefMin Kyuma Fumio resigned over remarks that were taken as justifying the atomic bombing of Japan. In a speech June 30, he said, “I understand the bombing [of Nagasaki] brought the war to its end. I think it was something that couldn’t be helped.” He became the third member of the Abe cabinet to resign. Abe said, “It was very careless for a Cabinet member to hurt the feelings of the atomic-bomb survivors in Nagasaki and Hiroshima.” He named Koike Yurko to replace the gaffe-prone Kyuma. (Kyodo, “Defense Minister Kyuma Quits over A-Bomb Remarks,” July 3, 2007; Kyodo, “Kyuma Apologizes, Retracts A-Bombing Comments,” July 1, 2007)

First shipment of 3,000 tons of rice leaves the South for North Korea. (Lee Byong-chul, “The Battle for Rice Aid to N. Korea,” July 3, 2007)

Han Song-ryol, acting director of the DPRK Institute for Disarmament and Peace, in London at the invitation of Chatham House, told reporters, implementation of the

February 13 agreement "would go well," adding "better late than never." Noting that "only the funds which were frozen at the BDA in Macao have been unfrozen, and thus the United States' economic sanctions have yet to be completely lifted," stressed for implementation of the February 13 accord, "The economic sanctions [under Trading with the Enemy Act] must be completely lifted, we must be removed from the list of state sponsors of terrorism, and the United States must fulfill its commitments." He added, "The reason that North Korea regards the lifting of the economic sanctions as being immensely important is because this would be a yardstick to determine whether the United States is prepared to willingly abandon the hostile policy toward the North." Yonhap, "Former DPRK Envoy to U.N. Comments on Six-Party Talks, DPRK-U.S. Relations," July 4, 2007)

7/4/07 N-S working-level talks on light industry and natural resources. (Jung Sung-ki, "Koreas to Discuss Cooperation in Light Industry," *Korea Times*, July 4, 2007)

7/5/07 The GNP released a new North Korea policy, "Vision for Peace on the Korean Peninsula" and declared its support for an inter-Korean summit and a number of policies to continue engagement, a much more conciliatory policy toward the North in an election year. "Until now, the Grand Nationals have supported a containment policy toward the North, but the new policy is more flexible with more of an emphasis on peace," said Jeung Young-tae, a research at the Institute for National Unification. "In terms of exchange and cooperation programs, the Grand Nationals' new policy is comparable to the engagement policy of the current administration." (Ser Myo-ja and Kim Jung-ha, "Hard Line on North Ends as GNP Sets New Policy," (*JoongAng Ilbo*, July 5, 2007; *Dong-A Ilbo*, "GNP Proposes More Liberal North Korea Policy," July 5, 2007)

7/6/07 DPRK FoMin spokesman: "After the settlement of the issue of the remittance of the funds frozen in the Banco Delta Asia in Macao, the DPRK is implementing its commitments under the agreement much earlier than the promised time and order. It was agreed at the six-party talks that the DPRK would suspend the operation of its nuclear facilities within 30 days after the lifting of the financial sanction against it. The delayed remittance of the funds procrastinated on the start of implementation of the February 13 agreement but the DPRK allowed a delegation of the International Atomic Energy Agency to visit the DPRK just one day after the completion of the fund remittance proceeding from a goodwill stand to make up for the loss of time, substantially kicking off the process to suspend the operation of its nuclear facilities. **The above-said agreement calls for providing 50,000 tons of heavy oil to the DPRK in the same period, but it was reported that the shipment of the total quantity is expected to be completed early in August.** Prompted by the desire to facilitate the process of the six-party talks, **the DPRK is now earnestly examining even the issue of suspending the operation of its nuclear facilities earlier than expected, that is from the moment the first shipment of heavy oil equivalent to one-tenth of the total quantity is made, without waiting for the total quantity of heavy oil to reach its port and making preparations for the job.** The parties concerned have already been informed of this. Nevertheless, some elements are now spreading misinformation that the DPRK is raising a new demand as regards the implementation of the agreement. This indicates that the forces displeased with the

smooth implementation of the agreement are still at work. The agreement should be honored not only by the DPRK but by all the countries participating in the six-party talks on the principle 'action for action.' **Other participating countries are also obliged to hasten the preparations for honoring their commitments including energy aid amounting to 950,000 tons of heavy oil, the remaining quantity to be provided.** It is a stark fact already known to the world through the agreement that the DPRK cannot unilaterally suspend the operation of its nuclear facilities unless other participating countries fulfill their commitments. **The DPRK may not trust them if steps are not taken to make political and economic compensation as promised, even after it has taken to suspend the operation of its nuclear facilities. In that case, the resumption of its nuclear activity will assume legitimate nature.**" (KCNA, "Spokesman for DPRK Foreign Ministry on Issue of February 13 Agreement," July 6, 2007)

7/7/07 Japan plans to help fund the \$5.3 million for IAEA monitoring of North Korea disabling, Nikkei reported. (Associated Press, "Report: Japan to Partially Fund IAEA Nuclear Monitoring North Korea," July 7, 2007)

7/9/07 Some Bush administration officials hope the six-party talks can evolve into a permanent forum for defusing security threats in Northeast Asia at a time when Japan and China are bulking up militarily. Recent progress has raised hopes that progress can finally begin toward a formal peace in Korea. "It's an anachronism we're dealing with," said a senior U.S. official, referring to the continued military standoff. "We need to make the place more normal." (Jay Solomon and Evan Ramstad, "U.S. Studies Ways to Formally End the Korean War," *Wall Street Journal*, July 9, 2007, p. A-1)

7/10/09 When North Korea test-fired seven ballistic missiles in July last year, satellite communications between the U.S. military and the Maritime Self-Defense Force and the ADF cut out several times. A senior MSDF official said, "The communications system, including the data link that Japan and the United States share, is undergoing dramatic improvements. Within the next several years a system should be in place that will allow the two countries to share 90 percent of that information." This summer, the United States will deploy the Joint Tactical Ground Station, which receives missile launch information directly from an infrared satellite, at its Misawa Air Base in Aomori Prefecture. The missile interception system will not be operational until 2011 at the earliest. (*Yomiuri Shimbun*, "North Korea's Nuclear Threat: Japan Has 1 Minute for Interception Decision," July 10, 2007)

N-S working-level military talks. KCNA: "At the talks the head of the north side's delegation accused the south Korean authorities of conducting a psychological warfare against the DPRK by use of handbill-scattering equipment and a variety of broadcasting media. He cited facts to prove that they are craftily slandering the headquarters of the revolution in the DPRK and the socialist system of Korean style by mobilizing even anti-DPRK organizations. He went on to say: Both sides agreed to stop all propaganda and psychological operations against the other side on June 4, 2004 and reaffirmed on May 11 this year that they would more strictly abide by and implement the north-south military agreement already adopted. Nevertheless, the

south side is persisting in the new form of psychological operation. This is an unpardonable criminal act of scrapping the bilateral military agreement." (KCNA, "North-South Military Working Level Talks Held," July 11, 2007)

7/11/07

KCNA report, "The Abe group will have to pay a dear price for its reckless suppression of the General Association of Korean Residents in Japan (Chongryon)": "The KCNA brands the Japanese authorities' outrageous actions against Chongryon and Koreans in Japan as an extremely grave provocation little short of a declaration of a war against the DPRK. The application made by the Resolution and Collection Corporation of Japan for a forced sale of the hall of the Headquarters of Chongryon was a product of premeditated and systematic plots of the Abe authorities to stamp out Chongryon and tide over their ruling crisis. The above-said corporation bought bad bonds to the tune of 4004.1 billion yen by spending 353.3 billion yen from 1999 to 2005. This means that Japanese businesses and enterprises redeemed those bonds at such a low rate as 8.8 percent. The corporation, however, pressurized Chongryon to redeem 100 percent the debts of the hall of the Headquarters of Chongryon to it and add an annual interest of 5 percent to the payment. Abe at a press conference called on June 12 blustered that 'it was becoming evident that Chongryon was involved in abduction and other crimes' and 'it became a target of investigation under the law on the prevention of subversive activities.' These reckless remarks revealed the intention of the prime minister to build up public opinion for inciting enmity and national chauvinism towards Chongryon and the Koreans in Japan and spearhead the brutal political terrorism intended to stamp out Chongryon. The Abe group has become evermore undisguised in its moves to usurp not only the hall of the Headquarters of Chongryon but its Tokyo Metropolitan Headquarters, Osaka Prefectural Headquarters, Aichi Korean Middle and High School and other local headquarters of Chongryon and Korean schools.... It is preposterous for Japan to use the 'abduction issue' as a pretext for suppressing Chongryon though it has remained the world's worst abductor since the days of its colonial rule over Korea. The DPRK-Japan relations have reached the most dangerous explosive point since the end of the Second World War due to the reckless anti-DPRK, anti-Chongryon moves of the Abe group. It is the jungle logic for Japan to cry out for 'sanctions' against the DPRK, doing harm to the Koreans in Japan, the victims of the Japanese imperialists' colonial rule, and their descendents, though it has not yet redressed its crime-woven past. This behavior of Japan is further straining the relations among states in the Asia-Pacific and posing great threat to peace and stability in the region. It is nothing but the death-bed frenzy of those in despair for the Abe group to go mad with the moves against the DPRK and Chongryon, bereft of reason. The DPRK will force the Abe group to pay a dear price for their moves to suppress and stamp out Chongryon." (KCNA, "KCNA Blasts Japan's Suppression of Chongryon," July 10, 2007)

7/11/09

Military experts say North Korea has not yet acquired the capability to build nuclear bombs small enough to be carried on ballistic missiles. No imports have arrived from North Korea since last December. Exports totaled Y440 million, down 87 percent from the same period last year. (*Yomiuri Shimbun*, "North Korea's Nuclear Threat: Unprepared Japan Might Panic in Missile Attack," July 10, 2007)

7/12/07

First South Korean shipment of 6,200 tons of heavy fuel oil under the October 2007 six-party agreement leaves Ulsan bound for Sonbong in North Korea. (Choe Sang-hun, "Oil Is Shipped to North Korea under Nuclear Shutdown Pact," New York Times, July 13, 2007, p. A-9)

China announced next round of six-party talks set for July 18-19. (Kyodo, "Six-Way N. Korea Nuke Talks among Head Delegates Set for July 18-19," July 12, 2007)

UnifMin Lee Jae-joung said South Korea is ready to discuss establishing a peace regime on the Korean Peninsula. "The peace regime issue should go step-by-step with the North's nuclear dismantlement," he told a weekly news briefing. "The normalization of U.S.-North Korea ties should also be promoted." (Sohn Suk-joo, "S. Korea Braces for Peace Regime Following N. Korea's Nuke Dismantlement," Yonhap, July 12, 2007)

Bureau 39 is the headquarters of a worldwide criminal enterprise that is owned, overseen and operated by the government of North Korea. Through a state-owned conglomerate called Daesong, Bureau 39 oversees export businesses owned and run by the North Korean government--mainly textile and other light-manufacturing factories and some mines. But Bureau 39 also houses another, shadowy directorate that oversees illicit enterprises ranging from drug trafficking to money laundering, claim a dozen current and former government officials in the U.S. and East Asia as well as academic researchers and private-sector investigators interviewed by TIME. Those illegal activities earn, by some estimates--including one by the State Department's former point man on the issue--about \$1 billion a year for the senior Pyongyang leadership. How important is that business to the regime? Consider that in 2005, all of North Korea's legitimate exports totaled \$1.7 billion, according to a CIA estimate. Sheena Chestnut, a researcher at Harvard University and the author of a forthcoming article in *International Security* on what she calls the "Sopranos State," says, "Although multiple entities within the North Korean system appear to participate in the organization and implementation of criminal activity, the coordination of the system--and financial control--appear to be exercised at the top by Bureau 39." Chestnut and diplomatic and intelligence sources in East Asia say Bureau 39 houses the personal financial advisers of North Korean dictator Kim Jong Il and his top deputies. "Some rich people use Goldman Sachs or UBS to manage their money," says a South Korean law-enforcement official. "Kim and his friends use Bureau 39." David Asher, who led the State Department's delegation to the six-party talks from 2001 to 2005 and was the chief monitor of North Korea's illicit activities, says, "Given that North Korea and its elite need hard currency, we can expect them to continue criminal activity to earn that money. The major problems associated with it will almost certainly continue." According to Asher, the big worry among U.S. and Asian intelligence officials is that "the [North]'s growing ties to organized-crime groups and illicit shipping networks could be used to facilitate weapons-of-mass-destruction shipments." Later this year, the U.S. is expected to go to trial in New Jersey on a case targeting alleged members of a Chinese organized-crime gang accused of moving counterfeit currency, illegal narcotics and contraband cigarettes from North Korea into the U.S.--in addition to at least \$1 million in illegal weapons such as pistols, machine guns and rocket launchers. The question that worries officials from Washington to Tokyo to Seoul is, Asher says,

"What could be next?" In most countries, the narcotics business is conducted by private organizations in the shadows as corrupt officials look the other way in return for payments. In North Korea, the opposite is true. "The government not only knows about it--it organizes it," a defector Kim In-ho, who picked poppies, says. "The money [from the sale of heroin abroad] goes to the government." According to several defectors who say they were involved in the narcotics trade, government trucks transport the opium harvested in North Hamgyong province to a factory outside Pyongyang run by Raemong Pharmaceuticals, a government-owned firm. A North Korean defector who claims he was a key middleman in the narcotics business alleges that Raemong is mainly a normal drug company. But, he says, it also converts opium into heroin headed abroad. North Korea has used several methods to get its drugs to market. According to Asher and other diplomats, those methods include having its diplomats carry drugs like crystal meth in their luggage as they head for overseas posts. (Asher says North Korea requires that its missions abroad be self-financing, meaning they need to earn enough money to stay afloat without help from Pyongyang.) In the case of heroin, say sources in law enforcement and intelligence, more traditional methods are typically used. Ships flying international flags head for nearby ports--in particular, Vladivostok in Russia's far east and Hong Kong--where organized-crime groups take over. A former senior law-enforcement source in Russia says the criminal groups "do business with agents of the North Korean government just as they would with any other criminal gang." The North's neighbors are taking steps to root out the menace of North Korean drugs. In 2006 the Vice Minister for China's Public Security Bureau, Meng Hongwei, held a rare press conference to announce his "fierce determination" to combat North Korean drug rings operating in Jilin province in northeastern China. The North's drug dealings also extend to Japan, where in a four-year span, Japanese authorities seized 3,300 lbs. (1,500 kg) of crystal meth trafficked by North Korean gangs. And the Australian navy in 2003 boarded a North Korean vessel headed for the South Pacific and discovered it was packed with more than \$45 million worth of high-grade heroin. North Korea is not the only player in the game. (Until recently, China was by far the biggest source of phony brand-name cigarettes, industry executives say.) The private investigator's report for the cigarette industry found that 10 to 12 factories in North Korea produce a total of 41 billion contraband cigarettes a year, shipped out of the North on "deep-sea smuggling vessels." They are then off-loaded at sea to smaller, high-speed vessels that deliver the cigarettes to traffickers in East Asia. That allows the deep-sea smuggling ships to remain in international waters, beyond the reach of any country's law-enforcement authorities. In late 2004, private investigators witnessed 6,000 master cases of cigarettes--each containing 10,000 smokes--being unloaded at Subic from a fishing vessel that routinely runs between Taiwan and North Korea. Since then, according to a North Korean defector intimately involved in the smuggling of phony cigarettes, "the business has only gotten bigger." This source, who did not want his name used for fear of reprisal in North Korea, where his immediate family lives, says export routes for contraband cigarettes--carrying popular name brands such as Marlboro, Benson & Hedges and Mild Seven, among others--are now multiple and varied. North Korea's military- and internal-security services are "significant players" in the cigarette business, according to the source who used to be in the game. The North uses both homegrown and imported tobacco in these contraband businesses. A large source of phony cigarettes is the Dongyang Cigarette factory in Pyongyang, owned by

a company called Kosanbong, which is controlled by North Korea's internal-security bureau, according to the 2005 private report and a defector interviewed by TIME. The North Koreans have been able to import equipment from Taiwan and mainland China to produce the cigarettes. Overall, the trade generates \$80 million to \$160 million in profit for the regime every year, the study claims. That cash is then spread among Pyongyang's élite to ensure loyalty to Kim, say multiple sources. In late summer of 2005, Federal agents involved in two elaborate undercover operations in California and New Jersey--code-named Royal Charm and Smoking Dragon--arrested several alleged members of Chinese organized-crime gangs known as triads. In addition to narcotics, phony brand-name cigarettes and bogus pharmaceuticals, the investigators found \$4 million worth of unusually well-produced counterfeit \$100 bills. "There's no way an ordinary bank teller in the United States, let alone overseas, is able to identify these notes [as forgeries]," says an American law-enforcement official. In the indictments that followed--the first trial is expected to start this summer--one of the people charged, Chao Tung Wu, a citizen of Taiwan, says the supernotes were produced by the "government of a country" identified in the indictment as "Country Two." That, sources in the U.S. and East Asia say, is North Korea. According to U.S. and South Korean intelligence reports, the North has been producing the counterfeit bills at least since 1994. The South Korean intelligence service two years ago said it could confirm production only until 1998, but at least twice in recent years, claim U.S. and South Korean sources, the U.S. has presented the South Korean government with supernotes said to have been produced in 2001 and 2003. A 2006 State Department estimate puts the amount of counterfeit currency in circulation at \$45 million to \$48 million. Estimate is the key word. Of all the illicit businesses from which North Korea profits,counterfeiting is the one about which outsiders know the least. U.S. officials say they don't believe the North Koreans produced the equipment to print such high-quality counterfeit bills. If that's the case, where did they get it from? No U.S. agency interviewed for this story, including Treasury, State and the Secret Service, could say. U.S. sources also say they do not know where in North Korea the notes are produced. It does seem likely, however, that Kim's government is running the scam. Harvard researcher Chestnut says that since 1994, there have been at least 13 incidents in which North Korean officials, diplomats or employees of government-owned companies have been implicated in carrying counterfeit currency abroad, mostly to embassies in Europe and elsewhere in Asia, from which the bills are sold and slipped into local circulation. Pyongyang last year denied it had ever forged U.S. currency but said it would, in concert with other nations, continue its fight "against all sorts of illegal acts in the financial field." Hill, the U.S.'s top negotiator with North Korea, says, "I don't think you can ask any government--not ours, not any other government--just to ignore these things and to pretend it's not going on. So we did need to take action." Skeptics of engagement with Kim say, given the nature of the regime, his commitment to any arms-control agreement is doubtful at best. "This is a government that has shown every willingness to sell anything to anybody," says former Pentagon official Dan Blumenthal. "Ultimately our security is at stake in terms of their willingness to possibly sell WMD." So what can the U.S. and its allies do? As a start, Asher and others argue that Washington could lean more on China and South Korea to beef up their surveillance and interdiction of suspect ships coming out of North Korean ports--which over the long term could dissuade Kim & Co. from pursuing its Sopranos-state operations. But

that would take time, and right now the U.S. appears focused on getting a nuclear deal out of Pyongyang, no matter what sort of activities it might have to overlook in the process. For Kim and his cronies in Bureau 39, that means business is only going to get better. (Bill Powell and Adam Zagoria, "The Sopranos State," *Time*, July 12, 2007)

7/13/07

The chief of the Panmunjom Mission of the Korean People's Army issued the following statement on July 13: "The aim sought by the U.S. in maintaining the armistice for more than half a century since the realization of truce was to bring down the DPRK by way of strangulating it. As the U.S. found it hard to conquer DPRK by force of arms 54 years ago, it resorted to the act of deceiving the Korean and other peace-loving people of the world to achieve its aim though it put its signature to the Armistice Agreement (AA). Just 12 days after the AA took effect the U.S. concluded the "Mutual Defense Pact" with south Korea, diametrically running counter to Paragraph 60 of the AA which calls for the withdrawal of all foreign forces from south Korea and a peaceful settlement of the Korean question. It thus justified the U.S. forces' presence in south Korea and made toothless the above-said paragraph of the AA which was the ultimate object of the conclusion of the AA. By doing so, the U.S. removed the obstacles lying in the way of achieving its strategic design on Korea and paved the way for turning south Korea into a nuclear base in the shortest possible time. The nuclear issue of the DPRK about which the U.S. has so far trumpeted like a thief crying 'Stop the thief!' is, in essence, the nuclear issue of the U.S. The U.S. has systematically introduced huge quantities of modern combat equipment as well as various types of nuclear weapons exceeding a thousand into south Korea after unilaterally declaring the abrogation of Paragraph 13 d of the AA on June 21, 1957, turning south Korea into the world's biggest nuclear base. ... It is ridiculous, indeed, for the U.S. to talk about the DPRK's nuclear threat and the denuclearization of the peninsula despite those hard facts. The U.S. has recently worked out and pushed forward a new nuclear plan to annually produce 125 smaller nukes with tremendous explosive power which can be used in any area and any time, in Korea to be more specific. This fact offers a clear testimony showing where is the root cause of the nuclear issue on the Korean Peninsula and why is it so difficult to settle the issue. The U.S. is a belligerent party hostile to the DPRK and the two countries are still technically at war. ... Such a complicated and grave situation is now prevailing on the Korean Peninsula and it is getting tenser not only because of the U.S. persistent hostile policy towards the DPRK but because of the servile attitude of the UNSC which zealously patronizes and supports it. It is a hard fact well known to the world that the UNSC has historically conspired with the U.S. in pursuing the hostile policy of perpetuating the division of Korea against its reunification. As early as in the 1950s the UNSC allowed the U.S. to abuse the UN flag, so that it could cover up its armed invasion of the DPRK and its illegal occupation of south Korea. And the U.S. is still committing all sorts of crimes against the Korean people under the same flag. For this reason, the Korean people have long pent-up grudge against the UNSC. ... It is the sincere hope of the DPRK that the UNSC will take a principled and objective and impartial approach in its activities to firmly ensure the global peace and security at a time when the world is facing such complicated and difficult problems as now. **The KPA side urges both the U.S. and the UN, a signatory to the AA, to remain true to their commitments under the AA till a new peace-keeping mechanism is built on the Korean Peninsula.** Though many core paragraphs of the AA have been played

down and have lost their validity, **the KPA side proposes having talks between the DPRK and U.S. militaries to be attended by a UN representative, too, in any place and at any time to be agreed upon between both sides for the purpose of discussing the issues related to ensuring the peace and security on the Korean Peninsula, including Paragraph 60 of the AA as required by Paragraph 17 of the AA which calls on the DPRK and the U.S. to respect the letter and the spirit of all of the provisions of the AA.**" (KCNA, "KPA Proposes Talks between DPRK and U.S. Militaries," July 13, 2007)

Yoo Ho-yeol, a North Korea expert at Korea University said, "Through this statement, North Korea is trying to make the problem a bilateral one, a model it deems is more advantageous to them." (Lee Joo-hee, "Pyongyang Proposes Military Talks with U.S.," *Korea Herald*, July 14, 2007)

The United States is open to holding discussions on North Korea's recent proposal to hold military talks to help establish a peace regime on the Korean peninsula, said DoS deputy spokesman Tom Casey. (Yonhap, "U.S. Open to Discussing N. Korea's Military Talks Proposal: Official," July 13, 2007)

SecDef Gates: "In early July, I communicated my views privately to the president.... I warned that a preemptive U.S. strike to destroy the reactor would lead to a 'huge negative reaction' at home and abroad, risking a fatal weakening of remaining support for our efforts in Iraq, and that our coalition support there could evaporate. At the same time, if we let the Israelis take care of the problem, we would be regarded as complicit or a conspirator and that this option also ran the risk of igniting a wider war in the Middle East and an unpredictable reaction in Iraq. I urged Bush to 'tell Prime Minister Olmert that we will not allow the reactor to become operational but Israel must allow us to handle this in our own way. If they do not, they are on their own. We will not help them.' Further, I told the president he should tell Olmert very directly that if Israel went forward on its own militarily, he would be putting Israel's entire relationship with the United States at risk. The president talked to Olmert on July 13, and while he declined to put the matter to him in the way I had urged, he did push the prime minister hard 'to let us take care of this.' Olmert responded that the reactor represented an existential threat to Israel that it could not trust diplomacy to fix, even if that effort was led by the United States. In the course of the conversation, the president **pledged not to expose knowledge of the reactor publicly without an Israeli okay.**" (Gates, *Duty*, p. 175)

PM Abe Shinzo donated a lantern priced at \$82 to Yasukuni Shrine. (AFP, "Japan's Abe Offers Gift to Controversial War Shrine," July 13, 2007)

7/14/07

North Korea told the United States it has shut down the Yongbyon reactor. "Declaration is one of the early next steps," said Amb. Christopher Hill in Tokyo. "We would expect a comprehensive list - declaration - to be in a matter of several weeks, possibly a matter of months. We see it as coming before the disabling of the facilities." (David E. Sanger, "North Koreans Say They've Shut Nuclear Reactor," *New York Times*, July 15, 2009, p. 1)

Hill: "I think from a sequential point of view, we would have a comprehensive list before we have disablement. I think we've just been thinking in those terms. I think logically one could, you know, I suppose you could do it another way. But we've chosen to go with comprehensive list and then disablement. Again, they're not unrelated. But, at the same time, one does not depend on the other. This is just the route that we've chosen." [Trying to head off run-in with Japan?] (Hill, "Press Availability in Hakone, Japan, July 14, 2007) Kim Gye-gwan July 21 airport press conf: "What do you think?" Kim said to a question on whether the North is willing to report its nuclear weapons at the six-party talks. "We are currently discussing the nuclear programs that exist now. So in terms of specifics, we are (negotiating) a shutdown of the Yongbyon nuclear facilities, its disablement, and **fundamentally, its dismantlement. And for that we must have a light-water reactor,**" Kim said, when he was once again asked about the country's nuclear weapons. Kim also said the trust level must be **established before the North includes its nuclear weapons in the declaration of nuclear items. "We're going to have to wait and see until confidence is established."** Kim added his country was ready for dismantlement but is waiting for the other countries to agree to his proposal. **"It is obvious what we are supposed to do, but the other parties do not seem to be ready,"** he said. Chief delegates of South Korea and the United States have told reporters throughout the talks that the members have the task of discussing how to sequence their economic incentives for North Korea' nuclear declaration and disablement. In regard to the latest round of talks, Kim said that the reason for the failure to set a timeline for nuclear disablement was simply due to a time restraint. "I think the talks went well, the discussions were good and the results were not bad." (Lee Jo-hee, "N. Korea Sticks to Light-Water Reactor," *Korea Herald*, July 23, 2007) "In order to ultimately dismantle (the nuclear programs), light-water reactors should be given" to the North. (Jae-soon Chang, "N. Korea Wants Reactors for Nukes," Associated Press, July 21, 2007)

IAEA inspectors arrived in North Korea to monitor the shutdown of the Yongbyon reactor and other nuclear facilities. (Jack Kim, "Nuclear Monitors Arrive in North Korea," Reuters, July 14, 2007) Monitors found radioactive contamination "a bit higher than expected" so "there was a delay. It took a little time ... until we cleaned everything up. But now everything is fixed," said Adel Torna, head of the IAEA team. (Mark Heinrich, "Unusual Nuclear Contamination Found in N. Korea - U.N.," Reuters, August 2, 2007)

SecDef Gates: "All the president's national security team met the next [this] morning, and the focus was on the Israelis. I was furious. I said that Olmert was asking for our help on the reactor but giving us only one option: to destroy it. If we didn't do exactly what he wanted, Israel would act and we could do nothing about it....'Our proposal will emerge, making it look like the U.S. government subordinated its strategic interest to that of a weak Israeli government that already had screwed up one conflict in the region [against Hizbollah in 2006] and that we were unwilling to confront or cross the Israelis." (Gates, *Duty*, pp. 175-76)

7/15/07

Senior MOFA official calls reactor shutdown "no more than the first step to solve the nuclear issue." Washington, the official said, "is in a hurry to press for the process of

denuclearization and appears to be pushing things a little prematurely." (Kyodo, "Japan Cool to Nuclear Suspension by North Korea," *Japan Times*, July 16, 2007)

7/16/07

N-S military working-level talks discuss joint fishing in the waters of the West Sea. KCNA: "The head of the delegation from the north side Senior Colonel of the Korean People's Army Pak Rim Su said that in order to realize the joint fishing in the waters of the West Sea at an early date as desired by all the fellow countrymen, both sides should lay down among other things the principle of promoting the co-prosperity and common interests to the utmost, the principle of strictly banning foreign fishing boats' illegal fishing, the principle of ensuring peaceful and safe joint fishing and the principle of conserving and propagating the marine resources of the nation by their concerted efforts and, on this basis, should take military measures and discuss and settle other relevant issues. He advanced a reasonable proposal for setting up a vast expanse of waters for joint fishing from Yonphyong Islet to Paekryong Islet in the West Sea and proved at length its validity and feasibility. He also proposed that in order to prevent the military confrontation and clash in the waters of the West Sea the north and the south regard as the basis of their discussion the principle calling on them to remove the root cause of clash, the principle of broad-mindedly giving up each other the maritime boundary line over which they have so far conflicted with each other and recognizing and respecting each other's right to territorial waters and the principle of thoroughly implementing the inter-Korean agreements already adopted and the Armistice Agreement and fully meeting the requirements of the universally recognized law. He said that the south side's proposal for 'building military confidence' only reveals its intention to continue maintaining the 'northern limit line,' root cause of confrontation and clash, and disclosed its injustice. Referring to the inter-Korean cooperation and exchange, he noted that it is the invariable stand of the KPA to take military measures in time for ensuring cooperation and exchange, the implementation of which is guaranteed. He urged the south side to provide the civilian ships of the north side with a military guarantee for their direct sailing into Haeju Port and full passage through the Straits of Jeju as an immediate task." (KCNA, "Inter-Korean Military Working-Level Talks Resumed," July 16, 2007)

SecDef Gates: "Hadley, Rice, Vice Chairman of the Joint Chiefs [James] Cartwright, McConnell, [CIA Director Michael] Hayden, [White House Chief of Staff Josh Bolten, I met on Monday, the sixteenth. Bolten asked if the president was in 'the right place' on the reactor issue and Israel. I was emphatic in saying no. I said he was putting U.S. strategic interests in Iraq, the Middle East, and with our other allies in the hands of the Israelis and that he must insist to Olmert that he let the U.S. handle the Syrian problem. Olmert should be told that vital U.S. interests were at stake, as I had argued earlier, and that, if necessary, the problem would be dealt with one way or the other, before Bush left office. I repeated what I had said about Olmert boxing us in. Notwithstanding, it was clear that the vice president, Elliott Abrams of the NSC staff, my own colleagues Eric Edelman, Condi's counselor Eliot Cohen, and others were all for letting Israel . By not giving the ...By not confronting Olmert, Bush effectively came down on Cheney's side do whatever it wanted. By not giving the Israelis a red light, he gave them a green one." (Gates, *Duty*, p. 176)

Egyptian firm Orascom Construction Industries is investing \$115 million in a North Korean cement plant, acquiring a 50 percent stake. (Evan Ramstad, "Investor Is Set on North Korea," *Wall Street Journal*, July 16, 2007, p. A-6)

7/17/07

On the eve of six-party talks, Christopher Hill and Kim Gye-gwan had a "very businesslike" bilateral in Beijing. "We just had a nice lunch, not a lot of specific discussions," said Hill. (Kyodo, "U.S., N. Korea Negotiators Meet ahead of 6-Way Talks," July 17, 2007) They met at the U.S. embassy, then had lunch at the China World Hotel, then met in the D.P.R.K. embassy. "We have an agreement that this declaration will include all the fissile material," Hill told reporters after meeting with Kim. "It is like one of those video games - every level becomes more difficult than the previous level," he said in Seoul yesterday, "If they have not made that decision to move forward, then many small bumps can become tall mountains." (Brian Lee, "Six-Party Talks Move to Next Stage," *JoongAng Ilbo*, July 18, 2007)

7/18-20/07

Six-party talks discuss how and when North Korea would declare all its nuclear programs and disable all its nuclear facilities. "The consensus, I think, was while we all have a pretty similar idea about when we should get it all done ... we thought we would wait and have the working groups meet and then have a pretty clear idea ... [about sequences] before we actually put it ion a deadline," Christopher Hill told reporters. Japan continues to refuse to provide energy aid until progress is made on abductions. (Kyodo, "6-Way Talks to Wrap up without Specifying N. Korea Denuke Timeline," July 19, 2007) A source with Japan's delegation said disagreement ran deeper than deadlines and included what North Korea should put in its declaration of nuclear activities and how to disable the Yongbyon complex. "There has been no accord on what should be included in North Korea's full declaration," the source said. (Chris Buckley, "North Korea Nuclear Talks Set Goals But No Deadline," Reuters, July 19, 2007) "Of all the six-party meetings I've gone to, this was the for me the best because everyone was very much focused on the task ahead, very little polemics, very little wandering off into other areas," Christopher Hill said yesterday. (Jae-soon Chang, "Analysis: Is North Korea Changing?" Associated Press, July 20, 2007) After three days of upbeat talks, negotiators announced that they had failed to agree on a schedule for North Korea to take the next steps toward nuclear disarmament. (Edward Cody, "N. Korea Talks Fizzle with No Disarmament Timetable," *Washington Post*, July 21, 2007, p. A-8) "If the nuclear facilities in Yongbyon are to be dismantled, we must receive light-water reactors," said Kim Gye-gwan, speaking to reporters on his departure from Beijing airport. "We are ready [to fulfill obligations] but preparations by other countries seem insufficient." Hill told reporters, "I think he's talking about a position they've always had about the endgame." (Kyodo, "N. Korea Seeks Light-Water Reactors in Return for Dismantling Yongbyon," July 21, 2007) When North Korea declares its nuclear programs, nuclear weapons may not be on the list. Reporters asked Kim Gye-gwan a total of four times whether the North was willing to include its weapons in the declaration. He did not answer directly, but then the fourth time he was asked, he replied by taking the focus off the weapons. "What we are now discussing is the issue of current nuclear plans," Kim said. "In detail, that means the shutdown and disablement of the Yongbyon nuclear reactor. In order fort he ultimate dismantlement to come, a light-water reactor has to be provided to the North." (Brian Lee, "North

Korea Might Not List Its Nuclear Weapons," *JoongAng Ilbo*, July 23, 2007) Hill: "The IAEA is quite capable of monitoring what has been done -- the shutdown. As you go into verifying ... how much fissile material they declare that's something we need to work out the details of and I don't think the question has yet been answered." (DoS, Special Briefing, Assistant Secretary of State for East Asian and Pacific Affairs and Head of the U.S. Delegation to the Six-Party Talks Christopher R. Hill on Six-party Talks Held in Beijing, July 23, 2007) Kim Gye-gwan floated power plant refurbishment and enhancement of its oil storage capacity in lieu of HFO. A six-party working group will consider alternative energy aid. (Kyodo, "N. Korea Eyes Power Plant Refurbishment As Reward for Denuke Steps," July 27, 2007)

Press Communiqué of the Head of Delegation Meeting of the Sixth Round of Six-Party Talks, Beijing 20 July 2007: "I. The Head of Delegation Meeting of the Sixth Round of the Six-Party Talks was held in Beijing from 18 to 20 July 2007. Mr. Wu Dawei, Vice Minister of Foreign Affairs of the PRC; Mr. Kim Gye-gwan, Vice Minister of Foreign Affairs of the DPRK; Mr. Kenichiro Sasae, Director-General for Asian and Oceanian Affairs, Ministry of Foreign Affairs of Japan; Mr. Chun Yung-woo, Special Representative for Korean Peninsula Peace and Security Affairs of the ROK Ministry of Foreign Affairs and Trade; Mr. Christopher Hill, Assistant Secretary for East Asian and Pacific Affairs of the Department of State of the United States; and Mr. Vladimir Rakhmanin, Ambassador of the Ministry of Foreign Affairs of the Russian Federation attended the talks as heads of their respective delegations. Vice Foreign Minister Wu Dawei chaired the meeting. II. The Parties reviewed the work and progress since the First Session of the Sixth Round of the Six-Party Talks, expressed satisfaction with the constructive efforts made by all parties to advance the Six-Party Talks process, and welcomed that productive bilateral consultations and coordination were conducted to enhance their mutual trust and improve relations with each other. III. For the denuclearization of the Korean Peninsula, normalization of relations between the countries concerned and lasting peace and stability in Northeast Asia, the Six Parties held candid and practical discussions on the work during the period of the next phase and reached the following general consensus: 1. The Parties reiterated that they will earnestly fulfill their commitments in the Joint Statement of 19 September 2005 and the agreement of 13 February 2007. 2. The DPRK side reiterated that it will earnestly implement its commitments to a complete declaration of all nuclear programs and disablement of all existing nuclear facilities. 3. Economic, energy and humanitarian assistance up to the equivalent of 950,000 tons of heavy fuel oil (HFO) will be provided to the DPRK. 4. All other parties undertook to fulfill their respective obligations as listed in the September 19 Joint Statement and February 13 agreement in line with the principle of 'action for action.' IV. To implement the above-mentioned general consensus, the Parties decided to take the following steps: 1. Before the end of August, the Working Groups for Denuclearization of the Korean Peninsula, Normalization of DPRK-US relations, Normalization of DPRK-Japan relations, Economy and Energy Cooperation and Northeast Asia Peace and Security Mechanism will convene their respective meetings to discuss plans for the implementation of the general consensus. 2. In early September, the Parties will hold the Second Session of the Sixth Round of the Six-Party Talks in Beijing to hear reports of all Working Groups and work out the roadmap for the implementation of the general consensus. 3.

Following the Second Session of the Sixth Round of the Six-Party Talks, the Parties will hold a ministerial meeting in Beijing as soon as possible to confirm and promote the implementation of the September 19 Joint Statement, the February 13 agreement and the general consensus, and explore ways and means to enhance security cooperation in Northeast Asia."

7/19/07

Japan's Sasae Kenichiro and North Korea's Kim Gye-gwan met and agreed to make "mutual" efforts to resolve pending bilateral issues. Sasae said it was "important that Japan and North Korea reaffirmed that will" to make such efforts. "Just as the abduction issue is the most important issue [for Japan], we must also understand that for North Korea, settling past [bilateral] history is of the highest importance." (Kyodo, "Japan Sees Need for Tokyo, Pyongyang to Resolve Thorny Issues," July 20, 2007) "Japan should know that problems will not be resolved only with pressure," Kim Gye-gwan told reporters at Beijing airport. "I told them that if they take further [pressurizing] steps, there will be disaster, so be careful." (Kyodo, "N. Korea Warns Jaapan for Resorting Only to Pressure," July 21, 2009)

KCNA: "The Ministry of Foreign Affairs of the DPRK released a memorandum [today] to warn the international community of the dangerous consequences to be entailed by the Japanese authorities' attempt to abuse the 'abduction issue.' The memorandum says: The Abe group is now busy with soliciting diplomacy in a bid to put international pressure upon the DPRK while asserting that the 'abduction issue' has not yet found a solution. As if it were not enough with applying economic sanctions against the DPRK under the pretext of the 'issue,' it is even scheming to destroy the General Association of Korean Residents in Japan. The 'abduction issue' had already been settled thanks to the DPRK's sincere efforts. When a delegation of Japanese political parties led by former Japanese Prime Minister Murayama Tomiichi visited the DPRK in December 1999 the Japanese side requested the DPRK side to confirm the whereabouts of 13 Japanese who had been reported missing. The DPRK government, taking the humanitarian nature of the issue of the missing persons into consideration, organized a special investigation committee in April 2002 to conduct the investigation on a nationwide scale. The results of the investigation proved that there were cases in which some Japanese had been abducted by individual Koreans from late in the 1970s to early in the 1980s. During the Pyongyang visit by former Japanese Prime Minister Koizumi on September 17, 2002 the Japanese side was informed of the results of the investigation that 13 missing Japanese were confirmed to be abductees: Five of them are still alive and eight died. Formal regret was also expressed over the emergence of the 'abduction issue' at the DPRK-Japan summit talks. It was by no means a simple decision that the DPRK government opted to settle among other things the issue of a little more than ten Japanese abductees out of sincerity, given the fact that Japan had not compensated for the huge damage done to the Koreans by the Japanese imperialists in the earlier period of the same century when they committed such hideous crimes against humanity as forcibly drafting more than 8.4 million Koreans, killing more than one million and forcing 200,000 Korean women into sexual slavery for the Imperial Japanese Army. On October 15, 2002 the DPRK government allowed five survivors of abduction to visit their home towns in Japan at the request of the Japanese side. On October 30 after their arrival in Japan the Japanese government, all

of a sudden, unilaterally made public a decision that it would not send them back to the DPRK. This is the first example showing how the Japanese side reneged on its promise and behaved against good faith in the course of settling the 'abduction issue.' It was later confirmed that the then Deputy Chief Cabinet Secretary Abe Shinzo was behind the decision. On May 22, 2004, former Japanese Prime Minister Koizumi again visited Pyongyang. The DPRK side allowed him to take all the five sons and daughters of the survivors to Japan with him as requested by him. In November 2004 the DPRK provided every facility to a Japanese government joint delegation made up of officials concerned of the Cabinet, the Foreign Ministry and the National Police Agency and medico-legal experts so that they could visit the DPRK for a week and confirm on the spot the death of the above-said Japanese. Thanks to the sincere efforts exerted by the DPRK government five survivors of the 13 abductees and all of their seven sons and daughters went to Japan and the remains of Megumi Yokota were also sent to Japan as requested by her parents, thus settling the 'abduction issue.' The Abe group has persistently kicked up a racket over the 'abduction issue' while flatly denying the fact that the 'abduction issue' had found a solution. Japan's first negative reaction to the settlement of 'the issue' came when it floated the fiction about the false remains of Yokota Megumi. Abe who was acting secretary general of the Japan Liberal Democratic Party in a lecture given in Tokyo Metropolis on November 17, 2004 let loose a string of anti-DPRK vituperation and his group claimed that the results of the DNA test of the remains of Megumi Yokota handed over by her husband proved that they were 'bones of two other persons.' Timed to coincide with this, Abe asserted the need to immediately apply economic sanctions against the DPRK and the Japanese government declared that it would freeze humanitarian aid which Koizumi promised during his Pyongyang visit. Recalling that the 'report on the DNA test of the remains of Yokota Megumi' sent to the DPRK by the Japanese side on Dec. 25, 2004 contained contradictions in the explanation about the method involved in the examination and the content of the DNA samples and it was a document hard to believe as it lacked signatures of the analysts and witnesses as well as the seal of the institution that conducted the examination, the memorandum goes on: As the doubt about the results of the DNA test of the remains of Yokota Megumi widely floated at home and abroad, the Japanese authorities soon transferred Yoshii Tomio who had been in charge of the examination of the remains to the Police Institute of Science to hold the post of its section chief and cut off all contacts with outsiders. The husband of Megumi, angered to hear the fiction of 'false remains' spread by the Abe group, demanded the Japanese side return her remains at once but the latter has still refused to meet this demand. The Abe group is now concocting stories about more 'abductees' as the probe into and handling of the issue of the 13 abductees raised by the Japanese side at the outset have come to an end. The Abe regime is working hard to keep the 'abduction issue' debated in a bid to use it for the purpose of stepping up the rearmament of Japan. It is the calculation of the ultra-nationalist forces of Japan represented by Abe that when it bars the DPRK-Japan relations from being normalized over the "abduction issue" and succeeds in torpedoing the six-party talks in a bid to deter the nuclear issue on the Korean Peninsula from being settled, it will be able to use the 'access to nukes by the DPRK in hostile relationship with Japan' as a pretext for preserving the justification for its militarization and nuclear armament. The 'theory of departure from the postwar regime' much touted by Abe right after holding premiership was nothing but his real

intention to free Japan of the position of a defeated nation subject to military restrictions. Japan once used the issue of the DPRK's missile launch as a good pretext for its rearmament. But when it succeeded in putting into the orbit even a spy satellite by such delivery means as missiles, it needed a more proper pretext other than that pretext. That is why the Japanese right-wing forces had no option but to raise the 'abduction issue.' According to the scenario of the ultra-nationalists, a frantic propaganda campaign was kicked off to underscore the 'seriousness' and 'rate' of the 'abduction issue.' After holding the premiership in September 2006, Abe set up the 'headquarters for measures to settle the abduction issue' headed by himself and created such posts as 'minister in charge of the abduction issue' and 'adviser on the abduction issue,' making his cabinet known as a 'cabinet to handle the abduction issue,' the first of its kind in history. As claimed by Japan, the 'abduction issue' can be settled only when the dead return to life and all those Japanese missing reappear. Even according to what was reported up to 2004, eight persons whom the Japanese side had claimed 'abducted' by the DPRK were discovered in Japan. Japan is now taking much pain to make even the six-party talks a scapegoat of the 'abduction issue.' As regards the decision of the participating countries to provide energy aid to the DPRK as a step to be taken at the preliminary phase for the denuclearization of the Korean Peninsula, Abe uttered on February 5, 2007 that he would like to explicitly state there would be basically nothing to be given by Japan to north Korea should it fail to take sincere measures for the solution of the abduction issue. **If Japan is allowed to pursue such design, the nuclear issue on the peninsula will remain unsettled for an indefinite period like the 'abduction issue,' an issue of bringing the dead to life.** This is the ultimate goal pursued by the ultra-nationalist forces of Japan keen on the nuclear weaponization. Herein lies the danger of the political aims sought by the Abe group. It is so morally vulgar that it is hyping the 'issue' of a little more than ten abductees though Japan forcibly took away and abducted millions of Koreans to force them to toil and moil at the construction sites of power stations, coal and ore mines, railways and airfields. Noting that Japan's operations for luring and abducting Koreans are still going on, the memorandum says: The DPRK government suggested more than once the Japanese side to probe the cases in which it lured and abducted citizens of the DPRK in the area along the DPRK-China border, inform the DPRK of the results and send back the victims but Japan is avoiding any response to it. The increased zeal of Japan to evade the responsibility for redeeming its past and rearm itself under the pretext of threats from neighboring countries would only precipitate its self-destruction, not revival, warns the memorandum." (KCNA, "DPRK Foreign Ministry Blasts Abe Group's Racket over 'Abduction Issue,'" July 19, 2007)

Taliban take 23 South Korean evangelicals hostage, killing two, in Afghanistan as they traveled by bus from Kabul to Kandahar.

7/20/07

Irregularities in UNDP operations in North Korea include transfer of dual-use technology. The UNDP procured in May 2006 global positioning equipment, a portable high-end spectrometer and a large quantity of high-specification computer hardware for a geographic information system project. The Commerce Department found no record of any application for export licenses for the equipment. (Melanie Kirkpatrick, "North Korea Tech Transfer," *Wall Street Journal*, July 20, 2007, p. A-13)

- 7/24/07 In two-hour debate from Charlestown, S.C., Obama was asked if he would be willing to meet without precondition in the first year of his presidency with the leaders of Iran, Syria, Venezuela, Cuba and North Korea. "I would," he responded. (Nedra Picker, "Clinton, Obama Clash over Diplomacy," Associated Press, July 24, 2007)
- 7/24-26/07 General-level N-S military talks. KPA Lt. Gen. Kim Yong-chol reiterated demand for new maritime border to replace NLL and hinted that no further talks would be held: "The South seems not to be ready for talks. So to speak, we reached a conclusion that it cannot be a dialogue partner." ROK Maj. Gen. Jeung Seung-jo said, "It is highly regrettable that we have failed to narrow the difference over the contentious point." (Yonhap, "Koreas Fail to Find Common Ground in Military Talks," *Vantage Point*, August 2007, pp. 41-42)
- 7/27/09 North Korea demanded a 15 percent pay raise for workers at Kaesong. (Yonhap, "N.K. Demands Pay Raise for Workers in Inter-Korean Industrial Complex," July 27, 2007) North and South agreed on a 5 percent raise. (Yonhap, "N. Korean Workers in Kaesong Complex to Receive 5 Percent Pay Raise," August 3, 2007)
- South and North will start an on-site survey of three zinc and magnesite mines in North Korea's mountainous northeast region, the Unification Ministry announced. "The zinc deposits in Komdok mine is about 200-300 million tons, the largest in East Asia, and magnesite deposits in Ryongyang and Taehung are about 4 billion tons, the world's third largest," said a ministry official. (Yonhap, "Two Koreas to Conduct On-Site Survey of Three Mines in the North," July 27, 2007)
- Nations seeking to end North Korea's nuclear threat face the problem of what to do with its nuclear scientists. "Yes, there are proliferation risks from footloose experts, defectors or refugees from the DPRK. Yes, there are people worrying about this in the U.S. and other governments," said Peter Hayes of the Nautilus Institute. "These guys aren't a proliferation risk per se unless North Korea collapses," said Joel Wit. "But the real concern is that in the context of the agreement the North Koreans are going to turn to us and ask, 'What do we do with these guys?' Solving that is going to be an absolute requirement from the North Korean side." Christopher Hill told reporters last week, "I know it's very much on the minds of the North Korean officials." Wit said, "My impression from talking to them is that they're really interested in re-establishing cooperation." Jon Wolfsthal said, "The South Koreans are so anxious in fact that they want to do this on their own." (Chris Buckley, "Now What Will North Korea's Nuclear Scientists Do?" Reuters, July 27, 2007)
- In a highly unusual case, Japan gave citizenship to North Korea-born Haruta Narumi, 32, who defected in 2005 with her mother, a Japanese woman who left Japan in 1960 to live in North Korea, where she later married a North Korean. (*Yomiuri Shimbun*, "DPRK-Born Defector Gets Nationality," July 27, 2007)
- 7/28/07 Leon V. Sigal, "Turnabout Is Fair Play," *Foreign Service Journal*, July-August 2007, 30-35.

- 7/29/07 LDP routed in upper house elections, winning just 37 seats of the 121 seats up for election to 60 for the DPJ. New Komeito won 9, leaving the opposition coalition with a 137-105 majority in the 242-seat upper house. Turnout was 58.64 percent in the prefectural election and 58.63 in the proportional representation vote, up 2.07 percent and 2.09 percent respectively from July 2004. (*Japan Times*, "Ruling Coalition Suffers Huge Defeat," July 30, 2007; Kyodo, "Abe to Reshuffle Cabinet As LDP Allows Him to Stay," July 30, 2007) Abe Shinzo, intending to remain as PM, promised cabinet reshuffle. "When the public expresses an opinion and it is not accepted, the reaction will be frightening," said Kato Koichi, former LDP sec-gen. "Unless [Abe] recognizes and accepts the public will, the LDP will be destroyed." Gerry Curtis of Columbia University quoted another LDP heavyweight who compared the LDP to the Titanic: "The difference is the people on the Titanic didn't know it was going to sink." (Michiyo Nakamoto and David Pilling, "Abe Fights to Survive in the Wake of Poll Rout," *Financial Times*, July 30, 2007) Among DPJ winners, 68.5 percent oppose revision of Article 9, only 24.5 percent support exercising the right of collective self-defense, 86.0 percent oppose visits to Yasukuni shrine. (Kyodo, "One-Half of Election Winners Oppose Revising Article 9," August 1, 2007)
- 8/1/07 Ozawa Ichiro, DPJ chief, rejected a meeting with U.S. Ambassador Thomas Schieffer. The two had never met. (*Asahi Shimbun*, "Ozawa Snubs Schieffer on Talks," August 3, 2007; *Asahi Shimbun*, "Ozawa, Schieffer to Hold Meeting," August 4, 2007)
- House adopted resolution demanding an apology for enslavement of "comfort women." (Kyodo, "House Panel OKs Pro-Japan Resolution," August 2, 2007)
- 8/2/07 FM Pak Ui-chun at ASEAN said DPRK will denuclearize not in exchange for mere energy aid but only when the U.S. abandons its "hostile policy." (Byun Duk-kun, "N. Korea Says Denuclearization Possible When U.S. Abandons 'Hostility' toward Pyongyang," *Yonhap*, August 2, 2007) Pak called Japan's actions against Chongryon a "grave provocation" and an infringement on its sovereignty: "If Japan continues its crackdown on Chongryon, the DPRK cannot but warn that it would bring about a more serious political crisis than the financial sanctions." (*Yonhap*, "N. Korea Raps Japan, Warns of Obstacle in 6-Way Nuclear Talks," August 5, 2007; KCNA, "DPRK Government Will Strive for Peace," August 5, 2007)
- 8/4/07 The late emperor Hirohito expressed displeasure about Yasukuni's honoring of Class-A war criminals, according to a memorandum by a former Imperial Household Agency chief. In a waka poem, the emperor had expressed "anxiety" about the shrine, said poet Okano Hirohiko who had been on an Imperial New Year's poetry jury. In 1986 Okana asked the late Tokugawa Yoshihiro, former grand chamberlain, why. "His majesty holds a view opposed to the enshrinement of Class-A war criminals" for "two reasons," Tokugawa was quoted as saying. "One is that he believes it alters the nature of the enshrined deities when [Yasukuni] is made to honor the souls of people who went to war for the country and died in wars." Hirohito also held "the view that it will leave a deep source of problems for the future with regard to countries involved in the war" with Japan. (Kyodo, "Late Emperor Concerned over Class-A War Criminals Damaging Ties," August 4, 2007)

Complaints are growing in South Korea about the U.S. attitude toward 21 Koreans proselytizers held hostage by the Taliban in Afghanistan after Washington publicly opposed a prisoner swap, which DoS spokesman Richard Boucher said "only invites further activity for kidnapping and hostage-taking." The Taliban wants all South Korean aid workers withdrawn in return for their release. (Brian Lee, "Hostage Crisis Is Raising Debate on U.S. Response," August 4, 2007)

8/6/07 The MAC is investigating a brief exchanges of machine-gun fire across the DMZ. David Oten, USFK spokesman, said, "It involves moving to the location and physically looking at the ground, and interviewing the personnel involved." The North fired first, South Korean authorities said, and they returned fire and issued a warning over a loudspeaker. (Chosun Ilbo, "2 Koreas Exchange Shots across Demilitarized Zone," August 6, 2007)

8/6-11/07 John Lewis, Siegfried Hecker, John Merrill in Pyongyang. (Yonhap, "U.S. Says Academic Delegation to N. K. Not Going on Behalf of Government," August 7, 2007) "We had an opportunity to visit Yongbyon," Hecker told reporters at Beijing airport. "What we were able to ascertain is that indeed, the facilities in Yongbyon are no longer operational." (Kyodo, "U.S. Experts, IAEA Inspectors Say N. Korea Shutdown Continues," August 11, 2007)

8/7-8/07 Six-party working group on energy assistance met at Panmunjom chaired by Chun Young-woo and including Japan's Deputy dir-gen of Asian and Oceanian Bureau Ihara Junichi, DPRK Minister Kim Myung-gil, China's Amb. For Korean Peninsular Affairs Chen Naiqing, U.S. Director of Asian Economic Affairs Kurt Tong, and Russia's First Asia Division chief O. Davidov. With enough storage for 200,000 tons of HFO, North Korea sought part of energy aid in "what can be called consumption-based assistance and investment-based assistance," a South Korean delegate told reporters. (Byun Duk-kun, "N. Korea Wants Development investment in Return for Denuclearization: Official," August 7, 2007)

8/8/07 Baek Jong-chun, presidential secy for unif, foreign and security policy, announces plans for North-South summit meeting August 28-30. (Yoo Cheong-mo, "Two Koreas Agree to Hold Summit in Pyongyang August 28-30: Cheong Wa Dae," Yonhap, August 8, 2007) The announcement issued over the names of Kim Yang-gon, director of the United Front Department, and Kim Man-bok, NIS director, said: "The meeting between the top leaders of the north and the south will be of weighty significance in opening a new phase of peace on the Korean peninsula, co-prosperity of the nation and national reunification by expanding and developing the inter-Korean relations onto a higher stage in accordance with the historic June 15 North-South Declaration and in the spirit of 'by our nation itself.'" (KCNA, "North-South Agreement on Visit of President Roh Moo-hyun Released," August 8, 2009) The GNP said, "It is questionable whether it is appropriate to hold the summit at this timing, and it is highly likely to be a ploy to shake off the situation of the [presidential] election which is only four months away." (Kyodo, "2 Koreas to Hold Summit Aug. 28-30 in Pyongyang," August 8, 2007) NIS chief Kim Man-bok secretly visited Pyongyang August 2-3 to discuss a summit, the government said in a statement, and was given a statement saying "the North Korean

leader had long wished to meet President Roh Moophyun ... but the situation was not ripe for such a meeting." It then conveyed KJI's "message that the current moment is the most appropriate time for it, thanks to the recent improvements in South-North Korean relations and **the regional situation.**" (Joohee Cho, "S. Koreans Divided over North-South Summit," *Washington Post*, August 9, 2007, p. A-10) The Bush administration was "surprised" as it was notified just hours ahead of the announcement. "But South Korean officials who have visited Washington have consistently mentioned the likely possibility of the summit," said one source. (Yonhap, "'U.S. Surprised, But Expresses Deep Interest in Inter-Korean Summit," August 7, 2007) UnifMin Lee Jae-joung said August 9, "We plan to ask that the delegations travel by land," adding it was yet to be decided whether by rail or road. (Lee Joo-hee and Kim Ji-hyun, "Seoul Suggest Roh Use Railway for Summit," *Korea Herald*, August 10, 2007) Roh will travel by road, not rail, because the North said no. (Jung Sung-ki, "President to Travel to Pyongyang by Road," *Korea Times*, August 14, 2007)

Office of the DNI, *Unclassified Report to Congress Nuclear and Missile Programs of North Korea*, August 8, 2008: "**Prior to the test North Korea could have produced up to 50 kg of plutonium, enough for at least a half dozen nuclear weapons.**" ... We continue to assess with high confidence that North Korea has pursued efforts to **acquire a uranium enrichment capability**, which we assess is intended for nuclear weapons. All Intelligence Community agencies judge with at least moderate confidence that this past effort continues. **The degree of progress towards producing enriched uranium remains unknown, however.**" (Mary Beth Nikitin, *North Korea's Nuclear Weapons*, Congressional Research Service RL34256, February 12, 2009 [In April 2005 the reactor was shut down to harvest spent fuel, which contained 10-15 kg of plutonium that could have been reprocessed by August. From August 2005 to August 2006 the reactor could have produced another 6 kg. That could have added another three bombs' worth to the 4-6 yielded in the 2003 reprocessing campaign.] Backing away from DIA Director Lowell Jacoby's April 2005 contention that it had the capability to arm missiles with nuclear warheads, it says, "**North Korea has short and medium-range missiles that could be fitted with nuclear weapons, but we do not know whether in fact it has done so.**" (CRS Report for Congress, *North Korea's Nuclear Weapons: Latest Developments*, Mary Beth Nikitin, February 5, 2008)

DPJ president Ozawa Ichiro rejected Amb. Thomas Schieffer's request to extend a law allowing Japan's Maritime SDF to continue refueling operations for U.S.-led antiterrorism operations in the Indian Ocean beyond November 1. "Our interpretation of the constitution is the right to self-defense is made only when Japan is attacked," Ozawa said in the open-door meeting with Schieffer. "I am of the opinion that we should instead proactively participate in peacekeeping operations authorized by the United Nations." Schieffer said afterward, "I think that gives me some hope that on reflection the Democratic Party will agree that the United Nations has sanctioned this task force and because of that they would support the continuation of our efforts in the Indian Ocean." (Kyodo, "DPJ Rejects Schieffer's Request to Extend Antiterrorism Operations," August 8, 2007)

- 8/?/07 Stephen Haggard and Marcus Noland, *North Korea's External Economic Relations*, Peterson Institute Working Papers, August 2007.
- 8/11/07 Chongryon decided to sell its headquarters in April to avoid seizure for local taxes. Ogata Shigetake, former director of the Public Security Intelligence Agency that monitored Chongryon and now head of Harvest, an investment firm, made a deal with Chongryon's lawyer to buy the building for Y3.5 billion (about \$30.6 million) and allow Chongryon to rent it for about the Y350 million with the option to buy it back five years later for Y3.85 billion. In June Ogata pressed Chongryon to complete the sale saying if it lost the lawsuit its property would be seized and sold at auction. Believing that the deal was a fraudulent attempt to avoid seizure the Tokyo prosecutor ordered a raid on Ogata's home. The Tokyo government then levied the property taxes in mid-June and seized the building when Chongryon was unable to come up with the \$75 million (\$654,000). (*Japan Times*, "Chongryon HQ Seized over Tax Arrears," August 11, 2007) In late June Ogata and two others were arrested for fraudulently trying to ownership of the building. Prosecutors alleged that since Ogata and his associates know they would be unable to complete the sale they were swindling Congryon out of Y480 million for incidental costs relating to the sale But Chiongyron denied it was cheated. (*Asahi Shimbun*, "Ex-Security Chief Held in Deal with Chongryon," June 29, 2007)
- 8/13/07 After Christopher Hill bilateral with Kim Gye-gwan in Beijing intended to smooth the way to working group meetings August 16-17, Hill says they "have an agreement that we're going to try to identify types of disablement and how we can approach it." "We had a discussion about the sequence of declaration and disablement," he added. "In particular, we discussed the question of what is being precisely declared and what is being disabled." "We would hope the declaration would come fairly early, followed by the disablement plan." (Anita Chang, "U.S., N. Korea Discuss Nuclear Disarmament," Associated Press, August 13, 2007) Hill: "We have the same common definitions of disablement." (DoS, Christopher Hill, Evening Walkthrough with Reporters at Six-Party Talks, Shenyang August 13, 2007)
- DPRK Trade Minister Rim Kyong-man visits Syria, meets with PM Naji al-Otari, signs trade protocol, KCNA reports. He had visited Iran and met with VP Parvis Davoudi on August 11. (*Vantage Point*, "North Korea Trade Minister Visits Syria and Iran," September 2007, pp. 40-41)
- 8/14/07 North Korea is seeking aid after massive floods left hundreds dead or missing and "tens of thousands of hectares of farmland inundated, buried under silt and washed away," said Paul Risley, WFP spokesman. (Jon Herskovitz, "North Korea Seeks Help after massive Flooding," Reuters, August 14, 2007) Torrential rains began August 7. Eastern provinces of South Hamhong and Kangwon were hardest hit. "There were indications of widespread damage and the dislocation of several communities, and clear evidence of the need for emergency food assistance and probable long-term food assistance," said Risley. "It is possible they affect 200,000-300,000 individuals." (AFP, "N. Korea Floods May Have Hit up to 300,000: U.N." August 15, 2007) KCNA: "The continued heavy rainfalls across the country have done a huge damage to people's living and the national economy. As of August 14, more than 46,580 houses

for over 88,400 families have been destroyed totally or partially and flooded in Pyongyang, North and South Hwanghae provinces, North and South Phyongan provinces and Kangwon and South Hamgyong provinces, leaving over 300,000 flood-victims. More than 11 percent of paddy and dry fields throughout the country were inundated, buried or washed away, some 55,000 square meters of railway roadbeds were carried away and over 400 industrial establishments were submerged under water. In Pyongyang, the water level of the Taedong and Pothong Rivers went up highest since 1967, submerging Panwol and Turu Islets and some areas of Pothonggang, Phyongchon and Songyo districts, paralyzing the traffics and inundating, washing away or burying over 8,200 hectares of paddy and dry fields. The precipitations in North Hwanghae and South Phyongan provinces in seven days were nearly equivalent to the annual ones. The torrential rains destroyed totally or partially and submerged some 25,000 dwelling houses and washed away 63,000 hectares of paddy and dry fields. And they destroyed railways, roads, bridges and river banks and cut electric power and communication networks, thus causing huge amount of material losses. In Kangwon Province, several thousand hectares of farm land were carried away and more than 27,700 dwelling houses were wrecked or inundated. In South Hwanghae Province, a granary on the west coast, the heavy rainfalls coupled with strong wind did damage to at least 20,000 hectares of farm land and destroyed dwelling houses and public buildings. Over twenty coal mines across the country including the coal mines in the Kaechon area were flooded. Some 60 pits were collapsed or inundated and 70 cutting faces and 400 facilities were under water in Jungsan, Unpha, Sudong and other mines. In the field of railway transportation, over hundred sections of railway roadbeds were cut, 280 meter-long railway bridge beams were destroyed, three tunnels were flooded and 49 sections of railroad were buried by 14,300 cubic meters of earth triggered off by landslides. The disaster has suspended railway transportation." (KCNA, "Damage by Flood Increased in DPRK," August 16, 2007) USAID promised \$100,000 to buy blankets, shelter materials, water containers and other supplies." (AFP, "S. Korea, U.S. Vow Flood Aid for N. Korea," August 17, 2007) South Korea decided on August 24, a day after delivering \$7.5 million in aid, to provide another \$40 million in cement, iron bars, trucks and heavy equipment, to cope with flood damage. (Sohn Suk-joo, "S. Korea to Provide Extra Emergency Aid to N. Korea," Yonhap, August 24, 2007)

The GNP voiced its opposition to idea of a "peace zone" or "economic cooperation zone" in the West Sea or its inclusion on the summit agenda. Many South Koreans felt very uncomfortable with the possibility of DPRK ships transiting very close to Incheon harbor and the five islands until the inter-Korean security relationship has been transformed. The issue exposed deep inter-agency differences. Unification Minister Lee Jae-jong suggested the NLL could be discussed at the summit and said it is "not a territorial matter." The defense ministry and the director of the National Intelligence Service declared the NLL is an issue of "territorial sovereignty." Veterans groups and conservative opinion leaders were alarmed by the idea that Roh might agree to abolish the NLL. (Jin Dae-woong, "GNP Opposes Border Issue on Summit Agenda," *Korea Herald*, August 14, 2007)

New York Philharmonic received invitation to give a concert in Pyongyang. (AFP, "Kim Jong-il Courts New York Phil for Pyongyang," August 15, 2007) DoS spokesman is asked whether there are restrictions on its travel. (DoS Daily Briefing, August 14, 2007)

8/16-17/07 Six-party working group talks address declaration and disablement. Chun Yung-woo and Li Gun met in Shenyang prior to six-party meeting to discuss energy aid. (Byun Duk-kun, "Top Envoys of Two Koreas Meet ahead of Working Group," Yonhap, August 16, 2007) "I think we came up with some ideas that everyone could agree to," said Assistant SecState Hill. "I think we now have a basis for consensus." He added, "I think what is going to happen is declaration and disablement will move in a way [that] we won't wait for one to be completed before starting the other." Japan's Suda Akio said, "There are points that are unclear, or not necessarily sufficient ... so talks must continue." (Kyodo, "N. Korea Talks End with 'Basis' for 2<sup>nd</sup> Denuclearization Phase," August 17, 2007) "We will be making a transparent disclosure of all nuclear program and nuclear equipment," Li Gun was quoted by Yonhap as telling reporters. (Reuters, "North Korea Says to Come clean on Nuclear Program," August 18, 2007) Hill: The DPRK came and went through their concepts of disablement and declaration. ...One of the issues you look at is declaration of Yongbyon facilities, but there are also some other facilities. And then you have to look at the question of disabling non-Yongbyon facilities. That's why there's a certain logic to have a declaration before you do disablement. **But on the other hand, some things that need to be declared also are well-known right now. So there's no need to wait for the full declaration before understanding the need to disable the five-megawatt reactor, for example.** That's what I mean by the fact that **disablement is a process that will overlap the process of declaration**" (DoS, Christopher Hill, Evening Walkthrough with Reporters at Six-Party Talks, Shenyang August 17, 2007) Li Gun was less clear about enrichment saying only that the issue "is something that should be discussed at a later point in time." (Kyodo, "N. Korean Envoy Says Yongbyon Reactor Included in Disablement Plan," August 18, 2007)

8/17/07 UnifMin Lee Jae-joung spoke to a special National Assembly committee on reunification about a deadly sea battle on June 29, 2002, "Regarding the Yellow Sea battle, we need to reflect on the way it was conducted." That prompted worries from some military officers. The Northern Limit line is the same as the military demarcation line," said a senior officer. "We need to protect it." "I don't know what he is thinking," said a senior Defense Ministry official. "We defended our territory and lost lives." (Brian Lee, "Sea Border Comments Draw Fire from Brass," *JoongAng Ilbo*, August 17, 2007) Lee's choice of the word banseong for "reflect on" also caused controversy because it could also mean "repentance." His point was the NLL's main purpose is to prevent maritime clashes and therefore if the line itself is a source of tension the country should reconsider how it is demarcated. "Our young heroes, who died glorious deaths while trying to safeguard the NLL, would be weeping in heaven," said Na Kyung-won, GNP spokeswoman. "I can't understand it either," said DefMin Kim Jang-soo. (Jae-soon Chang, "Sea Border Hot Issue at Korea Summit," Associated Press, August 29, 2007)The Unification Ministry and the military are at odds about whether to put the NLL on the agenda at the summit. UnifMin Lee contends the South needs to show flexibility while the military insists confidence-building must come first. "It's too early to

discuss redrawing the NLL. What should come first is progress in inter-Korean confidence-building measures between the militaries," a military official said. Hong Ik-pyo, policy adviser to the unification minister, said, "It is not desirable to avoid internal discussion or inter-Korean discussion on the LL issue. I cannot agree that any change in the NLL could cause a serious threat to national security."(Yonhap, "Government Divided over Maritime Border Agenda in Inter-Korean Summit," August 23, 2007)

South Korea will send \$7.5 million in emergency aid early next week to recover from floods. (Yonhap, "S. Korea to Provide \$7.5 Million Worth of Emergency Aid to N. Korea," August 17, 2007)

*Rodong Sinmun* signed commentary: "The true intention of the U.S. is, however, to step up the production of modern and smaller nukes under the pretext of 'ensuring the safety' of nuclear weapons in an effort to make an effective use of them in any war like conventional weapons. Herein lies the gravity and danger of the U.S. warlike forces' moves to develop new type nuclear warheads. The U.S. is to blame for the mounting nuclear threat and the steady increase of nukes in the world. The U.S. should stop its moves to develop those new type nukes and beef up nuclear forces and dismantle nuclear weapons and nuclear bases in different parts of the world." (KCNA, "U.S. Chiefly to Blame for Posing Nuclear Threat and Proliferating Nukes," August 17, 2007)

8/18/07 North, South Korea agreed to postpone their summit for October 2-4 because of flood damage in the north. (Yoo Cheong-mo, "Two Koreas Agree to Reschedule Summit to October 2-4: Presidential Office," Yonhap, August 18, 2007)

8/20/07 Former Seoul mayor Lee Myung-bak was nominated as the GNP candidate for president by 81,084 to Park Guen-hae's 78,632, a margin of 2,452. He outpaced Park in a poll of 5,500 citizens by 8.5 percent, a gap that converted into 2,600 votes. (Shin Hae-in, "Lee Wins GNP Presidential Candidacy," *Korea Herald*, August 21, 2007) Lee lost his sister and brother in the Korean war. In 1987, he was president of Hyundai Engineering and construction when about 60 employees were killed in the bombing of KAL 858. After touring Kaesong in June 2006, he returned late that day and told a press conference, "Reunification of the nation will be possible only when the per capita income reaches \$3000 in North Korea and \$30,000 in South Korea. If the North gives up its nuclear programs and opens its economy, the South will help the North so that its per capita income will rise to \$3000 within a decade." Lee's Vision 3000 is part of a "complete and flexible approach to North Korea."(Nam Seong-uk [Korea University professor and economic adviser to Lee], "Lee Myung-bak's North Korean Policy Initiatives," *Hankyore*, August 28, 2007)

8/20-21/07 Six-party working group on regional peace and security held in Moscow. "We had very useful discussions," said U.S. delegation head Blair Hall. (Reuters, "Diplomats Say North Korea Talks 'Positive,'" August 21, 2007)

8/23/07 Jay Lefkowitz, U.S. envoy on North Korean human rights, said in an interview that any talks with the North must deal with its dismal human rights record. (Foster Klug, "U.S. Wants Talks on Human Rights in N. Korea," Associated Press, August 23, 2007)

8/27/07 PM Abe reshuffled his cabinet, asking Machimura Nobutake to become foreign minister, a post he held under Koizumi, and Komura Masahiko, a former justice and foreign minister, to be defense minister. (Mary Yamaguchi, "Japan Prime Minister Reshuffles Cabinet," Associated Press, August 27, 2007)

A U.S.-Japan panel at SAIS urged countries to take a "strategic and comprehensive approach to dialogue with North Korea. Tanaka Hitoshi, senior fellow at Japan Center for International Exchange, said, "It is important to adopt an attitude of taking a strategic approach to North Korea ... to look at the issues from a broader, long term perspective" and not use them for internal politics. Tanaka and Izumi Hajime, professor at University of Shizuoka, said pressure had proved insufficient to solve the abduction issue. Izumi emphasized the importance of Japan's clarifying its intention to normalize relations with North Korea. Tanaka saw the need for a "road map" for talks, and said the process will continue for "the next 20 years." Don Oberdorfer said the nuclear test had turned out to be the "critical moment" that pushed Washington to change its policy toward greater engagement with North Korea. (Kyodo, "Japan, U.S. Experts Urge Countries to Engage N. Korea amid Changes," August 27, 2007)

8/28/07 PM Abe: "I'll settle the issue of the unhappy past between our two countries." (Nakamura Yuichiro and Kuromi Shuhei, "Abe's 'Sunshine Policy' Leaves DPRK Cold," *Yomiuri Shimbun*, September 8, 2007)

FM Machimura Nobutaka said Japan is "discussing whether to respond or not to respond" to an emergency appeal for aid to North Korea. "Given the magnitude of the disaster, we must consider if everything should be linked to the abduction issue," he said. "Nothing concrete has been decided. We are still discussing whether we will or we will not do it." (AFP, "Japan Mulls Emergency Aid for Flood-Hit N. Korea," July 29, 2007)

8/29/07 Bringing a six-week hostage ordeal closer to an end, the Taliban released 12 of 19 remaining Korean hostages. The seven still in Taliban custody were widely expected to be released tomorrow. South Korea reaffirmed a pledge to withdraw its 200 troops from Afghanistan by the end of the year, as previously planned, and agreed to prevent any evangelical activities here by South Korean churches. The Taliban dropped a demand that eight senior Taliban prisoners be released in exchange for the Koreans. Speculation was rife in Kabul on Wednesday that the South Korean government had paid a huge ransom for the hostages, a step that Afghan officials said would encourage the kidnapping of foreigners. Taliban and South Korean officials denied that a ransom had been paid. Afghanistan's commerce minister criticized South Korea's government, warning that the agreement it had made could embolden the Taliban, The Associated Press reported. "One has to say that this release under these conditions will make our difficulties in Afghanistan even bigger," Amin Farhang, the commerce minister, told Bayerischer Rundfunk radio in Germany. "We fear that this decision could become a precedent. The Taliban will continue trying to take hostages to attain their aims in Afghanistan." The 19 hostages were part of a group of 23 Christian volunteers kidnapped by the Taliban on July 19, while they were traveling by public bus from Kabul to the former Taliban stronghold of Kandahar. Few foreigners

travel that route by car or public bus because it is considered extremely dangerous. The Taliban killed two men in the group when their demands were not met but released two women this month after South Korea entered direct negotiations.(David Rohde and Choe Sang-hun, "Taliban Release 12 of 19 Hostages from South Korea," *New York Times*, August 30, 2007, p. A-3)

8/31/07

President Bush, in an interview with Asian newspapers before next week's Asia-Pacific summit in Sydney, said that "a lot has happened in the last couple of months that would lead me to believe that we're making progress" to get North Korea to disclose and dismantle its nuclear weapons program. "The question is, can it happen before I'm through. Yes, it can. I hope so." (Caren Bohan, "Bush Says Effort to Disarm North Korea Making Progress," Reuters, August 1, 2007)

John Bolton op-ed: "The Yongbyon reactor is shuttered, but that reactor was not frequently operational in the recent past, and may well be at the end of, or even beyond, its useful life. ... There is still simply no evidence that Pyongyang has made a decision to abandon its long-held strategic objective to have a credible nuclear-weapons capability. This inconvenient fact should make it impossible for the State Department to concede on other issues, even if it were inclined to do so. Creative minds are therefore working on ways to explain that any forthcoming North Korean declaration of its nuclear capabilities is "full and complete," thus eliminating the remaining troubling obstacles to full normalization of relations. ... Precisely because our knowledge of the North's nuclear program is incomplete, we need an intrusive, indeed invasive, verification mechanism before having any confidence that North Korea's nuclear program is in fact being dismantled. We need smart and extensive verification activities inside North Korea, including no-notice inspections, a full range of sensors and sampling, unrestricted interviews and document reviews. If the North rejects effective verification, that is yet another basis to repudiate the Feb. 13 quicksand deal. ... We need to know, among other things, precisely how many nuclear weapons the North has manufactured, how and where it manufactured them, how many it now has, and how much reprocessed plutonium remains available for weaponization. If any devices, fissile material or nuclear manufacturing equipment have left North Korea, we need to learn the specifics. We need to understand the full extent of its uranium enrichment program, and if weapons-grade enriched uranium was produced, where it is and how much there is of it. We also need to know specifically if North Korea possesses any enriched uranium metal or any weapons- or missile warhead-design information. President Bush has stressed that we must also deal with Pyongyang's biological, chemical and ballistic missile programs. We must address these programs, especially the missiles, soon. Failure to make explicit the important connection between weapons and delivery systems will certainly come back to haunt us, and we are on the verge of allowing this point to slip away entirely. Finally, **we need to learn the details of North Korean nuclear cooperation with other countries. We know that both Iran and Syria have long cooperated with North Korea on ballistic missile programs, and the prospect of cooperation on nuclear matters is not far-fetched. Whether and to what extent Iran, Syria or others might be "safe havens" for North Korea's nuclear weapons development, or may have**

**already participated with or benefited from it, must be made clear.”** (John R. Bolton, “Pyongyang’s Upper Hand,” *Asian Wall Street Journal*, August 31, 2007)

Japan and China agreed to to set up a hotline to ease tensions. General Cao Gangchun, the first Chinese defense chief to visit Japan since February 1998, met with PM Abe Shinzo after holding talks with DefMin Komura Masahiko. (AFP, “Japan, China Eye Hotline to Boost Military Ties,” August 30, 2007)

9/1-2/07

Hill-Kim Gae-gwan hold bilateral working group in Geneva. Hill: “I’d rather not use words like ‘breakthrough.’ I just want to tell you that it’s important. But why is it important? It’s important because it allows us sufficient time to get through to completing the September ’05 agreement. And what we’re in this for is not just declarations or disabling of facilities. We’re in this for denuclearization. We want to complete the task, to denuclearize the Korean Peninsula. ... [On disablement] It will be based on the declaration. We have to work out some of the details on that. So I can’t give you more information at this time. When we have a declaration and the declaration -- We will have a declaration in time to disable what needs to be disabled. ... There will be some additional details that need to be worked out, and I think you’ll see some of those in the coming weeks as we get ready Or as we meet in the plenary you’ll see some of the specific elements that we’re talking about. But we didn’t use the word roadmap. But we certainly talked about some of the things we need to do together and some of the time benchmarks we need to get them done in order to complete the task by the end of this year -- or complete the declaration and to disable the facilities by the end of this year. We had discussions on disablement. We had some ideas on it. They had some ideas on it. I think we’ve reached agreement between our two parties, that is the U.S. and DPRK, that what we’re talking about is feasible by the end of the year. [On HEU] We had, I think, a very good discussion about this issue, and we will continue to have good discussions such that I believe we can address this issue in connection with the declaration.” (DoS, “Press Conference at U.S.-DPRK Bilateral Working Group Meeting,” September 2, 2007) Hill indicates he’s ready to discuss dropping North Korea from U.S. list of state sponsors of terrorism: “We will be figuring out at what stage that could be done.” (Laura MacInnis, “U.S., North Korea Meet for One-on-One Talks,” Reuters, September 1, 2007) The reached “a substantial understanding” on the first day. On enrichment, Hill says, “This was another issue that we had an in-depth discussion, and I think it’s an issue that we will continue to have an in-depth discussion.” (Kyodo, “U.S., N. Korea Diplomats to Meet for 2<sup>nd</sup> Day on Ties, Nuclear Issue,” September 2, 2007) Talks will comb through issues likely to arise in six-party talks “so there won’t be surprises,” says Hill. “We want to make sure that we have an understanding about what various meetings are going to look like.” (Laura MacInnis, “North Korea Hosts U.S. for Last Day of Geneva Talks,” Reuters, September 2, 2007) Hill says, “One thing that we agreed on is that the DPRK will provide a full declaration of all [its] nuclear programs and will disable [its] nuclear programs by the end of this year, 2007.” Kim Gye-gwan made no mention of the year-end deadline but instead spoke declaring and disabling in return for “political and economic compensation.” Hill says that “we will have to work out some of the details” on exactly how disablement will take place. **“We will have a declaration in time to disable what needs to be disabled,”** adding “for example, the Yongbyon reactor would have to be

included." (David E. Sanger, "U.S. and North Korea Reach Nuclear Deal," *New York Times*, September 3, 2007, p. A5) "We made it clear, we showed clear willingness to declare and dismantle all nuclear facilities," Kim said. "We are happy with the way the peace talks went." "We wouldn't be an enemy country anymore." (Associated Press, "North Korea Agrees to Disable Nuclear Programs by Year's End," September 3, 2007) Hill tells reporters at APEC Forum in Sydney, "Their getting off that list will depend on further denuclearization." CNN on September 3 quotes a senior DoS official involved in the negotiations, "This is not imminent. The North Koreans have several things they need to do on key areas first." (Kyodo, "Hill Denies Accord to Remove N. Korea from Terrorism List," September 4, 2007) DPRK FoMin spokesman: "Both sides discussed the issue of taking **practical measures to neutralize the existing nuclear facilities in the DPRK within this year** and agreed on them. In return for this **the U.S. decided to take such political and economic measures for compensation as delisting the DPRK as a terrorism sponsor and lifting all sanctions that have been applied according to the Trading with the Enemy Act**. This has laid a groundwork for making progress at the plenary session of the six-party talks to be held in the future." (KCNA, "Foreign Ministry Spokesman on Recent DPRK-U.S. Talks," September 3, 2007) "We are confident that the United States is not considering - for even a minute - leaving Japan behind," chief cabinet secy Yosano Kaoru told reporters. (*Asahi Shimbun*, "Tokyo in Fear of Being Left Behind," September 4, 2007) "My understanding is that he [Hill] made it pretty clear to them that the remaining issues - at least on the terrorism piece of this - are not that extensive," says a U.S. official. "What I also am trying to get away from is the notion that this is purely going to be 'we just decide we are going to do it and they don't have to answer the questions about [the KAL bombing in 1987 that killed 115] and a couple of other things that got them on the list in the first place.'" (P. Parameswaran, "North Korea Closer to Being Struck off U.S. Terror List," Associated Press, September 5, 2007) North invites experts from U.S., China and Russia to survey nuclear facilities for disabling. (Associated Press, "U.S., Chinese, Russian Experts to Visit N. Korean Nuke Sites," *Korea Herald*, September 8-9, 2007) North tells Hill it procured aluminum tubes. (Kyodo, "N. Korea Admits for First Time Procurement of Enrichment Equipment," September 17, 2007) "The atmospherics are very good," said a U.S. official involved in the diplomacy. "Compared to a year ago - or, more dramatically, two years ago - it's like night and day. There is some real dialogue and give-and-take that takes place." (Chinoy, *Meltdown*, p. 345) Bush tells reporters in Sydney after briefing from Hill, "North Korea looks like they're going to honor their agreement to disclose and shut down their nuclear programs." (Associated Press, "Bush Says North Koreans Appear to Be Abiding by Nuclear Agreement," September 5, 2007)

9/2/07

19 South Korean Christians freed by the Taliban after six weeks in captivity return home chastened by criticism. (Choe Sang-hun, "Freed Koreans Are Contrite Amid Growing Criticism," *New York Times*, September 3, 2007, p. A5)

Okazaki Hisahiko cites SecDef Gates in June 2 speech at Shangri-La Dialogue in Singapore said, "In Northeast Asia, the six-party process had a stabilizing effect after North Korea's nuclear test last year, helping to head off a more dangerous reaction from other nations." "These statements, in the eyes of ordinary Americans not well versed in East Asian affairs, may naturally seem to signify that Japan was prevented

from reacting more severely than it did in the face of Pyongyang's nuclear test - such as by going nuclear - thanks to the existence of the six-party talks. What gave Japan a sense of reassurance in reality was not the framework of six-nation talks, but the bilateral relationship of trust based on the Japan-U.S. Security Treaty. ...The question is whether the framework of the multilateral talks might put at risk the foundation of a bilateral alliance that is the very basis of the balance of power among the nations concerned. ...Based on this mode of thinking, the United States prodded Japan and Britain to scrap the Anglo-Japanese Alliance they signed in 1902. The two countries eventually complied with U.S. wishes, terminating the pact in 1923." (Okazaki Hisahiko, "Insights into the World: Japan-U.S. Alliance Vital for Asia," *Yomiuri Shimbun*, September 2, 2007)

9/3/07 In another blow to Abe a week after a cabinet reshuffle, Sakamoto Yukiko, parliamentary secy for foreign affairs resigns over inflated expense figures in her political fund reports. (*Asahi Shimbun*, "Parliamentary Foreign Affairs Secretary Resigns, Dealing Another Blow to Abe," September 3, 2007)

9/5-6/07 Japan-DPRK bilateral working group in Ulan Bator. Amb. Mine Yoshiki, Japan's negotiator, said differences over reparation to atone for colonizing Korea were not so big as to trigger collapse of the talks. "But we confirmed that we need to try to solve that by continuing discussions and deepening understanding," Song Il-ho tells Kyodo before leaving for talks, "I have expectations that there will be results." (Kyodo, "Gap Remains over Reparations on 1<sup>st</sup> Day of Japan-N. Korea Talks," September 5, 2007) "Since tomorrow's talks will be about the abduction issue, there is a need to wait for those discussions," Mine said. (Horiuchi Takashi and Makino Yoshihiro, "Japan to Answer N. Korea's Call," *Asahi Shimbun*, September 6, 2007) Jiji Press quotes Song, "The general atmosphere of the six-party talks has become positive, so the DPRK and Japan have to move forward along with it." (FM Machimura says, "I think there appears to be a sort of progressive momentum in the six-party talks. In this environment, I hope that the Japan-North Korea talks will go as well as they can." (AFP, "Japan and North Korea Meet Amid Cautious Optimism," September 5, 2007) "We had a meaningful exchange of views to deepen mutual understanding," says Mine. (Reuters, "Japan Says It Has 'Meaningful' Talks with North Korea," September 5, 2007)

9/5/07 DPRK says, "Recently, the Security Service of the DPRK has arrested spies who were recruited by a foreign spy agency and the agent who was directing them." Xinhua quoted Li Su-gil as saying, "We arrested those spies when they were busy transmitting information, and they were brought to justice under DPRK law." The foreign agency trapped "some corrupt" North Koreans traveling abroad by using money, sex and blackmail and turned them into moles and used an agent posing as a businessman to direct them. Footage was shown of a fake rock containing a satellite communications transmitter and a listening bug in a flower pot. (AFP, "North Korea Announces Arrest of Spies Tied to Foreign Agency," *JoongAng Ilbo*, September 6, 2007) "Their duty was to take photographs of an important military object in an area and confirm the spot coordinates and collect concrete data on the object with the help of the GPS after they received it. Their duty was also to obtain original texts of documents of the DPRK including the state and military secrets and the ideological tendencies of the people

and, at the same time, to create illusion about the "free world" among senior officials and lure them out to third countries if possible. ... According to the judgment of experts, the intelligence apparatus consists of up-to-date highly efficient GPS processor, Flash and contact plate antenna branded with SONY. In connection with the case, a press conference was held at the People's Palace of Culture in Pyongyang on September 5. An officer of the Ministry of State Security of the DPRK, to begin with, informed the reporters of the content of the case and a video-tape showing the written pledge of a spy hired to the foreign intelligence service, scenes showing him committing crimes and others." (KCNA, "Espionage Acts of Foreign Intelligence Service Disclosed," September 5, 2007)

DPRK FoMin spokesman: "In August unusual torrential rain hit almost all parts of the DPRK ... Hundreds of people were reported dead or missing and more than 241,000 houses were destroyed, bringing the number of flood sufferers to at least 963,000. More than 268,000 hectares of farmland were submerged, came under silt or were washed away. ... The flood further increased the possibility of the spread of all kinds of contagious diseases. On top of this, at least 560 hospitals and more than 2,100 clinics were destroyed and lots of medical supplies washed away across the country to increase the damage. This time the DPRK received medicines and other emergency aid materials given by international organizations including the UN and many countries including China, the U.S., the EU, Russia, Australia and Egypt with sincerity. The DPRK feels thankful for this aid." (KCNA, Foreign Ministry Spokesman on Emergency Aid to DPRK," September 5, 2007)

9/5-6/07

Japan-DPRK talks in Ulan Bator. Mine Yoshiki, Japan's representative said, "We were unable to solve pending issues during the two-day talks, but it was meaningful that we could have thorough discussions. I think we made certain progress." PM Abe said, "The abduction problem is an important issue. But it is meaningless if we are just holding talks unless we make progress." (Associated Press, "Little Progress Seen in Japan, North Korea Diplomatic Talks," September 6, 2007) "We think that the meeting was held in a very serious atmosphere and both sides reaffirmed their commitments to previous agreements," Song Il-ho headed the DPRK delegation. Kim Chol-ho, deputy director of DPRK FoMin's Asian Affairs Department, said. "We need to meet more often." "We have in-depth and lengthy discussions on the abduction issue this morning," Mine said. "We stressed that **it is indispensable for us to normalize diplomatic relations after resolving the abduction issue.** We urged the North Korean to take specific action." (Irja Halasz, "Japan-North Korea Talks End without Progress," Reuters, September 6, 2007) Japan demanded repatriation of Red Army Faction hijackers of the JAL jet "Yodo." North responded that it was ready to provide Japan a venue for discussing the hijackers, suggesting they might not object to repatriation. That would be in keeping with U.S. wishes. But North Korea could cite it as proof of progress on the abductions, evidence of an elaborately conceived trap set by North Korea. (Ue Ichiro, "U.S., Japan, N. Korea Weave Tangled Web," *Yomiuri Shimbun*, September 11, 2007)

Lee Han-ho, head of Korea Resources Corp, says, On September 5 I met with Chang Un-up, North Korean head of the Inter-Korean Economic Cooperation Association in Pyongyang,

and signed a deal to sell black lead products that two Koreas jointly produced at a mine in Hwanghae Province." It would be the first minerals shipped directly from North to South. Until now \$10 to \$100 million a year in minerals exported through a third country like China. (*Hankyoreh*, "Exclusive - N.K. Metals, Minerals to Be Sold Directly to South," September 13, 2007) 9/6/07

Israel attacks Syrian site that Israeli and U.S. intelligence analysts judged was a partly constructed nuclear reactor, apparently modeled on one North Korea has used to create its stockpile of nuclear weapons fuel, according to U.S. and foreign officials with access to the intelligence reports. The Bush administration was divided at the time about the wisdom of Israel's strike, U.S. officials said, and some senior policy makers still regard the attack as premature. The facility that the Israelis struck in Syria appears to have been much further from completion than Osirik, the U.S. and foreign officials said. It would have been years before the reactor could produce spent nuclear fuel needed for bombs. "There wasn't a lot of debate about the evidence," said one American official familiar with the intense discussions over the summer between Washington and the government of PM Ehud Olmert of Israel. "There was a lot of debate about how to respond to it." A senior Israeli official, while declining to speak about the specific nature of the target, said the strike was intended to "re-establish the credibility of our deterrent power," signaling that Israel meant to send a message to the Syrians that even the potential for a nuclear weapons program would not be permitted. But several American officials said the strike may also have been intended by Israel as a signal to Iran and its nuclear aspirations. Syria is known to have only one nuclear reactor, a small one built for research purposes. But in the past decade, Syria has several times sought unsuccessfully to buy one, first from Argentina, then from Russia. The partly constructed Syrian reactor was detected earlier this year by satellite photographs, according to American officials. They suggested that the facility had been brought to American attention by the Israelis, but would not discuss why American spy agencies seemed to have missed the early phases of construction. While the partly constructed Syrian reactor appears to be based on North Korea's design, the American and foreign officials would not say whether they believed the North Koreans sold or gave the plans to the Syrians, or whether the North's own experts were there at the time of the attack. It is possible, some officials said, that the transfer of the technology occurred several years ago. (David E. Sanger and Mark Mazzetti, "Israel Struck Syrian Nuclear Project, Analysts Say," *New York Times*, October 13, 2007, p. A-1) Ron Ben-Yishai, a writer for the Israeli daily *Yediot Aharonot*, grabbed headlines when he suggested that the government facility here was attacked during the raid, snapping photos of himself for his article in front of a sign for the agricultural center. [who told him?] Foreign journalists taken to the site by Ahmed Mehdi, Deir ez Zor director of the Arab Center for the Studies of Arid Zones and Dry Lands: "You see - around us are farmers, corn, produce, nothing else," Mehdi says. "The allegations are completely groundless, and I don't really understand where all this WMD talk comes from." On **September 19, Benjamin Netanyahu became the first public figure in Israel to say an attack took place.** (Hugh Naylor, "Syria Tells Journalists Israeli Raid Did Not Occur," *New York Times*, October 11, 2007) DPRK FoMin spokesman: "Early in the morning of Sept. 6 Israel's warplanes illegally intruded into the territorial air above Syria and dropped bombs in the desert in its northeastern area before fleeing. This is a **very dangerous**

**provocation** little short of wantonly violating the sovereignty of Syria and seriously harassing the regional peace and security. **The DPRK strongly denounces the above-said intrusion and extends full support and solidarity to the Syrian people in their just cause to defend the national security and the regional peace.**" (KCNA, "Israel Condemned for Intrusion into Syrian Territorial Air," September 11, 2007) Dair el Zor houses a huge underground base where the Syrian army stores the long and medium-range missiles it mostly buys from Iran and North Korea. The attack by the Israeli air force coincided with the arrival of a stock of parts for Syria's 200 Scud B and 60 Scud C weapons. The parts were shipped from North Korea aboard a container ship flying the Panamanian flag. The U.S. Navy wanted to board the ship in Morocco's territorial waters but Rabat vetoed the operation. The parts were loaded aboard six trucks in the Syrian port of Tartus on Sept. 3 and took three days to reach Dair el Zor. The trucks and their loads were destroyed the moment they arrived at the underground base. A unit of military police that escorted the convoy was also wiped out in the attack. (*Intelligence Online*, September 22, 2007) "According to US intelligence, Syria is believed to have received centrifuges for producing enriched uranium from the Khan network several years ago, **prompting the CIA to report to Congress in 2004 that it viewed "Syrian nuclear intentions with growing concern."** (Sarah Baxter, "Condoleezza Rice Opposed Israel's Attack on Syrian Nuclear Site," *Sunday Times*, October 7, 2007) Andrew Koch, former Washington bureau chief, *Jane's Defense Weekly*: "As a recent US intelligence community report to congress notes, Pakistani officials have "confirmation" of claims that Khan offered Syria nuclear goods. Syrian representatives made initial overtures to Khan in the 1980s, but he is believed to have rejected their offers at that time. However, Khan is believed to have made at least one other trip to Syria in the late 1990s in addition to other contacts with what one of the investigators called 'all of the right people' where he is seeking Syria as a customer. Investigators are concerned a deal might have been struck but the publicly available evidence regarding whether these meetings ever lead to anything is scant. Interestingly, several Israeli officials have recently told me they investigated the claims and are not overly concerned, also suggesting the evidence is weak." (Testimony of Andrew Koch, U.S., House, Committee on International Relations, Subcommittee on International Terrorism and Nonproliferation, "The A.Q. Khan Network: Case Closed? (100<sup>th</sup> Cong., 2<sup>nd</sup> Sess), May 25, 2006, p. 19) Bashar al-Assad tells BBC, "They bombed a building, a construction, it's related to the military but it's not used." (Helene Cooper, "North Koreans in Nuclear Pact," *New York Times*, October 4, 2007, p. A-1) Syria has begun dismantling the remains of a site Israel bombed Sept. 6 in what may be an attempt to prevent the location from coming under international scrutiny, said U.S. and foreign officials familiar with the aftermath of the attack. **Based on overhead photography, the officials say the site in Syria's eastern desert near the Euphrates River had a "signature" or characteristics of a small but substantial nuclear reactor, one similar in structure to North Korea's facilities.** The bombed facility is different from the one Syria displayed to journalists last week to back its allegations that Israel had bombed an essentially an empty building, said the officials. While U.S. officials express increasing confidence that the Syrian facility was nuclear-related, divisions persist within the government and among weapons experts over the significance of the threat. If the facility was a nuclear reactor, U.S. weapons experts said it would almost certainly have taken Syria several years to complete the structure, and

much longer to produce significant quantities of plutonium for potential use in nuclear weapons. (Robin Wright and Joby Warrick, "Syrians Disassembling Ruins at Site Bombed by Israel, Officials Say," *Washington Post*, October 19, 2007, p. A-18) ABC News, **citing a senior U.S. official, reports on October 19 that Israel had obtained detailed pictures of the Syrian site taken from the ground from an apparent mole,** which support Israel's belief that the facility was nuclear and led to an air strike. They showed a large cylindrical structure with thick reinforced walls still under construction. "It was unmistakable what it was going to be - no doubt in my mind," the official said. U.S. intelligence helped pinpoint "drop points" to assist targeting. The facility was of North Korea design and Syria must have had "human" help from North Korea. (*Haaretz* and Reuters, "Report Israeli Mole Took Pictures of Syrian Nuclear Facility," *Haaretz*, October 20, 2007) Photographs of the site seven miles north of the village of At Tibnah taken before the airstrike show a tall, boxy structure similar to that for a gas-graphite reactor of about 20-25 megawatts, say David Albright and Paul Brannan. "I'm pretty convinced that Syria was trying to build a nuclear reactor." (Robin Wright and Joby Warrick, "Photographs Said to Show Israeli Target Inside Syria," *Washington Post*, October 24, 2007, p. A-1) Acting Deputy Assistant Secretary of State for Nuclear Nonproliferation Andrew Semmel, responding to questions from reporters, remarked on September 14, **"There are North Korean people there. There's no question about that," adding "[j]ust as there are a lot of North Koreans in Iraq and Iran."** Semmel did not clarify what sort of activities the North Koreans were conducting in Syria. He also indicated that "[w]e do know that there may have been contact between Syria and some secret suppliers for nuclear equipment. Whether anything transpired remains to be seen," further noting that "[w]e're watching very closely." Semmel's comments mirror a 2004 declassified report to Congress by the director of national intelligence (DNI) on weapons of mass destruction proliferation released last year. It indicates that **"Pakistani investigators in late January 2004 said they had 'confirmation' of an IAEA allegation that [Abdul Qadeer] Khan offered nuclear technology and hardware to Syria, according to Pakistani press, and we are concerned that expertise or technology could have been transferred. We continue to monitor Syrian nuclear intentions with concern."** (Peter Crail, "NK-Syria Nuclear Connection Questionable," *Arms Control Today*, October 2007, p. 36) "We've always been concerned about the issue of proliferation," Hill tells a DoS news conference. "To me, this simply is an important reminder of the need to accelerate the process which we've already engaged in, to achieve denuclearization of the Korean Peninsula." John Bolton differs. "It would be a big mistake for the State Department to push ahead with the six-party process without this being resolved, he said. "They are rushing to finish this and declare victory, which could be a catastrophe for the president." (Mark Mazzetti and Helene Cooper, "U.S. Official Says Syria May Have Nuclear Ties," *New York Times*, September 15, 2007, p. A-7) The U.S. military and intelligence community have been tracking several shipments of material they believe have left North Korea and are destined for Syria or may have already landed there, a Pentagon official confirmed. **The monitoring has been taking place for the past several weeks,** he said. The official could not confirm several recent news reports that nuclear material from North Korea has arrived in Syria and was the potential target of a recent Israeli air strike there. In fact, **he said none of the information he had reviewed as part of his job indicated any nuclear material was involved.** Some of

the material is believed to have been high-grade metals that could be used in weapons such as missiles or solid-fuel rocket technology. But "there is concern with shipments going into the region and with their eventual arrival in Syria," the official said. The United States is also looking into the possibility material had been shipped from North Korea to Iran and traveled overland into Syria, he said, adding there were indications a ship had docked in Syria recently. "Shipments have landed we are concerned about," he said. The Syrians have been talking to the North Koreans about buying solid-fuel rocket technology for their missiles and those shipped to Hezbollah, other analysts said. That development would pose an increased risk to Israel. But it's not clear these shipments are in fact tied to the recent Israeli airstrike in northern Syria against a facility that was believed to be holding weapons. Another U.S. official said he has seen satellite imagery of that attack that shows a hole in the center of a building's roof with the walls still largely intact. That would strongly indicate a laser guided bomb was used with a fused warhead that exploded after the bomb entered the building roof. The photo is highly classified and not expected to be publicly released. (Barbara Starr, "Official: U.S. Tracking North Korea Shipments Bound for Syria," CNN, September 18, 2007) The details of the Israeli intelligence remain highly classified, and the accounts about Israel's thinking were provided by current and former officials who are generally sympathetic to Israel's point of view. It is not clear whether American intelligence agencies agree with the Israeli assessment about the facility targeted in the raid, and some officials expressed doubt that Syria has either the money or the scientific talent to initiate a serious nuclear program. ...But current and former American and Israeli officials who have received briefings from Israeli sources said Monday that the raid was an attempt by Israel to destroy a site that Israel believed to be associated with a rudimentary Syrian nuclear program. ...Israel is also wary of complicating continuing peace talks involving other countries in the Middle East about the future of a Palestinian state. In particular, **the Bush administration has not decided yet whether Syria will be invited to a Middle East peace conference that is to be held in Washington in November.** A tense Israel-Syria standoff would further complicate that decision, Israeli and American officials said. The strike was carried out several days after a ship with North Korean cargo tracked by Israeli intelligence docked in a Syrian port, according to the current and former officials. The cargo was transferred to the site that Israel later attacked, the officials said. It is unclear exactly what the shipment contained. A former top American official said the Israelis had monitored the site for some time before the ship arrived. A senior North Korean diplomat dismissed the accusations, the South Korean news agency Yonhap said on September 16. "They often say things that are groundless," Kim Myong-gil told Yonhap. (Mark Mazzetti and Helene Cooper, "Israeli Nuclear Suspicions Linked to Raid," *New York Times*, September 15, 2007, p. A-12) A senior American intelligence official said yesterday that American analysts had looked carefully at the site from its early days, but were unsure then whether it posed a nuclear threat. Yesterday independent analysts, examining the latest satellite image, suggested that work on the site might have begun around 2001, and the senior intelligence official agreed with that analysis. That early date is potentially significant in terms of North Korea's suspected aid to Syria, suggesting that North Korea could have begun its assistance in the late 1990s. In the summer of 2003, Bolton's testimony on Capitol Hill was delayed after a dispute erupted in part over whether Syria was actively pursuing a nuclear

weapon. Some intelligence officials said Bolton overstated the Syrian threat. "There was disagreement about what Syria was interested in and how much we should be monitoring it," Bolton said in an interview yesterday. "There was activity in Syria that I felt was evidence that they were trying to develop a nuclear program." Bolton declined to say whether he had knowledge at the time about the site that the Israelis struck in September. John E. Pike of GlobalSecurity.org said the 2003 picture showed the tall building in the midst of early construction, surrounded by churned earth. He put the groundbreaking in 2001. "It was noticed, without knowing what it was," the official said. "You revisit every so often, but it was not a high priority. You see things that raise the flag and you know you have to keep looking. It was a case of watching it evolve." (William J. Broad and Mark Mazzetti, "Yet Another Photo of Site in Syria, Yet More Questions," *New York Times*, October 27, 2007, p. A-7) **In three-party talks in April 2003, Kelly quotes Li Gun warning, "'With these nuclear weapons, we can display them, we can make more, or we can transfer them.' And then they said, 'It's up to you. It depends on the American reaction. Take your time. Think about it.'"** The version first put out by senior administration official was "Whether we test them, use them or export them depends on your next step." Bruce Riedel, former intell official at Brookings' Saban Center, "It was a substantial Israeli operation, but I can't get a good fix on whether the target was a nuclear thing." There was, he added, "a great deal of skepticism that there's any nuclear angle here." (Glenn Kessler, "Syria-N. Korea Reports Won't Stop Talks," *Washington Post*, September 15, 2007, p. A-12) Bouthaina Shaaban, a Syria Cabinet member, ridiculed the report, "All this is not true. I don't know why their imagination has reached such creativity." A front-page editorial in government newspaper *Tishrin* criticized Washington for not condemning the Israeli attack. **"The nervousness in relations between Syria and ourselves is over," President Shimon Peres told foreign reporters in Jerusalem. "We are clearly ready to negotiate directly with Syria for peace." PM Olmert said yesterday that he has "a lot of respect for the Syrian leader and for Syrian behavior."** (Albert Aji, "Syria, N. Korea Deny Nuclear Cooperation," Associated Press, September 18, 2007) Yediot Ahronot reports PM Olmert hinted at briefing to key parliamentary committee that he was holding secret peace contacts with Syria. (Associated Press, "After Mystery Raid, the Prospect of Syria-Israeli Talks," November 13, 2007) Binyamin Netanyahu has made the first apparent admission of Israel's airstrike against Syria. (BBC, "Netanyahu "Admits Israeli Strike," September 20, 2007) The political and defense establishments reacted with fury at Netanyahu's apparent confirmation of the Israeli operation in Syria on September 17. (Mazel Meulam and Aluf Benn, "Jerusalem Outraged by Netanyahu's Admission of IAF Strike on Syria," *Haaretz*, September 20, 2007) Israel's decision to attack Syria came after Israel shared intelligence with President Bush this summer indicating that North Korean nuclear personnel were in Syria, U.S. government sources said. Ultimately, however, the United States is believed to have provided Israel with some corroboration of the original intelligence before Israel proceeded with the raid, which hit the Syrian facility in the dead of night to minimize possible casualties, the sources said. "There is no question it was a major raid. It was an extremely important target," said Bruce Riedel, a former intelligence officer at Brookings Institution's Saban Center for Middle East Policy. "It came at a time the Israelis were very concerned about war with Syria and wanted to dampen down the prospects of war. The decision was taken despite their concerns it could produce a war. That decision reflects how

important this target was to Israeli military planners." Edward Djerejian, a former U.S. ambassador to Syria and founding director of Rice's Baker Institute for Public Policy, said that when he was in Israel this summer he noticed "a great deal of concern in official Israeli circles about the situation in the north," in particular whether Syria's young ruler, Bashar al-Assad, "had the same sensitivity to red lines that his father had." (Glenn Kessler and Robin Wright, "Israel, U.S. Shared Data on Suspected Nuclear Site," *Washington Post*, September 21, 2007, A-1) **Gen. Amos Yadlin, chief of military intelligence told the cabinet that Israel had "restored its deterrence" in the region.** "The Israelis are very proud of what they are doing; they are boasting about it," said a senior American official who has been dealing with Israeli officials. "But we don't know enough yet about what they actually hit." (Steven Lee Myers and Steven Erlanger, "Bush Declines to Lift Veil of Secrecy over Israel's Airstrike on Syria," *New York Times*, September 21, 2007, A-12) It was evident that officials in Israel and the United States, although unwilling to be quoted, were eager for the news media to write about the bombing. Early on, a former officer in the Israel Defense Forces with close contacts in Israeli intelligence approached me, with a version of the standard story, including colorful but, as it turned out, unconfirmable details: Israeli intelligence tracking the ship from the moment it left a North Korean port; Syrian soldiers wearing protective gear as they off-loaded the cargo; Israeli intelligence monitoring trucks from the docks to the target site. On October 3rd, the London *Spectator*, citing much of the same information, published an overheated account of the September 6th raid, claiming that it "may have saved the world from a devastating threat," and that "a very senior British ministerial source" had warned, "If people had known how close we came to World War Three that day there'd have been mass panic." However, in three months of reporting for this article, I was repeatedly told by current and former intelligence, diplomatic, and congressional officials that they were not aware of any solid evidence of ongoing nuclear-weapons programs in Syria. It is possible that Israel conveyed intelligence directly to senior members of the Bush Administration, without it being vetted by intelligence agencies. (This process, known as "stovepiping," overwhelmed U.S. intelligence before the war in Iraq.) But **Mohamed ElBaradei, the director-general of the International Atomic Energy Agency, the United Nations group responsible for monitoring compliance with the Nuclear Non-Proliferation Treaty, said, "Our experts who have carefully analyzed the satellite imagery say it is unlikely that this building was a nuclear facility."** ... A similar message emerged at briefings given to select members of Congress within weeks of the attack. The briefings, conducted by intelligence agencies, focused on what Washington knew about the September 6th raid. One concern was whether North Korea had done anything that might cause the U.S. to back away from ongoing six-nation talks about its nuclear program. A legislator who took part in one such briefing said afterward, according to a member of his staff, that he had heard nothing that caused him "to have any doubts" about the North Korean negotiations—"nothing that should cause a pause." **The legislator's conclusion, the staff member said, was "There's nothing that proves any perfidy involving the North Koreans."** ... Israel could, of course, have damning evidence that it refuses to disclose. But there are serious and unexamined contradictions in the various published accounts of the September 6th bombing. The main piece of evidence to emerge publicly that Syria was building a reactor arrived on October 23rd, when David Albright, of the Institute for Science and

International Security, a highly respected nonprofit research group, released a satellite image of the target. ...He was later quoted in the *Washington Post* saying, "I'm pretty convinced that Syria was trying to build a nuclear reactor." When I asked Albright how he had pinpointed the target, he told me that he and a colleague, Paul Brannan, "did a lot of hard work"—culling press reports and poring over DigitalGlobe imagery—"before coming up with the site." Albright then shared his findings with Robin Wright and other journalists at the *Post*, who, after checking with Administration officials, told him that the building was, indeed, the one targeted by the Israelis. "We did not release the information until we got direct confirmation from the *Washington Post*," he told me. The *Post's* sources in the Administration, he understood, had access to far more detailed images obtained by U.S. intelligence satellites. The *Post* ran a story, without printing the imagery, on October 19th, reporting that "U.S. and foreign officials familiar with the aftermath of the attack" had concluded that the site had the "signature," or characteristics, of a reactor "similar in structure to North Korea's facilities"—a conclusion with which Albright then agreed. In other words, the Albright and the *Post* reports, which appeared to independently reinforce each other, stemmed in part from the same sources. ...Proliferation experts at the International Atomic Energy Agency and others in the arms-control community disputed Albright's interpretation of the images. "People here were baffled by this, and thought that Albright had stuck his neck out," a diplomat in Vienna, where the I.A.E.A. is headquartered, told me. "The I.A.E.A. has been consistently telling journalists that it is skeptical about the Syrian nuclear story, but the reporters are so convinced." A second diplomat in Vienna acidly commented on the images: "A square building is a square building." The diplomat, who is familiar with the use of satellite imagery for nuclear verification, added that the I.A.E.A. "does not have enough information to conclude anything about the exact nature of the facility. They see a building with some geometry near a river that could be identified as nuclear-related. But they cannot credibly conclude that is so. As far as information coming from open sources beyond imagery, it's a struggle to extract information from all of the noise that comes from political agendas." ...When I went to Israel in late December, the government was still maintaining secrecy about the raid, but some current and former officials and military officers were willing to speak without attribution. Most were adamant that Israel's intelligence had been accurate. "Don't you write that there was nothing there!" a senior Israeli official, who is in a position to know the details of the raid on Syria, said, shaking a finger at me. "The thing in Syria was real." Retired Brigadier General Shlomo Brom, who served as deputy national-security adviser under Prime Minister Ehud Barak, told me that Israel wouldn't have acted if it hadn't been convinced that there was a threat. "It may have been a perception of a conviction, but there was something there," Brom said. "It was the beginning of a nuclear project." However, by the date of our talk, Brom told me, "The question of whether it was there or not is not that relevant anymore." Albright, when I spoke to him in December, was far more circumspect than he had been in October. "We never said 'we know' it was a reactor, based on the image," Albright said. "We wanted to make sure that the image was *consistent* with a reactor, and, from my point of view, it was. But that doesn't confirm it's a reactor." The journey of the Al Hamed, a small coastal trader, became a centerpiece in accounts of the September 6th bombing. On September 15th, the *Washington Post* reported that "a prominent U.S. expert on the Middle East" said that the attack "appears to have been linked to the arrival . . . of a

ship carrying material from North Korea labeled as cement.” The article went on to cite the expert’s belief that “the emerging consensus in Israel was that it delivered nuclear equipment.” Other press reports identified the Al Hamed as a “suspicious North Korean” ship. But there is evidence that the Al Hamed could not have been carrying sensitive cargo—or any cargo—from North Korea. International shipping is carefully monitored by Lloyd’s Marine Intelligence Unit, which relies on a network of agents as well as on port logs and other records. In addition, most merchant ships are now required to operate a transponder device called an A.I.S., for automatic identification system. This device, which was on board the Al Hamed. ...The records show that the Al Hamed arrived at Tartus on September 3rd—the ship’s fifth visit to Syria in five months. (It was one of eight ships that arrived that day; although it is possible that one of the others was carrying illicit materials, only the Al Hamed has been named in the media.) The ship’s registry was constantly changing. The Al Hamed flew the South Korean flag before switching to North Korea in November of 2005, and then to Comoros. (Ships often fly flags of convenience, registering with different countries, in many cases to avoid taxes or onerous regulations.) At the time of the bombing, according to Lloyd’s, it was flying a Comoran flag and was owned by four Syrian nationals. In earlier years, under other owners, the ship seems to have operated under Russian, Estonian, Turkish, and Honduran flags. Lloyd’s records show that the ship had apparently not passed through the Suez Canal—the main route from the Mediterranean to the Far East—since at least 1998. ...Even if the site was not a nuclear installation, it is possible that the Syrians feared that an I.A.E.A. inquiry would uncover the presence of North Koreans there. In Syria, I was able to get some confirmation that North Koreans were at the target. A senior officer in Damascus with firsthand knowledge of the incident agreed to see me alone, at his home; my other interviews in Damascus took place in government offices. According to his account, North Koreans were present at the site, but only as paid construction workers. The senior officer said that the targeted building, when completed, would most likely have been used as a chemical-warfare facility. (Syria is not a signatory to the Chemical Weapons Convention and has been believed, for decades, to have a substantial chemical-weapons arsenal.) The building contract with North Korea was a routine business deal, the senior officer said—from design to construction. (North Korea may, of course, have sent skilled technicians capable of doing less routine work.) Syria and North Korea have a long-standing partnership on military matters. **“The contract between Syria and North Korea was old, from 2002, and it was running late,” the senior officer told me. “It was initially to be finished in 2005, and the Israelis might have expected it was further along.” The North Korean laborers had been coming and going for “maybe six months” before the September bombing,** the senior officer said, and his government concluded that the Israelis had picked up North Korean telephone chatter at the site. (This fit the timeline that Israeli officials had given me.) “The Israelis may have their own spies and watched the laborers being driven to the area,” the senior officer said. “The Koreans were not there at night, but slept in their quarters and were driven to the site in the morning. The building was in an isolated area, and the Israelis may have concluded that even if there was a slight chance”—of it being a nuclear facility—“we’ll take that risk.” On the days before the bombing, the Koreans had been working on the second floor, and were using a tarp on top of the building to shield the site from rain and sun. “It was just the North Korean way of working,” the Syrian senior officer said, adding that the

possibility that the Israelis could not see what was underneath the tarp might have added to their determination. ...A senior Syrian official confirmed that a group of North Koreans had been at work at the site, but he denied that the structure was related to chemical warfare. Syria had concluded, he said, that chemical warfare had little deterrent value against Israel, given its nuclear capability. ...Last fall, aerospace industry and military sources told *Aviation Week & Space Technology*, an authoritative trade journal, that the United States had provided Israel with advice about "potential target vulnerabilities" before the September 6th attack, and monitored the radar as the mission took place. The magazine reported that the Israeli fighters, prior to bombing the target on the Euphrates, struck a Syrian radar facility near the Turkish border, knocking the radar out of commission and permitting them to complete their mission without interference. The former U.S. senior intelligence official told me that, as he understood it, America's involvement in the Israeli raid dated back months earlier, and was linked to the Administration's planning for a possible air war against Iran. Last summer, the Defense Intelligence Agency came to believe that Syria was installing a new Russian-supplied radar-and-air-defense system that was similar to the radar complexes in Iran. Entering Syrian airspace would trigger those defenses and expose them to Israeli and American exploitation, yielding valuable information about their capabilities. Vice-President Dick Cheney supported the idea of overflights, the former senior intelligence official said, because "it would stick it to Syria and show that we're serious about Iran." (The Vice-President's office declined to comment.) The former senior intelligence official said that Israeli military jets have flown over Syria repeatedly, without retaliation from Syria. At the time, the former senior intelligence official said, the focus was on radar and air defenses, and not on any real or suspected nuclear facility. Israel's claims about the target, which emerged later, caught many in the military and intelligence community—if not in the White House—by surprise. The senior Israeli official, asked whether the attack was rooted in his country's interest in Syria's radar installations, told me, "Bullshit." Whatever the Administration's initial agenda, Israel seems to have been after something more. ...In Tel Aviv, the senior Israeli official pointedly told me, "Syria still thinks Hezbollah won the war in Lebanon"—referring to the summer, 2006, fight between Israel and the Shiite organization headed by Sheikh Hassan Nasrallah. "Nasrallah knows how much that war cost—one-third of his fighters were killed, infrastructure was bombed, and ninety-five per cent of his strategic weapons were wiped out," the Israeli official said. "But Assad has a Nasrallah complex and thinks Hezbollah won. And, 'If he did it, I can do it.' This led to an adventurous mood in Damascus. Today, they are more sober." That notion was echoed by the ambassador of an Israeli ally who is posted in Tel Aviv. "The truth is not important," the ambassador told me. "Israel was able to restore its credibility as a deterrent. **That is the whole thing. No one will know what the real story is.**" There is evidence that the preemptive raid on Syria was also meant as a warning about—and a model for—a preemptive attack on Iran. When I visited Israel this winter, Iran was the overriding concern among political and defense officials I spoke to—not Syria. There was palpable anger toward Washington, in the wake of a National Intelligence Estimate that concluded, on behalf of the American intelligence community, that Iran is not now constructing a nuclear weapon. Many in Israel view Iran's nuclear ambitions as an existential threat; they believe that military action against Iran may be inevitable, and worry that America may not be there when needed. The N.I.E. was published in

November, after a yearlong standoff involving Cheney's office, which resisted the report's findings. At the time of the raid, reports about the forthcoming N.I.E. and its general conclusion had already appeared. Retired Major General Giora Eiland, who served as the national-security adviser to Prime Minister Ariel Sharon, told me, "The Israeli military takes it as an assumption that one day we will need to have a military campaign against Iran, to slow and eliminate the nuclear option." He added, "Whether the political situation will allow this is another question." ...Shortly after the bombing, a Chinese envoy and one of the Bush Administration's senior national-security officials met in Washington. The Chinese envoy had just returned from a visit to Tehran, a person familiar with the discussion told me, and he wanted the White House to know that there were moderates there who were interested in talks. The national-security official rejected that possibility and told the envoy, as the person familiar with the discussion recalled, "You are aware of the recent Israeli statements about Syria. The Israelis are extremely serious about Iran and its nuclear program, and I believe that, if the United States government is unsuccessful in its diplomatic dealings with Iran, the Israelis will take it out militarily." He then told the envoy that he wanted him to convey this to his government—that the Israelis were serious. "He was telling the Chinese leadership that they'd better warn Iran that we can't hold back Israel, and that the Iranians should look at Syria and see what's coming next if diplomacy fails," the person familiar with the discussion said. "His message was that the Syrian attack was in part aimed at Iran." (Seymour M. Hersh, "A Strike in the Dark: Why Did Israel Bomb in Syria?" *New Yorker*, February 11, 2008) ISIS: "The U.S. intelligence community does not have satellite images prior to completion of these fake walls and roof, according to U.S. government officials." "In building the Al Kibar reactor, Syria used three basic methods to avoid detection: locating the reactor in a remote area, building portions of it underground, and camouflaging the design of the reactor building along with its ventilation, cooling and electrical supply. ... The Syrian strategy worked for years. According to U.S. government experts, U.S. intelligence had determined in 2005 that Syria and North Korea were involved in a project in the province Dayr az Zawr. ... Suspicions based on earlier obtained information pointed to some type of nuclear activity taking place in this province. The 2005 assessment led to an intensified imagery search, which resulted in the discovery of a large unidentified building near the town of Al Kibar ... and U.S. intelligence labeled it an 'enigma facility.'" (David Albright and Paul Brannan, "The Al Kibar Reactor: Extraordinary Camouflage, Troubling Implications," ISIS, May 12, 2008) Online data bases tracking a ship flying a North Korean flag that docked in Syria have changed their records after a report in the *Washington Post* linking the Israeli airstrike to a North Korean shipment, said Ronen Solomon, who searches information in the public domain for companies. (Yossi Melman, "Records on North Korean Ship Docked in Syria Were Altered," *Haaretz*, September 16, 2007) A top-ranked Iranian defector told the United States that Iran was financing North Korean moves to make Syria into a nuclear weapons power, leading to the Israeli air strike that destroyed a suspected secret reactor, the daily *Neue Zuercher Zeitung* reported. The report goes into detail about an Iranian connection and fills in gaps about Israel's Sept. 6, 2007, raid that knocked out Syria's nearly completed Al Kabir reactor in the country's eastern desert. Ali Reza Asghari, a retired general in Iran's elite Revolutionary Guards and a former deputy defense minister, "changed sides" in February 2007 and provided considerable information to the West on Iran's

own nuclear program, said the article, written by Hans Ruehle, former chief of the planning staff of the German Defense Ministry. "The biggest surprise, however, was his assertion that Iran was financing a secret nuclear project of Syria and North Korea," he said. "No one in the American intelligence scene had heard anything of it. And the Israelis who were immediately informed also were completely unaware." U.S. intelligence had detected North Korean ship deliveries of construction supplies to Syria that started in 2002, and American satellites spotted the construction as early as 2003, but regarded the work as nothing unusual, in part because the Syrians had banned radio and telephones from the site and handled communications solely by messengers -- "medieval but effective," Ruehle said. Intensive investigation followed by U.S. and Israeli intelligence services until Israel sent a 12-man commando unit in two helicopters to the site in August 2007 to take photographs and soil samples, he said. "The analysis was conclusive that it was a North Korean-type reactor," a gas graphite model, Ruehle said. Other sources have suggested that the reactor might have been large enough to make about one nuclear weapon's worth of plutonium a year. Just before the Israeli commando raid, a North Korean ship was intercepted en route to Syria with nuclear fuel rods, underscoring the need for fast action, he said. On the morning of Sept. 6, 2007, seven Israeli F-15 fighter bombers took off to the north. They flew along the Mediterranean coast, brushed past Turkey and pressed on into Syria. Fifty kilometers from their target they fired 22 rockets at the three identified objects inside the Kibar complex. The Syrians were completely surprised. By the time their air defense systems were ready, the Israeli planes were well out of range. The mission was successful, the reactor destroyed, Ruehle said. Israel estimates that Iran had paid North Korea between \$1 billion and \$2 billion for the project, Ruehle said. (Alexander G. Higgins, "Report: Iran Financed Syrian Nuke Plans," Associated Press, March 20, 2009) IISS: Undated photographs taken from inside the reactor, apparently by Israeli intelligence agents, showed the heat-control rods from the top of the reactor and other features similar to the North Korean 5MWe reactor at Yongbyon. Following the completion of a pipeline for cooling water and a pumphouse in early August 2007, US intelligence agencies assess that start-up operations could have commenced at any time, although weeks or months of testing were likely. ...The US briefing said that construction of the al-Kibar facility began in 2001. Open-source satellite imagery shows that the site was undisturbed on 26 May 2001, and that work had begun by 5 September 2002. It is hard to discern much progress at the site between 2003 and 2007, and US intelligence analysts who had looked carefully at the site over the years had been unsure whether it posed a nuclear threat. CIA Director Michael Hayden said on 28 April 2008 that after it was operational the reactor would have produced enough plutonium for one or two nuclear weapons a year. To some observers, however, the al-Kibar reactor appears to have been smaller than the one at Yongbyon, which was capable of producing approximately 6 kilograms of plutonium per year, roughly enough for one weapon. For use in weapons, the plutonium needs to be separated from the spent fuel in a specialized reprocessing facility. The al-Kibar site lacked such a facility. Nor was there evidence that Syria had obtained fresh natural uranium fuel for the reactor. ...Syria's connections with alleged proliferators have also raised concerns. For example, in 1991 then-US Senator Jesse Helms reported before a Senate committee that there were credible reports that China was 'engaged in furthering the nuclear weapons ambitions of Syria and Iran'. Helms did not elaborate on the 'reports',

their origins or their veracity but, as noted above, 1991 was when China began constructing the 27kwt neutron-source reactor. Five years later, then-CIA director John Deutch downplayed such concerns by testifying before the US Senate that 'Syria's nuclear research program is at a rudimentary level and appears to be aimed at peaceful uses at this time. It is subject to International Atomic Energy Agency (IAEA) safeguards. At present, we have no evidence that Syria has attempted to acquire fissile material.' This view held at least until 2001, when a US Department of Defense publication judged that 'Syria is not pursuing the development of nuclear weapons'. Although allegations of a Syrian nuclear weapons program surfaced again in the early 2000s, the US government remained divided about what to conclude from the available intelligence. The CIA's biannual unclassified reports to the US Congress on the acquisition of WMD technology are typically cautious about not drawing premature conclusions or revealing intelligence information- but expressions of 'concern' are significant. The reasons, however, are usually based on information that cannot be made public, so those without access to the intelligence are left to read between the lines and draw conclusions from often unpersuasive evidence. The reports for January-June 2001 and July-December 2002 showed little concern about a Syrian program, noting that 'broader access to Russian expertise provided opportunities for Syria to expand its indigenous capabilities to pursue nuclear weapons'.<sup>22</sup> For the January-June 2003 period, however, which coincided with the construction of the al-Kibar facility, the report added: 'we are looking at Syrian nuclear intentions with growing concern'. The report for the latter half of that year, not released until November 2004, dropped the word 'growing'. In 2003, then-US Undersecretary of State for Arms Control and International Security John Bolton began to clash with elements of the intelligence community over how to characterize concerns about Syria's nuclear program. In April 2003 analysts from two agencies raised concerns that the language Bolton's office sought to deploy in a speech at the Heritage Foundation on Syria's possible interest in nuclear weapons technology was a 'stretch', implying the existence of a Syrian nuclear-weapons program when such a conclusion had not been reached by US intelligence. Analysts clashed with Bolton again later that month when, in preparing Congressional testimony, Bolton planned to say that 'Syria's development of biological, chemical and nuclear weapons had progressed to such a point that they posed a threat to stability in the region'. The planned testimony was postponed when CIA and State Department intelligence analysts objected on the grounds that it went beyond what the US had previously said about Syria's weapons programs. The dispute between Bolton and career intelligence analysts centered on the degree to which conclusions could be drawn from uncorroborated intelligence. For several US government officials, the evidence was enough to put Syria in the same league as what was assumed to be the case about Iraqi and Iranian weapons intentions at the time. As Bolton later stated publicly following Israel's September 2007 raid, Syria was a member of a 'junior axis of evil' with a well-established ambition to develop WMD. In its unclassified report covering 2004, the CIA for the first time mentioned specific facilities of concern (although not the al-Kibar facility), saying that Syria 'continued to develop civilian nuclear capabilities, including uranium extraction technology and hot cell facilities, which may also be potentially applicable to a weapons program'. It did not say where the hot cells were being developed, and no additional information has emerged in open sources about weapons-applicable facilities. The 2004 CIA report

also reinforced suspicions that Syria was a customer of the nuclear-black-market network led by Pakistani nuclear scientist A.Q. Khan. The report stated: 'Pakistani investigators in late January 2004 said they had "confirmation" of an IAEA allegation that A.Q. Khan offered nuclear technology and hardware to Syria, according to Pakistani press, and we are concerned that expertise or technology could have been transferred'. The original Pakistani press report said, however, that according to officials, the deal never materialized. In December 2007, Syrian President Bashar al-Assad said his government had rejected an offer from Khan in 2001. Khan visited Syria in late 1997 and 1998, officially at the invitation of the Ministry of Higher Education to give lectures on nuclear materials. Othman claims he refused to have any dealings with Khan. According to unconfirmed press reports, beginning in 2001 Khan and three associates from his Pakistan laboratory who were consulting with officials involved in Syria's nuclear program held their meetings in Iran in order to keep them from being exposed. It has been reported that US concern about Syrian nuclear activity was further heightened by signals picked up in 2003 or 2004 by an experimental US electronic monitoring system. A press report citing an unnamed senior US official characterized the signals as distinctive of an enrichment process operating machines at high speeds. There is some skepticism in the technical community, however, about the feasibility of long-range detection of centrifuges based on frequency emissions." (IISS, *Nuclear Programs in the Middle East: In the Shadow of Iran*, May 28, 2008, ch. 4) North Korea provided about 45 tons of "yellowcake" uranium to Syria in September 2007 for production of fuel for an undeclared nuclear reactor, diplomatic and military sources knowledgeable on North Korean issues said. But the shipment was followed shortly by an Israeli air strike targeting the reactor and the uranium involved is believed to have been transferred to Iran around last summer, according to a Western diplomatic source. But a Middle East military source has said that Syria may have returned the yellowcake to North Korea in the wake of the air strike. David Albright, president of the U.S.-based Institute for Science and International Security, said 89 to 130 kilograms of weapons-grade uranium could be produced if 45 tons of yellowcake is further processed into uranium hexafluoride and is enriched. "In any case, 45 tons of yellowcake is enough for several nuclear bombs," Albright said in a written response to Kyodo News. Such an amount of yellowcake is equivalent to making 5,500 nuclear fuel rods for the type of 5,000-kilowatt graphite-moderated experimental reactor in North Korea's Yongbyon nuclear complex, on which Syria is believed to be modeling its own reactor. Plutonium, another material used for nuclear weapons, can be extracted from spent fuel rods. The diplomatic source said the cargo of yellowcake left Nampo and passed through Dalian and Shanghai before it reached the port of Tartus in Syria on September 2, 2007. Israel noticed the move - a factor that led the country to launch its air strike on Syria on September 6. (Kyodo, "N. Korea Provided Raw Uranium to Syria in 2007: Sources," *Mainichi*, February 28, 2010) Bob Woodward: "A key lesson of the 9/11 decade for presidents and other national security decision makers is the importance of rigorously testing intelligence evidence: poking holes in it, setting out contradictions, figuring out what may have been overlooked or left out. It is essential to distinguish between hard facts and what is an assessment or judgment. The so-called slam-dunk case that Iraq had weapons of mass destruction illustrates the failure. If anyone should have learned this, it is former president George W. Bush and former vice president Dick Cheney. Yet in his new memoir, *In My Time*, Cheney shows he has

not fully absorbed that lesson when he writes about the administration's response to the 2007 discovery of a nuclear reactor in Syria that the North Koreans had helped build. In Cheney's telling, the evidence showed "a clandestine nuclear reactor, built by two terrorist-sponsoring states." Given the potential threat, he argued privately to Bush, and later to top national security officials, that the United States should destroy the reactor. In a National Security Council session that June, he writes, "I again made the case for U.S. military action against the reactor. Not only would it make the region and the world safer, but it would also demonstrate our seriousness with respect to non-proliferation. It would enhance our credibility in that part of the world . . . . But I was the lone voice. After I finished, the president asked, 'Does anyone here agree with the vice president?' Not a single hand went up around the room. I had done all I could, and I'm not sure the president's mind would have been changed if the others had agreed with me." He notes with some relish that two months later the Israelis took unilateral action and destroyed the reactor. The clear implication is that Bush and the others had lost their nerve, that they lacked the necessary spine to act as he had recommended. But accounts from others in these meetings, a public briefing and Bush's own memoir present a dramatically different picture of the intelligence on the Syrian reactor. Cheney does not reveal that then-CIA Director Michael V. Hayden had a team working for months to examine the intelligence on the Syrian reactor. Participants at the meetings say that Hayden presented his findings to Bush, Cheney and the others before Cheney made his arguments for a military strike. **According to a principal participant, Hayden made four points, saying: "That's a reactor. I have high confidence. That Syria and North Korea have been cooperating for 10 years on a nuclear reactor program, I have high confidence. North Korea built that reactor? I have medium confidence. On it is part of a nuclear weapons program, I have low confidence."** Hayden emphasized the last sentence to underscore his uncertainty. He later told others that he stuck to the intelligence facts and intentionally shaped his presentation that way to discourage a preemptive strike because the intelligence was weak. **According to the CIA, there was no evidence of plutonium reprocessing capability at the site or nearby** in that region of Syria, though a reactor of that type would be capable of producing plutonium for nuclear weapons. In addition, there was no identifiable means to manufacture uranium fuel. Hayden's declaration of low confidence was, in effect, his anti-slam dunk. On April 24, 2008, two senior U.S. intelligence officials and a senior White House official briefed reporters on the Syrian reactor after extensive testimony to congressional committees on the issue. One of the briefers restated Hayden's conclusions and said there was not much physical evidence the reactor was part of a weapons program, so they had only "low confidence" that it was. His assessment, he said, was that the reactor was planned to be part of a weapons program, but in an apparent reference to the Iraq WMD mistake, the briefer said, "There are lessons learned that are – that came out of previous experience about how to put more rigor into our process. So there's a difference between evidence and an assessment." In his memoir, Bush described the debate about the Syrian reactor, writing that Hayden and the other intelligence experts "had only low confidence of a Syrian nuclear weapons program." "Mike [Hayden]'s report clarified my decision," Bush wrote, adding that he called then-Israeli Prime Minister Ehud Olmert, who wanted the United States to destroy the reactor. Bush says he told Olmert, "I cannot justify an attack on a sovereign nation unless my intelligence agencies stand up and say it's a

weapons program." Bush didn't reveal, however, that his vice president wanted a military strike in the face of "low confidence" intelligence that the reactor was part of a nuclear weapons program. Cheney said he wanted the United States to commit an act of war to send a message, demonstrate seriousness and enhance credibility – a frightening prospect given the doubts. Two participants in the key National Security Council meeting in June 2007 said that after Cheney, the "lone voice," made his arguments, Bush rolled his eyes. At the CIA afterward, the group of specialists who had worked for months on the Syrian reactor issue were pleased they had succeeded in avoiding the overreaching so evident in the Iraq WMD case. So they issued a very limited-circulation memorial coin. One side showed a map of Syria with a star at the site of the former reactor. On the other side the coin said, "No core/No war." (Bob Woodward, "In Cheney's Memoirs, It's Clear Iraqi Lessons Didn't Sink In," *Washington Post*, September 12, 2011, p. A-25)

In the first days of March, 2007, agents from the Mossad, the Israeli intelligence agency, made a daring raid on the Vienna home of Ibrahim Othman, the head of the Syrian Atomic Energy Commission. Othman was in town attending a meeting of the International Atomic Energy Agency's board of governors, and had stepped out. In less than an hour, the Mossad operatives swept in, extracted top-secret information from Othman's computer, and left without a trace. In recent months, Israel and the United States had become worried by Syria's nuclear ambitions. In the nineteen-nineties, Syrian President Hafez al-Assad sought to buy nuclear research reactors from Argentina and Russia, but the deals fell through under U.S. pressure. Toward the end of 2006, Israel began to pick up intelligence of possible renewed nuclear activity. There were also suspicions about a large, "enigmatic" building under construction in the desert of northeastern Syria, General Michael Hayden, the director of the C.I.A. at the time, told me. The information the Mossad operatives recovered was damning: roughly three dozen color photographs taken from inside the Syrian building, indicating that it was a top-secret plutonium nuclear reactor. The reactor, called Al Kibar, was nine hundred yards from the Euphrates River and halfway between the borders with Turkey and Iraq. The photographs showed workers from North Korea at the site, which was far from Syria's biggest cities. The sole purpose of this kind of plutonium reactor, in the Mossad's analysis, was to produce an atomic bomb. Inside, the reactor had many of the same engineering elements as the North Korean reactor in Yongbyon -- a model that no one but the North Koreans had built in the past thirty-five years. ...On March 8th, days after the raid, Meir Dagan, the director of the Mossad, and two senior officials met with Israeli Prime Minister Ehud Olmert and presented the findings from the raid. During a courtroom appearance last year, at which Olmert was facing corruption charges (he was largely acquitted), he never directly mentioned Dagan or the Syrian site, but he referred obliquely to "a piece of information" that had been put on his desk "such as rarely happens in the country." He added, "I knew from that moment, nothing would be the same again. The weight of this thing, at the existential level, was of an unprecedented scale." Olmert pledged to destroy the reactor as soon as possible; if it went "hot," radiation from its destruction could contaminate the Euphrates. ...The small suite of offices where Prime Minister Olmert and a half dozen of his aides worked, in a nondescript government office building in Jerusalem, sits behind glass doors and was so closely watched that it was nicknamed the Aquarium. For that reason, in the days after the discovery of the Syrian installation, Olmert began hosting important meetings at his official residence,

on Balfour Street, a couple of miles away. Olmert, a former cabinet minister and onetime mayor of Jerusalem, had come to power in early 2006 on a platform of peace, and the war that summer with Hezbollah, in Lebanon, had been disastrous for his popularity. In December, in an attempt to restore his focus on peacemaking, Olmert had begun holding regular meetings with Mahmoud Abbas, the President of the Palestinian Authority, to address the establishment of a Palestinian state. On February 15, 2007, a few weeks before the Mossad raid in Vienna, Olmert met with Turkish Prime Minister Recep Tayyip Erdogan, in Ankara, and asked him to explore whether Syrian President Bashar al-Assad -- the son of Hafez -- would be willing to open secret peace talks with Israel. After meeting with Assad on April 3rd, Erdogan reported back to Olmert that Assad was willing. By that time, Israel had discovered evidence of the Syrian reactor, and a grim resolve had set in. The briefings on Balfour Street began with Israel's former Prime Ministers, including Shimon Peres, Ehud Barak, and Netanyahu, Olmert's political rival. The leaders were summoned one by one, to insure confidentiality and to prevent leaks. A second group -- including Amir Peretz, the Defense Minister; Gabi Ashkenazi, the Israel Defense Force's chief of staff, Amos Yadlin, the ID.F. head of military intelligence; Yuval Diskin, the head of the Shin Bet, Israel's security service; and Dagan, of the Mossad -- met most Fridays from late March of 2007 through early September. Each member signed a secrecy agreement. The time came to inform the Americans. On April 18th, during a routine visit to Israel, Robert Gates, George W. Bush's Secretary of Defense, met with his Israeli counterpart, Peretz. Because Peretz did not speak English fluently, an index card was prepared for him, which he could refer to as he divulged the news about the reactor. Olmert also dispatched Dagan, along with two of Olmert's top personal aides, Yoram Turbowicz and Shalom Turgemen -- nicknamed TnT by U.S. officials--to Washington, to report the news to other senior U.S. officials. Dagan briefed his U.S. counterpart, Hayden, the C.I.A. director. Dagan, Turbowicz, and Turgemen met with Vice-President Dick Cheney and the national-security adviser, Steve Hadley. Dagan presented them with the photographs of the site and other information. According to one former senior U.S. official, Cheney, who had been urging the intelligence community to investigate a link between North Korea and Syria, was vindicated by the news. President Bush instructed his intelligence chiefs to verify the Israeli claims; the disastrous intelligence failure on weapons of mass destruction in Iraq was fresh in everyone's mind. Bush's words, according to the former U.S. senior official, were "Gotta be secret, and gotta be sure." A C.I.A. crisis task force was established, and, according to the same official, the C.I.A. compared "handheld" photographs of the site with "overheads" taken by American satellites. The photographs were then given to the National Geospatial-Intelligence Agency, which analyzes imagery and map-based intelligence for policymakers and the national security community. The N.G.A. determined that the two sets of photographs were valid, as did nuclear experts at the Department of Energy and an outside nuclear-proliferation authority. Finally, an ad-hoc C.I.A. "red team" concluded, according to the former senior U.S. official, "If it's not a nuclear reactor, then it's a fake nuclear reactor." While U.S. intelligence officials scrambled to confirm the Israeli report, Hadley, the national-security adviser, directed an interagency deputies committee known, with deliberate blandness, as the Drafting Committee -- to develop policy options. The committee's members included Elliott Abrams, a deputy national-security adviser; James Jeffrey, a top Middle East specialist at the State Department, who was later the

deputy national-security adviser; Eric Edelman, a senior aide to Gates who had previously served as the Ambassador to Turkey; and Eliot Cohen, who was counsellor to the State Department under Condoleezza Rice. No personal aides were included in the group's secure government e-mails. The policy options were not circulated on any government computers, and the committee's members were forbidden from taking any relevant documents out of the White House Situation Room. From the start, several members of the Drafting Committee were skeptical that diplomacy could neutralize Syria's nuclear program. The fear was that Assad would stall in order to buy time for the reactor to go hot, at which point military action would become too risky. Over several Tuesday afternoons, an even more senior national-security group gathered in Hadley's office in the West Wing of the White House. At the time, few from the group advocated American military action. "Every Administration gets one preemptive war against a Muslim country; Gates told Edelman, half in jest, "and this Administration has already done one." Moreover, Israel's 2006 war with Hezbollah had weakened Rice's faith in Israel's military judgment. "Condi thought that the Israeli military was unreliable and that they were no longer the ten-foot giants that we had grown up with," a former senior Administration official told me. Rice feared that a strike would lead to a wider conflict, including war with both Syria and Hezbollah. She was also invested in two diplomatic initiatives: six-party talks with North Korea about its nuclear program and a Middle East peace conference that would be held later that year, in Annapolis. Meanwhile, the Administration was staring down the end of its tenure. "We were just turning the corner in Iraq, and there was an uneasy sense about Afghanistan," Eliot Cohen told me. "Many in the Administration were deeply reluctant to start what they thought would be a third Middle Eastern war. They thought the American people would have no patience for it, quite apart from their own aversion to such a prospect." On June 17th at the White House residence, just before a scheduled visit from Olmert, Bush met with advisers in the Yellow Oval Room, which encouraged intimacy and informality, and which allowed Bush to "be in a listening rather than deciding mode," according to another former senior official. Recounting that period for a 2011 Washington Post article, Hayden said that he "told the President that Al Kibar was part of a nuclear weapons program" and that "we could conceive of no alternative uses for the facility." But, because they "could not identify the other essentials of a weapons program," such as a reprocessing plant or active work on a warhead, Hayden wrote, "we cautiously characterized this finding as 'low confidence.'" The Administration conceded that the reactor could go hot in the coming months, but, once the term "low confidence" had been invoked, Bush no longer felt he had the political cover to justify a preemptive strike. In his memoir, Bush says that he told Olmert, "I cannot justify an attack on a sovereign nation unless my intelligence agencies stand up and say it's a weapons program." David Albright, a nuclear-proliferation expert at the Institute for Science and International Security, told me that a reprocessing plant has yet to be found; then again, he noted, Syria has not granted anyone permission to look for one. Olmert met with American officials in Washington on June 19th. He told reporters that he was there to discuss Iran and the Palestinian peace process, but, in his meetings with Bush and Cheney, he urged that the U.S. lead the attack on the Syrian reactor. Olmert argued that a U.S. strike would "kill two birds with one stone," allowing Bush to remind the international community of Assad's villainy and send a message dissuading Iran from pursuing its own nuclear program. Olmert told Bush that if the U.S. did not

destroy the reactor, Israel would, even if it lacked support from the Americans. Bush promised an answer shortly. On July 12th, Bush convened a second meeting, and declared that he would send an envoy to Syria with an ultimatum for Assad to begin dismantling the reactor. The five permanent members of the Council, or P5 -- the United States, Russia, China, Britain, and France -- would oversee the dismantling. Bush called Olmert at eight o'clock the next morning. If the Americans were to hit the reactor, he said, the Administration would have to explain to Congress that the intelligence had come from Israel. Was this what Olmert wanted? Bush offered to send Rice to the region, but Olmert replied that he was not interested in a visit from Rice, and said he feared that a diplomatic route would simply enable Syria to stall until the reactor went hot. In his memoir, Bush wrote that "the prime minister was disappointed" at the U.S. preference for diplomacy, adding that Olmert told him, "This is something that hits at the very serious nerves of this country." The American nuclear-prevention policy toward North Korea and Pakistan was characterized as "too early, too early - oops -- too late," Ariel Levite, a nonresident senior associate in the nonproliferation program at the Carnegie Endowment, told me. The Israelis also believed that a diplomatic focus would undermine the surprise of a military operation. Once Assad realized that he had been caught, as Abrams put it to me, what would stop him from putting a kindergarten near the site, or from deploying anti-aircraft weaponry? Although the U.S. and Israel agreed on the fundamental facts and risks, they had reached opposing policy conclusions. Until the phone call from Bush, Olmert hoped that the United States would lead the attack. Now he was worried that any U.S. official who was not on board with the Israeli strike would try to sabotage it by leaking information, and he expressed his fears to Bush. The President promised Olmert that the American side would remain "buttoned up." Bush probably did not relish further military action and feared a repeat of the intelligence debacle in Iraq, but he seems to have understood Olmert's position. At no point did Bush suggest that the U.S. would block Israeli action. "Olmert said he did not ask Bush for a green light, but Bush did not give Olmert a red light," an Israeli general told me. "Olmert saw it as green." The Israelis began preparations for a unilateral attack. The I.D.F. and the Israeli Air Force considered three possible strategies: a wide strike by the Israeli Air Force, nicknamed Fat Shkedi, after Israel's Air Force chief, General Eliezer Shkedi; a narrower strike, nicknamed Skinny Shkedi; and a ground attack by special forces. A key consideration was the desire to minimize the potential of a response from Damascus. Since discovering the reactor, many Israeli officials had concluded that the lower the signature of the attack the less likely Syria would be to retaliate. By failing to report the presence of a nuclear reactor, Assad would be violating his obligations to the International Atomic Energy Agency. To avoid drawing further attention to this violation -- not to mention the humiliation of having its nuclear ambitions exposed and thwarted by Israel -- Assad might prefer to bury the matter. Psychologists consulted by the I.D.F., who had profiled Assad for years, argued that Syrian retaliation might be avoided if Israel did not corner the President by publicly claiming credit for a strike, thus preserving for Assad what Israeli security officials called a "zone of denial." Assad's decision not to take any direct hostile action against Israel during its 2006 war with Hezbollah, in Lebanon, demonstrated that he saw the advantage of avoiding military confrontation with Israel. Also, from what the Israelis could discern, the Al Kibar reactor was in a remote location; a strike would be unlikely to cause civilian fatalities or

even draw public attention. Given these factors, the I.D.F., the Mossad, and the Foreign Ministry, led by Tzipi Livni, all favored a low-signature attack on the reactor. Back in June, an Israeli special-operations unit had been dispatched to within a mile of the site to take and transmit additional photos, bring back soil samples, and provide Israel with other information it needed for a strike. By June, Peretz had lost the Labor Party leadership and the position of Defense Minister passed to Ehud Barak, the former Prime Minister, former Army chief of staff, and one of the most decorated soldiers in Israeli history. The "two Ehuds," Olmert and Barak, had a cordial relationship, despite belonging to different parties. When Olmert was the mayor of Jerusalem, in the nineties, he defended Barak, then the Prime Minister, from the usual refrain from the right that a Labor leader would cede half of Jerusalem to the Palestinians. (In fact, Barak did offer significant parts of Jerusalem during the Camp David summit in 2000.) But the friendship did not endure. Barak told his fellow cabinet ministers that he feared a repeat of the 2006 war, and thought it would be better to delay the attack on Al Kibar. This would give Israel's military command in the north sufficient time to prepare for possible Syrian retaliation. For Olmert, the 2006 Lebanon war had established deterrence; Hezbollah had not openly fired a shot at Israel since then. Olmert suspected that Barak had another reason for putting off an attack on Al Kibar. The final report of the Winograd Commission, a government-appointed inquiry into the decisions involved in the 2006 war with Hezbollah, was anticipated around the end of the year and was expected to criticize Olmert for his handling of the war and weaken him politically. Olmert worried that Barak would seize upon the report's findings, trigger Olmert's ouster as Prime Minister, and lead the operation against the Syrian reactor himself. In Israel, all major military actions that could lead to war must be approved by the security cabinet. Olmert invited several members of the security cabinet separately to his home and briefed them on Al Kibar. Each signed a written vow of secrecy, agreeing to face investigation if he or she leaked information. Over the next five weeks, a half-dozen extraordinary security-cabinet meetings unfolded, Barak argued that a careful attack in the early phases after the reactor went hot would not contaminate the Euphrates. Olmert gave along and persuasive rejoinder. "It may have been the most dramatic set of sessions that I can ever recall in the security cabinet," one of the cabinet ministers in attendance told me. On September 1st, Turbowicz told the White House that preparations were almost complete. Israel informed one other country's intelligence service before the strike -- Britain's MI6 -- but did not share the exact timing of the attack with either country. On September 5th, the security cabinet deliberated for the last time, and voted to strike. (The only minister to abstain from voting was Avi Dichter.) The cabinet also voted to grant Olmert, Barak, and Livni sole power to approve the military approach and the timing of the strike. Barak and Olmert had made several handwritten amendments to the text of the resolution that ordered the strike, explicitly indicating the potential for war. After the cabinet session, Olmert, Barak, and Livni reconvened in the briefing room adjacent to Olmert's office. The chief of staff came into the room and recommended attacking that night, using the Skinny Shkedi approach. After the chief of staff left, Olmert, Barak, and Livni voted unanimously to proceed. Just before midnight on September 5, 2007, four F-15s and four F-16s took off from Israeli Air Force bases, including Ramat David, southeast of Haifa. After flying north along the Mediterranean Coast, the planes turned east and followed the Syrian-Turkish border, to avoid detection by radar. Using standard

electronic scrambling tools, the Israelis blinded Syria's air-defense system. In Tel Aviv, in a room of the underground I.A.F. command-and-control center known as "the pit," Olmert, Barak, Livni, and senior security officials followed the planes by radar. The room would serve as a bunker for Olmert in the event that the strike sparked a war; the Israelis had also prepared a military contingency plan. General Shkedi tracked the pilots by audio in an adjacent room. Sometime between 12:40 and 12:53 A.M., the pilots uttered the computer-generated code word of the day, "Arizona," indicating that seventeen tons of explosives had been dropped on their target. "There was a sense of elation," one participant recalled. "The reactor was destroyed and we did not lose a pilot." The next day, the Syrian Arab News Agency announced that Israeli planes had entered Syrian airspace but had been repelled: "Air-defense units confronted them and forced them to leave after they dropped some ammunition in deserted areas without causing any human or material damage." 'The Israelis say that not a single Syrian air-defense missile was launched. At least ten, and perhaps as many as three dozen, workers were killed in the strike. As the planes returned to their bases, Olmert went to his secondary office, at the Kirya defense complex, in Tel Aviv, and asked to be connected to Bush, who was in Australia. "I just want to report to you that something that existed doesn't exist anymore," Olmert told him. "It was done with complete success." Syria has consistently denied that it had a reactor, and the responses from its administration officials have been contradictory. Three weeks after the strike, President Assad told the BBC that Israeli warplanes had attacked an unused military building and said that Damascus reserved "the right to retaliate," though not necessarily in a "bomb for bomb" manner. Meanwhile, Bashar Ja'afari, the Syrian Ambassador to the United Nations, continued to insist that nothing was bombed in Syria and that Israeli planes "were encountered by our air defense fire" and were forced to drop their ammunition and fuel tanks. "Nobody in Syria believed that Israel did this," Andrew Tabler, a Syria expert who is a fellow at the Washington Institute and was in Damascus at the time, told me. "People believed the regime." Syrians were incredulous on two accounts, Tabler said: that Assad had secretly built a reactor and that Israel had demolished it. Even as confirmation of some sort of strike came out in the world press, Syria did not strike back. This reinforced Israel's initial psychological reading: as long as Assad could deny the existence of the reactor, he would not feel pressured to retaliate. The Israelis helped secure that zone of denial. They briefed their regional allies, including Egypt and Jordan, and urged their leaders to refrain from making public statements about the strike. Olmert flew to Moscow to brief Russia, which has close ties with Assad. Dick Cheney was eager to expose the flagrant role of North Korea in the Syrian project and argued for disclosure. But Condoleezza Rice, keen to preserve the six-party diplomatic talks with North Korea, urged that the request for silence be honored. She prevailed. On October 23rd, Olmert met Erdogan in London to brief him on the attack and on Israel's motives. During the meeting, Olmert asked Erdogan to gauge Syrian interest in re-starting peace negotiations. Assad agreed to indirect peace talks, which began in Ankara in February, 2008; they ended that December, when Syria and Turkey withdrew in protest over Israel's war against Gaza. Israelis say the two sides never discussed the Al Kibar strike. As the months went by, and the odds of Syrian retaliation diminished, Bush asked Olmert for permission to tell certain senators and representatives what had happened. Details had begun to leak out, and members of the congressional intelligence committees were upset that they had not been briefed, Moreover, there

was a fierce debate within the Administration over the decision not to go public about North Korea's role in the construction of the Syrian reactor. Olmert relented; in Israel, however, official restrictions remain. After rebuffing repeated requests by the I.A.E.A. to visit the site, Syria ultimately permitted a small group of inspectors, including Olli Heinonen, to visit for one day in June, 2008. The inspectors found particles of man-made uranium in the samples, which Syria claimed were the residue of the bombing. In 2009, the inspectors reported that graphite had also been found at the site; Syria again issued a denial. In its most recent report, the I.A.E.A. concluded that the site was "very likely" a nuclear reactor. When I met with Heinonen this past spring, he told me that the site had been cleaned up before the inspectors' visit. His statement echoed a cable, released by WikiLeaks in 2010 to an Israeli daily, that Condoleezza Rice: sent to State Department representatives around the world on April 25, 2008, after the congressional briefing. "Syria's concealment and lies about what happened for months now after the Israeli air strike is compelling proof that it has something to hide," Rice wrote. "In fact, after the attack on the site, Syria went to great lengths to clean up the site and destroy evidence of what was really there." Syria's cleanup effort was also monitored and confirmed by I.D .F. satellites. Heinonen said that one of the inspectors' escorts at the site was General Mohammed Suleiman, who served as a primary regime contact on various issues related to Iran. An Israeli general called him the head of the Syrian "shadow army," meaning he dealt with issues unrelated to Syria's conventional Army, such as transferring Iranian weapons to Hezbollah. Israeli officials say that Suleiman, a fellow-Alawite and longtime friend of the Assad family, was believed to be one of the very few senior regime officials who knew of the reactor's existence. On August 1, 2008, Suleiman was killed by snipers while hosting a dinner at his weekend home overlooking the sea at the Syrian port city of Tartus. The operation is believed to have been carried out jointly by the Mossad and the Shayetet 13, or Flotilla 13, an elite commando unit of the Israeli Navy that specializes in sea-to-land incursions and counterterrorism. Nobody else was injured. Israel has never acknowledged the assassination. (David Makovsky, "the Silent Strike," New Yorker, September 17, 2012, pp. 34-39) 4/?/08 SecDef Gates: "Finally, in April 2008, when the Israelis decided the risk of Syrian military retaliation had greatly diminished, we went public with the photographs and intelligence information of the Syrian reactor. By then, any real opportunity to leverage what the Syrians and North Koreans had done for broader political and non-proliferation purposes had largely been lost." (Gates, *Duty*, p. 177)

Background Briefing with Senior U.S. Officials on Syria's Covert Nuclear Reactor and North Korea's Involvement," April 24, 2008: Senior intel official: "We have had insights to what was going on since very late '90s, early 2000, 2001 ... In the spring of last year, we were able to obtain some additional information that made it conclusive. ... The evidence concluded a nuclear reactor ... constructed by the Syrians started probably in 2001 ... and it was nearing operational capability. ...[C]ooperation between North Korean nuclear-related persianlities and entities and high-level Syrian officials began probably as early as 1997 - this is estimate, not court-of-law evidence ... The reactor inside was clearly not configured to produce electricity ... there are no power lines coming out of it, none of the switching facilities that you would need ... It uses North Korean-type technology. ... it's a gas-cooled graphite-moderated reactor similar in technology and configuration to the Yongbyon reactor. And you can see that more

clearly in this photo that compares the control rods and the refueling-tube arrangements of both reactors. [?] ... And we also have evidence of cargo being transferred from North Korea most likely to the reactor site in 2006. The reactor was destroyed in an Israel air strike ... as it was nearing completion but before it had been operating and before it was charged with uranium fuel." Moderator: "Only North Korea has built this type of reactor in the past 35 years. [And before that?] ... We obtained this photograph, for example, showing the head of North Korea's nuclear reactor fuel manufacturing plant in Yongbyon (seen also at the six-party talks in the photograph on the right) together with the head of the Syrian Atomic Energy Commission. ... In 2002 North Korean officials were procuring equipment for an undisclosed site in Syria. North Korea that same year sought a gas-cooled reactor component we believed was intended for the Syrian site. A North Korean nuclear organization and Syrian officials involved in the covert nuclear program reportedly were involved in a cargo transfer from North Korea to probably Al Kibar in 2006. ... A high-level North Korean delegation traveled to Syria shortly after the reactor was destroyed and met with officials associated with Syria's covert nuclear program." ... Senior intel official #2: "There is no reprocessing facility in the vicinity of Al Kibar." Senior intel official #1: "But our confidence level that it's a weapons [program] is low at this point." Q. And North Korean intentions? Senior intel official #1: "Cash"

U.N. deputy emergency relief coordinator Margareta Wahlstrom calls for \$14 million for North Korean flood relief and says, "I certainly hope and trust that Japan, which is a country with strong support of humanitarian efforts all over the world, would remain a strong supporter for humanitarian programs in North Korea." On September 4, chief cabinet secy Yosano Kaoru says Japan must consider relief aid. (Kyodo, "U.N. Calls for North Korea Flood Aid," September 6, 2007)

9/7/07 Bush-Roh summit at APEC in Sydney press conference confusion over peace declaration and peace treaty: ROH: "As is outlined in the 2005 September 19th joint statement, we have a plan for the peace regime on the Korean Peninsula, and President Bush also reaffirmed in November of last year in Vietnam of his willingness and his resolve to end the Korean War officially, once and for all. Today we revisited this issue. President Bush reaffirmed his determination to replace the current status in the Korean Peninsula with a permanent peace regime, and he stressed that he would be proceeding with this move after the North Korean nuclear issue is resolved. We also share the view that should there be more progress in the six-party process, this will be followed by talks to initiate a Northeast Asian regional security mechanism. I also reassured President Bush that the inter-Korean summit will underpin the progress at the six-party talks, that relations -- the inter-Korean relations and the six-party talks should be a mutually reinforcing relationship. I think I might be wrong -- I think I did not hear President Bush mention the -- **a declaration to end the Korean War just now**. Did you say so, President Bush? BUSH: I said it's up to Kim Jong-il as to whether or not we're able to sign **a peace treaty to end the Korean War**. He's got to get rid of his weapons in a verifiable fashion. And we're making progress toward that goal. It's up to him. ROH: I believe that they are the same thing, Mr. President. If you could be a little bit clearer in your message, I think -- BUSH: I can't make it any more clear, Mr. President. We look forward to the day when we can end the Korean War. That will end

-- will happen when Kim Jong-il verifiably gets rid of his weapons programs and his weapons." (White House, Office of the Press Secretary, President Bush Meets President Roh, Sydney , September 7, 2007) With television cameras rolling, and Mr. Bush by his side, Mr. Roh publicly pressed the American president to declare a formal end to the hostilities – something Mr. Bush has said he will not do until the North has completely scrapped its nuclear program. "I said it's up to Kim Jong-il," Mr. Bush said, looking irked. ... "I can tell you that they had a very warm meeting," said Dana Perino, the deputy White House press secretary. "The president made a clear statement of his support for ending the Korean war once and for all. Both leaders agreed on that. There was no tension in the meeting." (Sheryl Gay Stolberg, "Bush and South Korean Leader in Testy Exchange," *New York Times*, September 8, 2007)

Bush, PMs Abe and John Howard hold first trilateral security talks. "As far as China is concerned, the three leaders shared the same recognition that it's important to have a positive engagement with China," said MOFA spokesman Sakabe Mitsuo. (AFP, "US, Japan Australia Hold Landmark Security Talks," September 7, 2007)

Hill: "The three nuclear states in the six parties – that is Russia, China, and the U.S. – at the invitation of the DPRK – will go to the DPRK next week. And I believe the plan is for everybody to get together in Pyongyang on the evening of the 11<sup>th</sup>. ... The purpose is to do a survey of the sites that need to be disabled pursuant to our agreement. And so they will visit Yongbyon in particular, because Yongbyon – as we already know even without a declaration – we know that Yongbyon has three of the main sites. That is, **the fuel fabrication facilitation, the 5-megawatt reactor, and the reprocessing facility**. And so **the idea is for these nuclear experts to look at these three facilities and – working with the DPRK experts – figure out how they can be disabled and how to do that disablement before December 31<sup>st</sup>**. And we anticipate that the visit will last until the 15<sup>th</sup>. So they will arrive on the 11<sup>th</sup> and depart – I believe – on the 15<sup>th</sup>. That's the current estimate. And then they will report to the next Six-Party plenary meeting. It is not yet scheduled, but we believe it will be soon after this visit." (Christopher Hill, "Press Stakeout at APEC," DoS, September 7, 2007)

Rice meets with Machimura, agreed that better U.S. ties with North should not come at the cost of undermining U.S. relations with Japan. Amid concern that Japan will be isolated , Machimura reports on Japan-DPRK working group meeting in Ulan Bator. (Kyoyo, "Machimura, Rice Agree Better U.S. Ties with N. Korea Not to Affect Japan," September 7, 2007)

9/8/07

Japan to extend sanctions for six months, including total ban on port calls, imports, entry in principle by North Korean nationals, Luxury goods exports. As for humanitarian aid, a ranking MOFA official said, "We aren't yet in a position to consider it." (*Yomiuri Shimbun*, "Govt. to Extend N. Korea Sanctions," September 8, 2007) Japan risks falling behind other nations in negotiations with North Korea. Hill reportedly told Sasae he hoped Japan-DPRK talks could keep up with U.S.-DPRK talks. One senior MOFA official says, "the United States could decide [to remove the North from the list of state sponsors of terrorism] regardless of whether progress is made on the abduction issue." One senior official says of Abe, "His hard-line stance, which had been

emphasizing pressure, has been changing to a sunshine policy." One LDP member and ex-minister said, "What North Korea really wants is for Japan to join those supplying 950,000 tons of fuel oil to the country, as was agreed in a joint statement on the six-nation talks," adding "If all Japan does is offer the carrot of humanitarian aid, North Korea won't respond." (Nakamura Yuichiro and Kuromi Shuhei, "Abe's 'Sunshine Policy' Leaves DPRK Cold," *Yomiuri Shimbun*, September 8, 2007)

9/9/07 Minister Kim Myung-gil led a group of DPRK diplomats and their families in a weekend visit to Washington. (Lee Sang-il, "North Korean Diplomats Visit D.C.," *JoongAng Ilbo*, September 12, 2007)

9/10/07 DPRK envoy Song Il-ho warns, "It is not us but Japan that should pay attention to the October 13 deadline of financial sanctions." He says talks will collapse, "If Japanese media reports prove true, the relationship between the two sides would face irrevocable consequences." (Lee Kwang-ho, "North Korea-Japan Normalization Talks," *Vantage Point*, October 2007, p. 21)

9/11/07 DPRK FoMin spokesman: "Early in the morning of Sept. 6 Israel's warplanes illegally intruded into the territorial air above Syria and dropped bombs in the desert in its northeastern area before fleeing. This is **a very dangerous provocation** little short of wantonly violating the sovereignty of Syria and seriously harassing the regional peace and security. **The DPRK strongly denounces the above-said intrusion and extends full support and solidarity to the Syrian people in their just cause to defend the national security and the regional peace.**" (KCNA, "Israel Condemned for Intrusion into Syrian Territorial Air," September 11, 2007)

GNP candidate Lee Myung-bak proclaims "New Korean Peninsula Vision": "If North Korea carries out steps to disable its nuclear facilities within this year and enters the stage of dismantlement, the next South Korean government will set up a consultation body to forge an economic community with the North. ...I will push for the signing of an inter-Korean economic community agreement to legally back the economic support to North Korea. The accord will involve activating cross-border economic cooperation, facilitating investment and promoting a freer trade between the two Koreas. ... The strong economic ties between the two Koreas will become the basis of a new economic cooperation in Northeast Asia by connecting South Korea's capital and technology, North Korea's labor, and Russia's energy." (Shin Hae-in, "GNP Candidate Puts 'Economic Community' with N.K. on Agenda," *Korea Herald*, September 11, 2007)

9/12/07 PM Abe resigns. Jeff Kingston, director of Asian Studies, Temple University Japan Campus: "By obstinately and self-indulgently clinging to power until he announced his resignation on Sept. 12, he amplified voter discontent, provoked a media feeding frenzy and made himself into a walking liability for the LDP. ...Abe's very own financial scandal erupted soon after his resignation, sparking speculation that he too fell victim to the same sort of improprieties that had dogged his cabinet, causing the loss of five ministers in less than a year. .. It must be a record for any politician to sink from 80 percent approval in public opinion polls to barely 20 percent in ten months. Young people refer to him as 'KY' (*kuuki ga yomenai*, literally, unable to read the air) a

derisory reference to his cluelessness about public sentiments. ...I was amazed to hear the media describe Abe as 'charismatic' when he came to power. ...He may be the youngest premier, but he acts like a fuddy-duddy. ... He is the most ideological and uncompromising of Japan's postwar prime ministers, and he paid the price for his hubris. ...Gerald Curtis ... called him 'a lousy politician doing a lousy job.' ... The pension fiasco became Abe's Hurricane Katrina, a perfect storm that left his government battered and adrift. ...The Abe government has dusted off, rebranded and repositioned Pan Asianism, promoting an Arc of Freedom and Prosperity aimed at containing China. The idea that Japan has shared values with other democratic Asian countries like India and Australia - but here again it is the sound of one hand clapping. ... [T]he Arc evokes as much enthusiasm as the wartime Greater East Asia Co-Prosperty Sphere, i.e., none." (Jeff Kingston, "Requiem for a Loser: Meltdown of a Neocon," *Japan Times*, September 30, 2007) Speculation is rife in Nagatcho that an upcoming story in the weekly tabloid *Shukan Gendai* will expose a 300 million yen inheritance tax evasion by Abe. (Nakata Hiroko, "Abe Announces He Will Resign," *Japan Times*, September 13, 2007)

Bush administration notifies Congress, in document obtained by Reuters, "Although these discussions remain ongoing, the administration deems the initial progress as sufficient justification to begin preparations for a first shipment [of HFO] by the United States," the document said. "It is important to establish the flexibility for the United States to expedite HFO shipments as the DPRK achieves denuclearization milestones." "Hill wants to have this in hand when the six-party negotiations begin again next week so he can turn to his allies, and especially to the North Koreans, and say 'We are following up on our end of the bargain,'" Jack Pritchard said. "We wouldn't be doing this if we didn't think there might be a need for it in the coming months," said a U.S. official who spoke on condition of anonymity, stressing that there is not yet any agreement to actually provide the heavy fuel oil. "You want to set it up so that you don't have any delays that are caused if in fact you get an agreement," he added. (Arshad Mohammed, "Exclusive - U.S. May Give North Korea \$25 Million in Heavy Fuel Oil," Reuters, September 12, 2007)

ROK MoD asks the U.N. Command whether it can discuss a change in the maritime border at the upcoming summit, a government source said. "As far as I know, the UNC maintains that Korea needs its consent if we are to seek a change." Another government source said, "My understanding is that the UNC is as adamant that it should be the body to make any decision on the NLL by itself." (*Chosun Ilbo*, "South Korea 'Taps UN Command on Sea Border," September 13, 2007)

9/12-16/07 U.S., Chinese, Russian experts survey nuclear facilities to be disabled. "They saw everything they had asked to see," said DoS spokesman Sean McCormack. (AFP, "North Korea Gives Experts Full Access to Nuclear Facilities: U.S.," September 13, 2007)

9/13/07 Ambassador Vershbow: "I think that [a summit] might be possible before the end of President Bush's term if North Korea makes the right decisions and is ready to go all

the way, not just disablement, but full denuclearization." (*Chosun Ilbo*, "U.S.-N. Korea Summit 'Possible' Before Bush Quits," September 13, 2007)

Lee Myung-bak, GNP candidate, says in interview, "We need to seriously deliberate on arms reduction as well as the voluntary draft system." He adds, "As for arms reduction, our unilateral action may be needed, but it should be achieved mutually through talks with the North." On the draft, he says, "I think it would be better for us to introduce the voluntary system in the longer term, instead of including it as an official campaign pledge right now. ...It would be desirable that [we] introduce the voluntary system first in some specialty jobs, and later expand the system into full military jobs." (Jin Dae-wong, "Lee Hints at Arms Talks with N.K., Voluntary Draft," *Korea Herald*, September 13, 2007)

Amb Li Bin, who served several tours in Chinese embassies in Seoul and Pyongyang, regularly provided South Korea with information of KJI from 2001 to 2005. He was arrested late last year for betraying state secrets. Allegations first surfaced in February. In August 2005 he was named special envoy for six-party talks. Nine months later he was abruptly transferred out of the Foreign Ministry and made deputy mayor of Weihai. "His problem was that he loved drinking too much, said an observer who knew him in Seoul. "And when you drink too much you make mistakes. You become a blabbermouth." (Edward Cody, "Chinese Envoy Gave N. Korea Data to South, Officials Say," *Washington Post*, September 13, 2007, p. A-12)

9/14/07

Hill briefing: "Their time in Yongbyon was very much focused on the other three which have been in production; that is the fuel fabrication plant where you prepare the fuel for the actual reactor. And then they visited the 5-megawatt reactor which has been in operation for many -- for several years now. And they also visited and had an extensive walk through and worked with North Korean experts in the reprocessing facility, and that's where you take the spent fuel rods from the reactor and you reprocess them into plutonium. ... I talked to the Director of the Korea Desk Sung Kim several times about his trip. In going into the reprocessing facility, for example, these experts had to put on several layers of clothing, specialized clothing, to guard against contamination and it was -- so they had to sort of walk and talk and study things in rather difficult surroundings under these sort of rubberized suits. ... They have been able to work very closely with the North Koreans, enough so that we believe there's a basis for sitting down in the plenary and now working out with some precision precisely what we're going to -- how we're going to disable these facilities. So they've been talking about that and I look -- and they will report to the six parties when the meeting is convened. And on the basis of their report to the six parties, we will then try -- in the six parties -- we will then try to draw up a sort of a work plan for -- which would get us to the end of the calendar year '07 and would result in the full declaration of their nuclear programs and the disablement of nuclear programs. ... With respect to the declaration, we would need to know all -- what all of their programs are and obviously, any proliferation. So **at the end of all this, we would expect to have a pretty clear idea of whether they have engaged in proliferation in other countries.** ... We hope beginning of '08 we would begin to do some other things. One is to begin a peace treaty negotiations among directly related parties, which has not been formally defined

and probably there'll be some discussions about who would be directly related to a peace treaty process; obviously, the two Koreas. You know, I think the U.S. would be directly related, probably China, but this has not been formally determined. And then we also have a plan for a sort of a longer-term process known as the Northeast Asia peace and security mechanism. .. But because negotiating a peace treaty is something that would take a long time, or peace mechanism, it would take months and months, we might want to start that at the end of this year with the idea that we could finish in the fall of '08. So it would be started at a time when we don't have complete denuclearization; we would only have disablement of the Yongbyon facility. But we would not reach a final agreement and have a signature ceremony until -- a signing ceremony until the day we have a complete denuclearization." (DoS, On-the-Record Briefing by Assistant Secretary of State Christopher Hill on Six-Party Talks Update, September 14, 2007)

A monument commemorating Japanese-Korean ties in Kotoura, Tottori Prefecture, will be given a new inscription that refers only to the Sea of Japan and not to the East Sea, drawing criticism from Mindan, the pro-Seoul organization of Korean residents of Japan. (*Japan Times*, "Deletion from Japan-South Korea Monument Stirs Controversy," September 14, 2007)

9/15/07 Candidates Fukuda Yasuo and Aso Taro differ on North Korea. "The abductions were the extreme of inhumanity," said Aso. "We have learnt from experience that won't get to negotiations without pressure." (Kyodo, "Fukuda, Aso Cross Swords over N. Korea, Yasukuni in Party Helm Race," September 15, 2007) At a joint news conference, Fukuda said more efforts should be made to engage it in dialogue: "Recent circumstances have become extremely rigid, as though both sides have no room to negotiate with the other," Fukuda said. "We have to think of ways to transmit to the other side that we are willing to negotiate. I want to think of ways to push the situation forward while maintaining the basic stance of 'dialogue and pressure.'" Two days before Aso said, "We have learned from experience that [North Korea] will not move toward dialogue without pressure. ... I do not believe that Japan's dealings with North Korea over the past few years have been wrong." (*Asahi Shimbun*, "LDP Election Debate Low-Key, Except on North Korea," September 17, 2007)

In telephone interview with Yonhap, Kim Myong-gil, dep permrep, denies nuclear cooperation with Syria, "They often say things that are groundless." (Hankyore, "N.K. Diplomat Dismisses Reports of Nuclear Ties with Syria As 'Groundless,'" September 15, 2007)

9/16/07 United New Democratic Party presidential nomination becomes three-way race among Chung Dong-young, Sohn Hak-kyu and Lee Hae-chan as two other bow out. Chung comes in first in primaries in Cheju, Ulsan, Sohn second. (Kim Sue-young, "Largest Party Locked in 3-Way Nomination Race," *Korea Times*, September 16, 2007)

North Korean economy shrank 1.1 percent in 2006, Bank of Korea says. (Kim Sung-jin, "Economic Indicators of North Korea in 2006," *Vantage Point*, September 2007, p. 28)

9/18/07 DPRK FoMin spokesman: "Recently, the New York Times and some other media of the United States spread the rumor about the DPRK's secret nuclear cooperation with Syria. This is sheer misinformation. The DPRK solemnly declared **in October 2006** that, being a responsible nuclear weapons state, it would never allow nuclear transfer, and has stood by its words." (KCNA, "Rumor about 'Secret Nuclear Cooperation' between DPRK and Syria Dismissed," September 18, 2007)

North Korea abruptly asks for postponement of six-party round. Some believe it did so because China's delivery of 50,000 tons of HFO has not arrived. (*Chosun Ilbo*, "S. Korea Postpones Six-Party Talks," September 18, 2007)

9/19/07 Kim Dae-jung in Washington says, "Members of the six-party talks should do all that North Korea wants and if North Korea still refuses to give up its nuclear development, then we should impose sanctions." (Yonhap, "Pyongyang Will Give up Nuclear Ambition: DJ," September 19, 2008)

Bolton backs away in invw with Yonhap, "In terms of outsourcing very dangerous programs, North Korea had experience doing it before, so it's simply a matter of logic to say that they think about doing it again." He sees no justification for removing the North from list of state sponsors of terrorism. "Even if, for example, the target of the recent Israeli raid, even if that was simply North Korean missiles, you would have North Korea cooperating with states on the U.S. [list of] state sponsors of terrorism." (*Korea Times*, "N.K.-Syria Allegations Should Be Resolved at 6-Party Talks," September 19, 2007)

Fukuda differs with Aso at Foreign Correspondents' Club on Yasukuni: "We need to make efforts so that it will not become a political and diplomatic issue." Aso says, he "believes there is no country in the world in which the government is prevented from honoring people who sacrificed their lives for their own country." (Kyodo, "Fukuda, Aso to Uphold Apology, Avoid Making Yasukuni Visits," September 19, 2007)

North Korea is dropped from U.S. list of states producing illicit drugs. (Bomi Lim, "North Korea Is Taken off U.S. Drug-Trafficking Countries List," Bloomberg News, September 19, 2007)

U.S. to ship 50,000 tons of HFO by month's end if six-party round is held, a U.S. source close to the talks said. (Sakamoto Takashi, "U.S. 'to Ship Fuel Oil to N. Korea," *Yomiuri Shimbun*, September 19, 2007)

9/20/07 "Q. Sir, Israeli opposition leader Netanyahu has now spoken openly about Israel's bombing raid on a target in Syria earlier in the month. I wonder if you could tell us what the target was, whether you supported this bombing raid, and what do you think it does to change the dynamic in an already hot region in terms of Syria and Iran and the dispute with Israel and whether the U.S. could be drawn into any of this? P: I'm not going to comment on the matter. Would you like another question? Q Did you support it? P: I'm not going to comment on the matter. Q Can you comment about your concerns that come out of it at all, about for the region? P: No. Saying I'm not going to

comment on the matter means I'm not going to comment on the matter. You're welcome to ask another question, if you'd like to, on a different subject. ...Q You won't comment on what the Israelis may or may not have done -- P: That's an accurate statement. I hope you got that from my answer -- now, you're afraid -- now, Gregory is worried I'm actually going to comment, see. Q That's what I'm hoping. P: I'm not going to, so you might want to go to another subject. Q I know you won't comment on that. But let's talk about whether or not you believe that North Korea is aiding Syria with a nuclear program. P: We have made it clear, and will continue to make it clear to the North Koreans through the six-party talks that we expect them to honor their commitment to give up weapons and weapons programs, and to the extent that they are proliferating, we expect them to stop that proliferation, if they want the six-party talks to be successful. In other words, whether it be the exportation of information and/or materials is an important part -- it doesn't matter to us whether they do -- in terms of the six-party talks, because they're both equally important, I guess is the best way to say it. In other words, we want -- it does matter -- let me rephrase that -- it matters whether they are, but the concept of proliferation is equally important as getting rid of programs and weapons. Q So you believe they are aiding Syria? P: It's a general statement that we expect them not to be proliferating." (White House, Office of the Press Secretary, President Bush, Press Conference, September 20, 2007)

9/21/07 China announces six-party round on September 27-30. (Kyodo, "6-Way N. Korea Nuclear Talks to Be Held Sept. 27-30," September 21, 2007)

North expressed gratitude to Dep UnifMin Lee Kwan-se in Pyongyang for Roh's condolence letter over recent floods, says UnifMin Lee Jae-joung. (Byun Duk-kun, "N. Korea Expressed Gratitude for Seoul's Condolences over Flood Damage," Yonhap, September 22, 2007)

9/22/07 Kim Young-nam had a "friendly talk" with a Syrian delegation led by Saaeed Elkeia Dawood, director of Baath Party's organizational department. (KCNA, "Kim Young-nam Meets Officials of Syrian Party," September 22, 2007)

9/23/07 Fukuda Yasuo defeats Aso Taro 330 to 197 for LDP presidency. (*Yomiuri Shimbun*, "Fukuda Wins LDP Race; Will Follow in Footsteps of Father as Prime Minister," September 23, 2007) Komura Masahiko named FM on September 25. Head a 15-member LDP faction, he chairs the parliamentary league to promote friendship between Japan and China. (*Asahi Shimbun*, "Cabinet Who's Who," September 27, 2007)

House Republicans will introduce bill to prohibit delisting of North Korea before abductees are released, congressional sources say. (*Japan Times*, "House Bill Would Require U.S. to Keep North Korea on List of Terrorist States," September 23, 2007) As introduced September 25, sanctions could not be lifted until it halts the illegal transfer of missile or nuclear technology to Iran, Syria and other nations on the terrorist list; ends its training, harboring, supplying, and financing for Hamas, Hezbollah, the Japanese Red Army, or other terror groups; ends its counterfeiting of U.S. currency; closes Bureau No. 39, which operates under the North Korean Workers Party and is tasked with laundering

illicit funds obtained by narcotics trafficking and other criminal activities; releases U.S. permanent resident Kim Dong-Shik abducted by North Korean agents on the Chinese border in January 2000; releases 15 Japanese nationals recognized as abduction victims by the National Police Agency of Japan; releases an estimated 600 surviving South Korean POWs held in violation of the Armistice Agreement since hostilities ended in July 1953; ceases from engaging in further terrorist activities subsequent to the 1987 bombing of Korean Air Flight 858 over Burma. (Press release, Ileana Ros-Lehtinen, ranking minority member of the House Foreign Affairs Committee, September 25, 2007)

9/25/07

Vice FM Kim Gye-gwan on arrival in Beijing: "Lunatics have created those rumors about a nuclear deal between us and Syria." (Yonhap, "Top N. Korean Envoy Reiterates Denial of Pyongyang-Damascus Nuclear Ties," September 25, 2007)

In address to the UNGA, Bush calls North Korea one of the "brutal regimes" that oppresses its own people. (*Korea Times*, "Bush Calls N.K. Brutal Regime Ahead of 6-Way Talks," September 26, 2007)

Kim Dae-jung in speech to Korea Society in New York says, "I believe we should expedite our entry into North Korea so as to attain balance against China." (Jung Sung-ki and Michael Ha, "Pyongyang Depends Too Much on China: Kim," *Korea Times*, September 26, 2007)

Bolton invw: "What the Israelis struck I cannot say, whether a nuclear or missile facility is not clear." "I am definitely hearing it from U.S. and Israeli sources," he added. "The information is very closely held." Whether it was a joint venture or simply a North Korean facility in Syria, "any of these options is enough to show proliferation by the North Koreans and that is very dangerous." "If they are cooperating with either Syria or Iran, such as on ballistic missile stuff, they should stay [on the list]. If you are supporting terrorist regimes, you are a state supporter of terror." (Barry Schweid, "Former Official: North Korea Aids Syria," Associated Press, September 26, 2007)

9/27-30/07

Six-party round in Beijing. "Basically we agreed on most of the disablement measures," said Hill on the first day. "We made some proposals for additional measures that we thought might be doable," he added. "We'll see if it's possible tomorrow morning." "We're hoping that sometime tomorrow we can circulate a text for a joint statement for this round," he said. "We hope to agree on a kind of road map that will take us through the end of the year." Chun Yung-woo, South Korea's rep, unveiled a breakdown of aid equivalent to 950,000 tons of HFO. According to the plan, 450,000 tons will be HFO, while 500,000 tons will be given in the form of refurbishment of energy facilities, Chinese FoMin spokesman Qin Gang said. (Kyodo, "U.S. Says Agreed on 'Most' Disablement Steps with N. Korea," September 27, 2007) "We were expecting to see a [draft] joint statement from the Chinese," Hill said. "We didn't see it today." "It might come tomorrow or we might not go with a joint statement." Hill said North Korea had unveiled a date before the end of the year by which it would declare its programs. (Kyodo, "Differences Remain in N. Korea Nuke Talks, Joint Document Uncertain," September 28, 2007) The countries had agreed on "most" of the disablement

measures. (Byun Duk-kun, "Nuclear Envoys Hit New Hurdle over How to Disable N. Korean Nuclear Reactor," Yonhap, September 28, 2007) "We would like to do more; the DPRK would like to do less," Hill said. "We will figure out a way through that; this is not a big gap." (*Chosun Ilbo*, "N. Korea 'to Remove Core Devices from Reactors,'" September 28, 2007) China circulated a draft early on September 30, revised it based on feedback from the other parties and passed a second draft later in the day. "The only issue is, do you want a statement with a lot of details, or do you want one that doesn't have a lot of details. So we'll see where we are in the morning," said Hill. (Kyodo, "Negotiators Say Consensus Emerging on Denuclearization," September 30, 2007) Talks recess for two days to review joint statement.

9/28/07 White House announces U.S. will spend up to \$25 million to pay for 50,000 tons of heavy fuel oil for North Korea. (Associated Press, "U.S. Giving Fuel Oil to North Korea," September 28, 2007) "Memorandum for the Secretary of State, Subject: Presidential Determination on Energy Assistance for the Democratic People's Republic of Korea. Pursuant to the authority vested in me by section 610(a) of the Foreign Assistance Act of 1961, as amended (the 'Act'), I hereby determine that it is necessary for the purposes of the Act that \$25 million in FY07 funds available for assistance for Eastern Europe and the Baltic States under the Act and the Support for East European Democracy (SEED) Act be transferred to and consolidated with funds made available for chapter 4 of part II of the Act, and such funds are hereby transferred and consolidated. In addition, pursuant to the authority vested in me by section 614(a)(1) of the Act, I hereby determine that it is important to the security interests of the United States to furnish up to \$25 million in funds made available pursuant to chapter 4 of part II of the Act, comprised of funds transferred pursuant to this determination, for energy assistance for the Democratic People's Republic of Korea without regard to any provision of law within the purview of section 614(a)(1) of the Act. I hereby authorize the furnishing of this assistance. You are hereby authorized and directed to transmit this determination to the Congress and to arrange for its publication in the Federal Register. George W. Bush" (White House, Office of the Press Secretary, September 28, 2007)

North Korean authorities have been implementing double-entry accounting system for cross-border trade with China since early this year and cracking down on private sales of imported goods. (ICNK, "DPRK Trade Officials Crack Down on Corruption," September 28, 2007)

Sigal, "Summit May Advance End to N. Korea Nukes," *Korea Herald*

9/28-29/07 US-DPRK bilateral on disabling. "We would like to do more. The DPRK would like to do less, Hill told reporters. "We will figure out a way through that; this is not a big gap." ROK negotiator says a gap remains but it "won't be possible to narrow." (*Chosun Ilbo*, "N. Korea 'to Remove Core Devices from Reactors,'" September 28, 2007)

10/1/07 Six-party joint statement agreed, recesses for three-day N-S summit. "Assuming we go forward with this, it lays out an entire road map through the end of the year, says Hill. "Frankly, of all the six-party meetings, this was the least stressful in terms of coming up with common positions." (David Lague, "Plan to Disarm North Korea Is Evaluated as

Talks Recess," *New York Times*, October 1, 2007, p. A-3) "North Korea demanded the joint document stipulate specifically when the United States will remove it from the list," a diplomatic source in Tokyo said. "But the U.S. side rejected it." Vice FM Yachi Shotaro told reporters Japan could find the document not fully acceptable, "This is not something we can easily say 'OK' to after going through it quickly." (Reuters, "Draft Sees North Korea Disablement by Year-End," October 1, 2007, p. A-3)

PM Fukuda Yasuo maiden speech to Diet: "The resolution of issues related to the Korean peninsula is indispensable for peace and stability in Asia. For the denuclearization of North Korea, we will further strengthen coordination with the international community, through for a such as the Six-Party Talks. The abduction issue is a serious human rights issue. We will exert our maximum efforts to realize the early return of all the abductees, settle the unfortunate past, and normalize relations between Japan and North Korea." (Text of Policy Speech by Prime Minister Fukuda Yasuo to the 168<sup>th</sup> Session of the Diet," October 1, 2007) "He also underlined his long-held policy of promoting active Asian diplomacy, especially with China and South Korea, while maintaining the Japan-U.S. alliance as the keystone of Japan's foreign affairs." (Kyodo, "Fukuda Hammers Out Moderate, Talks-Oriented Policies," October 1, 2007)

Japan will extend sanctions for six months. "There is basically no progress" on the abduction issue, said chief cabinet secy Machimura Nobutaka. "We are not in a situation where we can stop or ease the sanctions." (Kyodo, "Sanctions on North Korea to Be Extended Six Months," *Japan Times*, October 1, 2007)

Lim Dong-won: "A peace regime can be achieved by a set of process of declaratory, practical and legal measures," Lim, director of the Sejong Institute, said in a written interview. "In that context, the countries concerned with the armistice, which are the two Koreas, the United States and China, should agree on the establishment of a Korean peace treaty and make a declaration to end the Korean War." (Jung Sung-ki, "Summit Is Watershed for Peace: Lim," *Korea Times*, October 1, 2007)

Mitchell Reiss op-ed: "South Korea needs to use the summit to emphasize instead the strategic vision for Northeast Asia that is shared by its partners in the talks. To realize this vision, Seoul also needs to press Pyongyang to commit to specific actions to eliminate its nuclear weapons program and to identify what steps it wants in return. This, in turn, would ease the way for the United States to demonstrate flexibility in the negotiations. Japan, too, could play its part by increasing its direct diplomatic give-and-take in its working group on normalizing relations." (Mitchell Reiss, "South Korea Buying Time in Summit with North," *Asahi Shimbun*, October 2, 2007)

10/2/07 At an October 2 breakfast meeting at the White House, Dick Cheney portrayed the Israeli intelligence as credible that Syria had begun work on a nuclear program with help from North Korea and argued that it should cause the United States to reconsider its diplomatic overtures to Syria and North Korea. Rice and Hill made the case to President Bush that the United States faced a choice: to continue with the nuclear pact and give it the incentive to stop proliferating nuclear material; or to return to the

administration's previous strategy of isolation, which detractors say left North Korea to its own devices and led it to test a nuclear device last October. Cheney and Stephen J. Hadley, the national security adviser, also attended the meeting, administration officials said. "Some people think that it means the sky is falling," a senior administration official said. "Others say they're not convinced that the real intelligence poses a threat." Officials said that SecDef Robert Gates was cautious about fully endorsing Israeli warnings that Syria was on a path that could lead to a nuclear weapon. Others in the Bush administration remain unconvinced that a nascent Syrian nuclear program could pose an immediate threat. The current and former American officials said Israel presented the United States with intelligence over the summer [in July] about what it described as nuclear activity in Syria. Officials have said Israel told the White House shortly in advance of the September raid that it was prepared to carry it out, but it is not clear whether the White House took a position then about whether the attack was justified. One former top Bush administration official said Israeli officials were so concerned about the threat posed by a potential Syrian nuclear program that they told the White House they could not wait past the end of the summer to strike the facility. Last week, Turkish officials traveled to Damascus to present the Syrian government with the Israeli dossier on what was believed to be a Syrian nuclear program, according to a Middle East security analyst in Washington. The analyst said that Syrian officials vigorously denied the intelligence and said that what the Israelis hit was a storage depot for strategic missiles. It has long been known that North Korean scientists have aided Damascus in developing sophisticated ballistic missile technology, and there appears to be little debate that North Koreans frequently visited a site in the Syrian desert that Israeli jets attacked September 6. Bruce Riedel, a CIA and NSC veteran and now a Middle East expert at Brookings said U.S. intelligence agencies remained cautious in drawing hard conclusions about the significance of the suspicious activity at the Syrian site. Still, Riedel said Israel would not have launched the strike in Syria if it believed Damascus was merely developing more sophisticated ballistic missiles or chemical weapons. "Those red lines were crossed 20 years ago," he said. "You don't risk general war in the Middle East over an extra 100 kilometers' range on a missile system." John Bolton said, "Opposing the Israeli strike to protect the six-party talks would be a breathtaking repudiation of the administration's own national security strategy." But other current and former officials argue that the diplomatic approach is America's best option for dealing with the question of North Korean proliferation. "You can't just make these decisions using the top of your spinal cord, you have to use the whole brain," said Philip D. Zelikow, the former counselor at the State Department. "What other policy are we going to pursue that we think would be better?" (Mark Mazzetti and Helene Cooper, "An Israeli Strike on Syria Kindles Debate in the U.S.," *New York Times*, October 10, 2007, p. A-1) In another bout of tacit cooperation that indicates this deal may be serious enough to last, the U.S. and North Korea have kept the agreement from being derailed by the mysterious airstrike that Israel staged into Syria on Sept. 6. Israel and Syria have both thrown unusual secrecy around the raid, refusing to disclose what was hit. But highly classified U.S. intelligence reports say that the Israelis destroyed a nuclear-related facility and caused **North Korean casualties** at the site, which may have been intended to produce plutonium, according to a senior official with access to those reports. The Israelis have provided the U.S. with photographs, physical material and soil samples from the site – taken

both before and after the raid – according to two independent sources.” (Jim Hoagland, “North Korean Mystery,” *Washington Post*, October 7, 2007, p. B-7)

Sean McCormick, DoS spokesman: “Here's where we stand. Chris Hill briefed Secretary Rice about it yesterday up in New York at the Waldorf. They had breakfast over at the White House, including with the President, I think a couple of others, White House can fill you in on that, so they briefed the President up on this. We have conveyed to the Chinese Government our approval for the draft statement that all the parties had when they went back to their capitals. .. I believe that we in the negotiating sessions that Chris had back in Beijing were happy with the outcome and that was verified by the fact that Chris was able to brief senior officials back here in Washington and they gave their approval to it.” (DoS Daily Briefing, October 2, 2007) FM Komura Masahiko calls the document “not satisfactory, but better than nothing as a first step to the next phase.” (Associated Press, “Japan to Back Plan to Disable North Korea’s Nuclear Facilities,” October 3, 2007) Hill said that the terrorism list is a “delicate issue” and that being “too explicit about when it might happen is not helpful in terms of Japanese-North Korean relations. We are trying to handle it with sensitivity.” Still, he acknowledged that Pyongyang and Washington have a series of side understandings that amplify and clarify language in the six-party text. He indicated that one of those understandings encourages North Korea to be more forthcoming with the Japanese about the abductions. “If they want a future in the region, they need to deal with Japan,” Hill said. On disablement, Hill said that when the 1994 deal collapsed, North Korea was able to restart the reactor in two months. “We want something more than two months but less than five years,” the time needed to build a new reactor, Hill said. Other diplomats said the steps envisioned in the agreement would amount to a delay of about a year before North Korea could restart its nuclear programs. “Our understanding is that disablement does not have to be 100 percent irreversible,” the Japanese diplomat said. (Glenn Kessler, “N. Korea Nuclear Accord Reached,” *Washington Post*, October 3, 2007) A few days before, VP Dick Cheney in an off-the-record briefing was asked about the impending October 2007 deal. “I’m not going to be one too announce this decision. You need to address your interest in this to the State Department.” (Sanger, *The Inheritance*, p.p. 280-81)

Gary Samore, a Clinton administration official now at the [Council on Foreign Relations](#), said he was puzzled by the “lack of a process to verify the declaration” on North Korea’s nuclear programs. He said thorough verification would include looking at samples, reviewing operating records and interviewing scientists -- steps North Korea has resisted in the past. “The danger is North Korea may be tempted to get away with a stark declaration,” Samore said. “This violates the basic Reagan arms-control lesson of ‘trust but verify,’” said [John R. Bolton](#), a former U.S. ambassador to the [United Nations](#) who was a top arms-control official during Bush's first term. He said the agreement is “potentially very embarrassing to Bush” if sanctions are lifted before the full extent of North Korea’s nuclear activities are verified. One risk, experts said, is that North Korea could decide to pocket the U.S. concessions while not dismantling its facilities nor giving up its stash of weapons-grade plutonium. “North Korea holds the trump card now,” said Charles L. “Jack” Pritchard, president of the Korea Economic Institute and a former negotiator with North Korea for Bush and President Bill Clinton. He said that, based on his recent

discussions with North Korean officials, "my sense is that North Korea thinks they can ask for and get what they want from the Bush administration" because the administration is so eager to demonstrate a diplomatic achievement. "The North Koreans are rubbing their hands together" with glee, he said. (Glenn Kessler, "To Reach Pact with N. Korea, Bush Adopted an Approach He Had Criticized," *Washington Post*, October 4, 2007, p. A-17)

As talks recessed, Kim Gye-gwan reportedly said, "We can't declare nuclear weapons this year, because if we do it at this stage, our nuclear weapons technology level will be revealed." (*Chosun Ilbo*, "N. Korea Won't Declare Nuclear Weapons This Year," October 2, 2007) Before boarding a plane for Pyongyang, Kim says U.S. is taking it off the list of state sponsors of terrorism. "The rtime limit is written, he said. "If there is no time limit, it would not be a [joint] document." (Peter Alford, "Deal for North to Come off Terror Black List," *The Australian*, October 3, 2007) Chief cabinet secy Machimura invw: "If Mr. Kim has said that a time frame for removing it from the list of state sponsors of terrorism is clearly stated, that is against the truth. ... [T]here is no deadline **mentioned. Deadlines were decided for other issues, but not this one because of considerations for the Japanese side.**" (Kyodo, "Japan Says 6-Way Talks Take a Step Forward, Denies Time to Delist N. Korea," October 2, 2007)

Proposed meeting between GNP presidential candidate Lee Myung-bak and Bush blocked, says Kang Young-woo, Korean-American White House policy adviser who helped arrange it. (Kang Chan-ho and Lee Min-a, "Meddling Claim on Lee's Bush Meeting," *JoongAng Daily*, October 2, 2007)

ROK Ministry of Home Affairs looking at methods to help North Korea preserve and restore data on anti-Japanese independence movement and Korea's ancient history including Goguryeo. (Cho Ji-hyun, "Seoul Seeks History Project with North," *Korea Herald*, October 2, 2007)

UN SecGen Ban Ki-moon meets with DPRK PermRep Pak Gil-yon., commits "to do whatever I can." (*Korea Times*, "UN Chief Meets NK Diplomat over Summit," October 2, 2007)

10/2-4/07 N-S summit. Roh becomes the first South Korean leader to cross the DMZ on foot since 1948. He addresses the nation, "I intend to concentrate on making substantive and concrete progress that will bring about a peace settlement together with economic development. (Yonhap, "President Roh Enters North Korea for Summit," *Hankyoreh*, October 2, 2007) "I do not believe that the peace regime could be actually resolved through the two parties alone," South Korean Unification Minister Lee Jae-Joung told a news conference in Seoul. "I do not believe that the outcome of the six-party talks will have an impact on how the summit will proceed." (Jack Kim, "Roh Hopes Korea's Summit Can Lead to Arms Cut," Reuters, October 1, 2007) KCNA: "At 11:40 a.m. a motorcade carrying Roh Moo Hyun and his party reached the road in front of the People's Palace of Culture. Roh Moo Hyun was greeted by Kim Yong Nam, president of the Presidium of the Supreme People's Assembly, Choe Yong Rim, secretary general of the SPA Presidium, and Pak Kwan O, chairman of the Pyongyang City People's Committee. Women workers presented bouquets to Roh Moo Hyun and his

wife. Roh Moo Hyun waved back to the crowd shouting "Welcome." A limousine carrying Kim Yong Nam and Roh Moo Hyun passed through Mansudae Street, Changjon Intersection and Chilsongmun Street. Hundreds of thousands of Pyongyangites welcomed Roh Moo Hyun along the route, waving bouquets and chanting slogan "National Reunification." (KCNA, Roh Moo-hyun Welcomed by Pyongyangites along Route," October 2, 2007) As two met, crowd chants, "Long life! Long life! National Unification! National Unification!" [In 2000 chanted "We will protect the Chairman with our lives!"] Open motorcade also unusual. (Yonhap, "Roh Begins Pyongyang Visit with Brief Meeting with N. Korean Leader," October 2, 2007) Unlike 2000 when Kim Dae-jung and Kim Jong-il rode in car together and Kim Jong-il walked forward to greet KDJ. "The greeting may seem to be less emotional and enthusiastic because the meeting was the second of its kind and there was no expectation that Kim might show up. However, considering Kim's appearing in person and other greeting ceremonies, the North showed its best sincerity," a government official said. (Kim Rahn, "Roh Receives Red-Carpet Welcome in Pyongyang," Korea Times, October 2, 2007) Kim shows skepticism about market reforms, said Roh: "We evaluate the Kaesong Industrial Complex as a successful project and a good example of reform and an open North Korea, but that is just our perception. We need to respect the North's view on this also." (Yoon Won-sup and Kim Yon-se, "Leaders Share Consensus on Korean Peace," Korea Times, October 3, 2007) Kim Jong-il tells Roh to stay on an extra day, but Roh says he'll have to discuss it with aides. "The president can't make a decision?" responded Kim in a joking tone. Roh replied, "I decide the big things. I can't decide the small things." (Reuters "'Can't You decide?' North Korea's Kim Asks Roh," October 3, 2007) Hyundai Research Institute puts the long-term value to North of inter-Korean business deals of summit at \$150 billion. (Lee Sun-young, "Economic Benefits of S-N Project Put at \$150b," Korea Herald, October 6, 2007) Roh told the South Korean reporters that his discussions with Kim were "candid and frank." He also admitted there were several disagreements between the two men, mentioning a "wall of distrust" between the two countries on some issues. "We did not share the same perception on every issue, but I am confident that Kim has a strong commitment towards achieving peace on the peninsula," Roh told reporters. "I felt a wall that was hard to get over. Things that the South presents with trust could be taken by the North with suspicion. This shows that we need to put in a lot more effort to eliminate this wall of distrust." For example, Roh elaborated that North Korean officials have expressed dissatisfaction over the development pace of the joint industrial project between the two countries in the Gaeseong Industrial Complex. The South Korean government prides the project as an ideal blending of South Korean capital and North Korean labor. (Kim Tong-hyung, "Two Straight-Talking Leaders Show Their Stuff," Korea Times, October 5, 2007) "At the summit talks, Roh stressed the need to help facilitate business operations of South Korean firms operating at the Kaesong industrial park by opening Internet service there, But Kim turned down Roh's offer," said a delegate. "The North Korean leader called himself an Internet expert and said many problems would arise if the Internet at the Kaesong park is connected to other parts of North Korea." (Yoo Cheong-mo, "N. Korean Leader Calls Himself 'Internet Expert,'" Yonhap, October 5, 2007) Kim Jong-il proposed a three- or four-way summit to end the Korean War, Unification Minister Lee Jae-joung tells a National Assembly committee. "This proposal came from North Korea." (Kim Hyun, "Four-Way Summit to Sign Peace Treaty Was North Korea's Idea:

Minister," Yonhap, October 5, 2007) The only ForMin delegate was Assistant FM Shim Yun-jo [was dir-gen of North American Affairs.] (Lee Joo-hee, "Missed Chance: Nuke Team Left out of Summit, *Korea Herald*, October 10, 2007) "It was Roh who initiated the discussion of the nuclear issue at the 2007 summit. He strongly urged Kim Jong-il to comply with the "Joint Declaration on the Denuclearization of the Korean Peninsula," the document signed by the two countries in 1992. In response, on Oct. 3 Kim Jong-il called on North Korean Vice Foreign Minister Kim Gye-gwan, who had just returned from Beijing, to report on the recent agreement reached at the six-party talks in front of the two leaders. Kim Gye-gwan reported that North Korea will strictly observe the so-called "second stage" tasks of disabling all nuclear facilities and openly declaring all nuclear programs and weapons, including uranium enrichment activities. Furthermore, Kim Jong-il reaffirmed his intention to honor his father's desire, stated in 1992, to see a denuclearized Korean Peninsula. ... Although the Oct. 4 Declaration does not specifically state North Korea's willingness to discard its nuclear weapons, the inclusion of North Korea's willingness to comply with the Sept. 19 Joint Statement, which contains both the abandonment of all nuclear programs and compliance with the denuclearization of the Korean Peninsula, implicitly addresses the issue and can be seen as a supplemental commitment to the denuclearization process. ... Regarding the creation of a permanent peace regime on the Korean Peninsula, Roh conveyed US President George W. Bush's message on this subject to Kim during the summit. Roh and Bush had earlier discussed ways of replacing the 1953 armistice agreement with a peace regime in Korea. At the ROK-US summit on September 6 during the 2007 Sydney APEC summit, Bush indicated he would join the leaders of South and North Korea to declare an end to the Korean War and engage in discussions to create a permanent peace regime if North Korea's denuclearization was complete. Bush's proposal would involve three parties in the discussion: North and South Korea, and the US. While Kim responded favorably to the message, he suggested a summit with 'three or four' parties. ... Efforts to move toward a formal declaration to end the Korean War face three contentious issues. The first is the view that the talks should be restricted to three parties – North Korea, the US and China, to the exclusion of South Korea. This is based on the legal structure of the original armistice agreement, which was signed by the US, China and North Korea, but not by South Korea – which, in protest, did not sign. From a legal point of view, such an argument seems valid. But upon closer scrutiny, the absurd complexities of the situation become evident. The actual signatories agreement were a North Korean general representing the North's government, a Chinese general representing Chinese 'volunteer' forces, and an American admiral representing the United Nations Command. In other words, strictly speaking, the legal signatories were the North Korean government Chinese volunteer forces that no longer exist, and the United Nations Command, not the US government. Thus, an insistence that only the legal parties to the original armistice should be involved in future talks to end the Korean War no longer makes sense. The Sept. 19 Joint Statement of the six-party talks implies a more sensible approach: that both de jure and de facto parties, namely the two Koreas, the US, and China, should be included. The second contentious issue is the question of timing. Some argue that negotiations over a peace treaty should precede a "three or four party" summit aimed at declaring an end to the Korean War, because otherwise the Korean Peninsula would be susceptible to transitional uncertainty without a formal arrangement for peace. But

such criticism seems to me too severe and literal. Such transitional uncertainty can easily be resolved by including in the declaration to end the war such provisions as maintenance of the existing armistice agreement until a permanent peace regime is established, initiation of four-party negotiations for a peace regime, and the launching of DPRK-US bilateral negotiations on diplomatic normalization. A final contentious issue is the argument that the 2007 summit declaration failed to link the establishment of a permanent peace regime to North Korea's complete denuclearization. This argument, however, ignores the fact that South Korea has all along sought to link the six-party talks to the establishment of a peace regime. This view has held that if North Korea makes visible progress in dismantling its nuclear programs and weapons, the other concerned parties may well consider holding talks to end the Korean War as an incentive for North Korea. The Oct. 4 Declaration recognizes the possibility that inter-Korean cooperation and a reduction in tensions is necessary to make this happen. Article 3 of the declaration says: 'The South and the North agree to work closely together to end their hostile military relations, reducing tension and securing peace on the Korean Peninsula. They agree to ease military tensions, resolve disputes through dialogue and negotiations, oppose war on the peninsula, and oppose any kinds of war, while adhering strictly to their commitment to nonaggression.' ... North and South Korea did agree to designate a common fishery zone in the West Sea as a "zone of peace," in order to prevent accidental naval clashes over violations of the Northern Limit Line, which defines the sea boundary between the two countries and has long been disputed by the North. They have also agreed to hold inter-Korean defense ministerial talks in Pyongyang in November to discuss various issues, including confidence-building measures regarding cooperative projects in the zone. This represents significant progress, but North Korea still seems reluctant to pursue a wide range of inter-Korean military confidence-building measures and arms control actions. ...Article 5 of the declaration sets forth two principles of inter-Korean economic cooperation: 'joint management for joint benefits and sharing abundance and needs with each other' and 'preferential treatment in inter-Korean economic cooperation.' The former principle means inter-Korean economic relations should be based on a mutually beneficial and complementary exchange, while the latter refers to the preferential treatment of South Korean firms engaging in economic projects in the North. The first essentially reflects a North Korean demand. The North has been extremely critical of the notion of 'unilateral giving (peojugi)' and has called for a new division of labor in which the South will provide capital and technology, while the North will provide land and manpower, so that the South may share its prosperity with the North. ...The creation of a special zone in the West Sea has several profound implications. In the past, the North Korean military strongly opposed any cooperation in the West Sea without first resolving the territorial question of the Northern Limit Line. Several naval clashes have taken place as a result of disputes over the line with casualties on both sides. But at the 2007 summit, the North relaxed its position by agreeing to transform Haeju port and adjoining coastal areas into a special zone without first settling the issue of the line. The special zone comprises several projects: the establishment of a common fishery and peace zone, construction of a special economic zone and utilization of Haeju port, passage of civilian vessels to and from Haeju through a direct sea route and joint utilization of the Han River estuary. As noted in Article 3 of the declaration, military assurance and confidence-building measures

are essential in order to implement these projects. ... When Roh raised the issue of the return of 'kidnapped South Koreans' and 'Korean War prisoners' – two sensitive issues for South Koreans – the response was not promising. The North insists there are no South Korean 'abductees.' Instead, they argue these people voluntarily embraced the North. The North's position on prisoners of war also appears unchanged. The North argues that there was a complete exchange of prisoners as part of the 1953 armistice. Resolution of these two issues remains unlikely. ... What prompted him to venture into a second summit is his perception of a genuine change in White House policy on the North. Kim seems to have high hopes that denuclearization can be exchanged for an end to hostile relations and eventual diplomatic normalization with the United States. Likewise, his perceptions of American policy and the overall nature of US-North Korea relations appear to be the most important factor in inter-Korean relations. In view of this, much still depends on American policy, which is why it demands our closest attention. (Moon Chung-in, "Comparing the 2000 and 2007 Inter-Korean Summits," *Global Asia*, 2, No. 3 (Winter 2007), pp. 76-88)

South Korea's spy agency yesterday declassified records of a secret dialogue at a 2007 summit in Pyongyang in which President Roh Moo-hyun told Kim Jong-il that he didn't recognize the Northern Limit Line, the de facto maritime border between the North and South. He also seemed to accept North Korea's nuclear arsenal. The National Intelligence Service had previously released a summary of the records to lawmakers on the National Assembly's Intelligence Committee. Today, it released the full transcript of the closed-door meeting on the sidelines of the inter-Korean summit to lawmakers. As of press time, lawmakers did not show the media the full transcript. But Saenuri Party lawmakers did release the eight-page summary. According to the summary, North Korea's Kim proposed to Roh a joint fishery zone near the NLL, and Roh replied: "In regards to this matter, I have the same perception. The NLL must be changed." Roh said, "There is no legal or logical basis" to the legitimacy of the border but the border "is actually effective." "For North Korean people, it could be a matter of their pride," Roh said. "For the Southern side, we also have some people making territorial claims based on this border." Roh said some people in the south were "sensitive" to the NLL issue, "and their voices are really loud ... So what we want to propose is to cover the current military map with a large map of peace and economy," referring to a joint economic zone. When Kim asked Roh if there was any resistance in the South to such a plan for a zone, Roh said, "There is no one in the South who opposes the idea of creating a peaceful cooperation zone in the Yellow Sea. If he did, he would become a fool on the Internet." When it came to North Korea's nuclear weapons program, Roh made a shocking comment that he supported the North Korean position, according to the summary. "I have fought against the U.S. over the North's position on the matter of the nuclear weapons program," Roh said. "At international venues, I have advocated the Northern side." Roh also urged Kim to resume the interrupted construction of two light-water reactors in North Korea, based on the 1994 Agreed Framework. In terms of Pyongyang-Washington relations, Roh said "the biggest problem is the United States. "I also have the perception that the imperialist history [of the U.S.] has never been apologized for and it shows its hegemonic ambition." The unprecedented decision by the spy agency to declassify the transcript followed a political feud between the ruling party and opposition over whether the late South Korean president, who died in 2009,

actually disavowed the western maritime border drawn up after the 1950-53 Korean War, which North Korea has never accepted. "Although the National Assembly's Intelligence Committee saw summarized records of the summit on June 20, there has been constant controversy over whether the summary was distorted and manipulated [by the NIS]," an official statement released by the NIS said. "Both ruling and opposition parties are also strongly demanding the opening of all the records." The spy agency said it concluded that releasing the conversation between two deceased leaders would not affect current inter-Korean relations. "The NIS judged the content of the conversation, which was held six years ago, would not have a significant impact on national security at this moment," the statement read. "Most of the content of the conversation has already been revealed through media reports over the past six months and there is no reason for us to keep this as a state secret now." According to the NIS, the legal basis for the revelation is presidential decree No. 21214, Article 13, Section 2, Clause 2, which allows it to reclassify a state secret if "there is a request from the chief of the NIS." Last October, Chung Moon-hun, a Saenuri Party lawmaker, said that a transcript existed of a conversation between Roh and Kim at a closed-door meeting on the sidelines of the summit. Chung said Roh described the border as "a line unilaterally drawn by the United States, which wanted to conquer more territory" and he went on to tell Kim, "South Korea won't recognize the NLL anymore and all the disputes surrounding the line will be resolved if the two Koreas carry out some joint fishing activities." The political football died down after the December presidential elections and after the NIS refused to open the records to the public, despite persistent requests from the Saenuri Party. The issue re-emerged June 20 when Suh Sang-kee, a ruling Saenuri lawmaker and head of the National Assembly's Intelligence Committee, made the bombshell revelation that he requested records of the 2007 inter-Korean summit from the National Intelligence Service and the spy agency gave him an eight-page summary of the secret meeting, which he read with four other Saenuri lawmakers. He said the summary confirmed Roh's disavowal. Immediately after the NIS announcement today, the NIS said it would hand over copies of the transcripts to both ruling and opposition lawmakers who are members of the National Assembly's Intelligence Committee. But lawmakers from the opposition Democratic Party refused to receive the documents because they suspected the spy agency could have distorted them to make Roh look bad. The DP is a descendent of Roh's Uri Party. "What the DP demands is not the document that the NIS has but the original transcript stored in the National Archives of Korea," Representative Jung Chung-rae, a member of the Intelligence Committee, said. In fact, after the 2007 summit, the South Korean government handed over a copy of the original transcript to the NIS, while storing the original version in the state-run archive. Under the law, publicizing a NIS record with the second-highest security classification is possible if the chief of the agency orders it. But opening up a record in the state-run archive is harder, requiring approval from more than two-thirds of the lawmakers in the legislature. Kim Hyun, another DP lawmaker, said the NIS is trying to divert public attention from an ongoing probe by prosecutors into its agents' alleged attempt to sway the December presidential election. "We express anger against the NIS as they are attempting to dilute the matter of the NIS meddling in the election campaign," Kim said. (Kim Hee-jin, "NIS Declassifies 2007 Transcript," *JoongAng Ilbo*, June 25, 2013) The eight pages of excerpts from the transcript of the inter-Korean summit that took place in Oct. 2007, which the South

Korean National Intelligence Service (NIS) released to the press on June 24, contain a detailed description of the process through which former president Roh Moo-hyun worked to persuade then-North Korean leader Kim Jong-il and resolve the issue of the Northern Limit Line (NLL) in the West (Yellow) Sea. The excerpts confirm that Roh had not abandoned the NLL as the conservative establishment is contending. Rather, they show that he was trying to resolve the ultimate reason for the NLL's existence - that is, the confrontation between North and South - by building trust as North and South made peaceful use of the West Sea. According to the transcript excerpts, the first person to mention the NLL (and other disputes between North and South pertaining to the West Sea) was Kim Jong-il. On page 18, Kim suggests that the maritime area located between the South Korean Northern Limit Line and the North Korean Military Demarcation Line be declared as a peace zone. This suggests that Pyongyang also considered it an important security objective to stabilize the West Sea area from Yeonpyeong Island to Baeknyeong Island - the site of a series of accidental military clashes between North and South Korean forces. In response to this, Roh said, "Yes, I'm very interested in that as well," sparking a spirited discussion between the two leaders. Following this, on pages 40 and 41, Roh was recorded as saying, "The NLL has no grounds in international law, and its logical basis is not clear either, but at present it has a considerable influence on the situation." These remarks refer to the historical fact that the NLL was not a maritime demarcation line agreed upon through the armistice, but rather was unilaterally announced by the UN military command in August 1953. Next, Roh acknowledged the maritime dispute surrounding the NLL. "The NLL is probably is a point of pride for people in the North, while there are people in the South who regard it as South Korean," Roh said. "So the plan that you are outlining now would be for both sides to remove their military forces from the region and to use it as a joint fishing zone. I am of the same opinion as you regarding the peace zone," Roh said, expressing agreement with Kim. However, he also had his own plan. "The problem is that, when anyone even mentions the word 'NLL,' people start getting all stirred up like a beehive. This issue is something that would be good for us to discuss at greater length," said Roh. Roh continued: "Consider this: we make a peace zone in the West Sea and turn it into a joint fishing zone. We jointly develop the estuary of the Han River, and continue by combining the entire Incheon and Haeju regions into a joint economic zone and allow ships to move freely in those waters. In that case, we would have to redraw the map to allow that movement," he said. Elaborating this point, Roh said that this would be a free navigation zone and a joint fishing area, and that consequently the military would not be allowed to enter that area. Essentially Roh was proposing to erode the South's insistence on the NLL along with the North's insistence on the Military Demarcation Line through the idea of creating a single peace zone managed by police from both North and South. Thus, instead of suffering a backlash in public opinion by taking a definite stance on the NLL, which many people view as a conflict, his plan was to resolve the problem in a more vague and indirect fashion. Kim's reaction to this proposal is not included in the excerpts that were released. Former NIS director Kim Man-bok claimed that Kim had agreed with the plan in the Feb. 2011 issue of Japanese monthly magazine Sekai. "I discussed the issue with the senior generals on the National Defense Commission," Kim Jong-il told Roh when they met again after lunch, according to Kim Man-bok. "When I asked them whether an industrial complex in Haeju would be possible, they said there would be no problem

with that," Kim said. "Haeju is fine. We can use Gangryong from Haeju to the Kaesong Industrial Complex, and we can also open up Haeju's port for use." After securing Kim's approval and returning home, Roh announced the plan to create a special zone for peace and cooperation in the West Sea, which would include the waters in the West Sea and the area around Haeju. This is to say that Roh had not abandoned the NLL, but had rather tried to resolve the issue of the NLL through helping both North and South recognize the greater value of peaceful cooperation. (Gil Yun-hyung, "Summit Transcript: Roo Moo-hyun's Idea Was a Peace Zone, Not Abandonment," *Hankyore*, June 25, 2013) Six months after their presidential elections and four months after President Park Geun-hye was sworn in, South Koreans found this week that the election skirmishing was not quite over. At the National Assembly, some liberal opposition lawmakers have begun questioning the legitimacy of the election, citing the recent indictment of a former director of the National Intelligence Service on charges of [orchestrating an online smear campaign](#) against Park's rivals in the [December 19 elections](#). University students, who have staged relatively few political protests in recent years, have held several rallies on campuses and in downtown Seoul, shouting, "Out with Park Geun-hye!" And support appears to be growing for a parliamentary inquiry into the accusations of a smear campaign, to determine if blame should be spread further. So far, Park remains popular – supported for her tough stance on rival North Korea and its nuclear program – but the political squabbling has reached a high enough decibel level that her conservative party has begun to fight back. The party, New Frontier, has reloaded the weapon it had used effectively to rally conservative votes last year: its claim that the last liberal president, Roh Moo-hyun, was so consumed by trying to foster good relations with North Korea that he – and by extension the liberal opposition – undermined South Korea's national security. The conservative counteroffensive gained a new intensity this week when the embattled intelligence agency released what it called the transcript of the 2007 inter-Korean summit meeting between Mr. Roh and the North Korean leader at the time, Kim Jong-il. The release was a controversial move that some say could hurt South Korea moving forward but that governing party lawmakers have long called for, saying it would prove the summit meeting was a political sellout. The most controversial part of the summit meeting was what Mr. Roh said about the [Northern Limit Line](#), or N.L.L., the temporary sea border established by the United Nations Command at the end of the three-year Korean War in 1953. North Korea has never accepted the boundary, claiming a border line farther south, and the navies of the two Koreas have fought bloody skirmishes in nearby disputed waters. Roh had already broached the idea of creating a "peace-economy zone" in the disputed waters that would have allowed joint fishing, and the 100-page transcript of the summit meeting quoted Mr. Roh as saying that the "N.L.L. should be changed." Today Park again referred to the subject, which had been part of her successful campaign against the opposition liberals. "We must never forget that the N.L.L. has been defended by the blood and lives of many young men," she was quoted as saying during a cabinet meeting. (Choe Sang-hun, "Liberal Lawmakers Question Legitimacy of Korean Election," *New York Times*, June 26, 2013, p. A-8)

10/3/07

Six-Party Talks: Second-Phase Actions for the Implementation of the September 2005 Joint Statement

The Foreign Ministry of the People's Republic of China released the following joint statement on October 3, 2007:

The Second Session of the [Sixth Round of the Six-Party Talks](#) was held in Beijing among the People's Republic of China, the Democratic People's Republic of Korea, Japan, the Republic of Korea, the Russian Federation and the United States of America from 27 to 30 September 2007. Mr. Wu Dawei, Vice Minister of Foreign Affairs of the PRC, Mr. Kim Gye Gwan, Vice Minister of Foreign Affairs of the DPRK, Mr. Kenichiro Sasae, Director-General for Asian and Oceanian Affairs, Ministry of Foreign Affairs of Japan, Mr. Chun Yung-woo, Special Representative for Korean Peninsula Peace and Security Affairs of the ROK Ministry of Foreign Affairs and Trade, Mr. Alexander Losyukov, Deputy Minister of Foreign Affairs of the Russian Federation, and Mr. Christopher Hill, Assistant Secretary for East Asian and Pacific Affairs of the Department of State of the United States, attended the talks as heads of their respective delegations. Vice Foreign Minister Wu Dawei chaired the talks.

The Parties listened to and endorsed the reports of the five Working Groups, confirmed the implementation of the initial actions provided for in the February 13 agreement, agreed to push forward the Six-Party Talks process in accordance with the consensus reached at the meetings of the Working Groups and reached agreement on second-phase actions for the implementation of the [Joint Statement of 19 September 2005](#), the goal of which is the verifiable denuclearization of the Korean Peninsula in a peaceful manner.

## **I. On Denuclearization of the Korean Peninsula**

1. The DPRK agreed to **disable all existing nuclear facilities subject to abandonment** under the September 2005 Joint Statement and the February 13 agreement. The disablement of the **5 megawatt Experimental Reactor** at Yongbyon, the **Reprocessing Plant** (Radiochemical Laboratory) at Yongbyon and the **Nuclear Fuel Rod Fabrication Facility** at Yongbyon will be **completed by 31 December 2007**. Specific measures recommended by the expert group will be adopted by heads of delegation in line with the principles of being acceptable to all Parties, scientific, safe, verifiable, and consistent with international standards. At the request of the other Parties, the United States will lead disablement activities and provide the initial funding for those activities. As a first step, the US side will lead the expert group to the DPRK within the next two weeks to prepare for disablement.
2. The DPRK **agreed to provide a complete and correct declaration of all its nuclear programs** in accordance with the February 13 agreement by 31 December 2007.
3. The DPRK **reaffirmed its commitment not to transfer nuclear materials, technology, or know-how**.

## **II. On Normalization of Relations between Relevant Countries**

1. The DPRK and the United States remain committed to improving their bilateral relations and moving towards a full diplomatic relationship. The two sides will increase bilateral exchanges and enhance mutual trust. **Recalling the commitments to begin the process of removing the designation of the DPRK as a state sponsor of terrorism and advance the process of terminating the application of the Trading with the Enemy Act with respect to the DPRK, the United States will fulfill its commitments to the DPRK in parallel with the DPRK's actions based on consensus reached at the meetings of the Working Group on Normalization of DPRK-U.S. Relations.**
2. The DPRK and Japan will make sincere efforts to normalize **their relations expeditiously in accordance with the Pyongyang Declaration, on the basis of the settlement of the unfortunate past and the outstanding issues of concern.** The DPRK and Japan committed themselves to taking specific actions toward this end through intensive consultations between them.

### **III. On Economic and Energy Assistance to the DPRK**

In accordance with the February 13 agreement, economic, energy and humanitarian assistance up to the equivalent of one million tons of HFO (inclusive of the 100,000 tons of HFO already delivered) will be provided to the DPRK. Specific modalities will be finalized through discussion by the Working Group on Economy and Energy Cooperation.

### **IV. On the Six-Party Ministerial Meeting**

The Parties reiterated that the **Six-Party Ministerial Meeting will be held in Beijing** at an appropriate time. The Parties agreed to hold a **heads of delegation meeting prior to the Ministerial Meeting** to discuss the agenda for the Meeting.

Negotiator Christopher Hill, wouldn't say exactly what North Korea must do to get itself off the terror list, or whether the United States has committed to a timetable to do that. "We have a very clear understanding with them," Hill told reporters. Does that clear understanding include a deadline for the United States to match the deadline the North Koreans have accepted? "A very clear understanding means a very clear understanding," Hill said, adding that he didn't intend to make that statement any clearer in public. **"We are trying to create a situation where we make essential progress on denuclearization with the understanding that to get something in this world you've got to give something."** (Anne Gearan, "Analysis: US Mum on Promises to N. Korea," Associated Press, October 3, 2007)

10/4/07

### **Declaration on the Advancement of South-North Korean Relations, Peace and Prosperity**

In accordance with the agreement between President Roh Moo-hyun of the Republic of Korea and Chairman Kim Jong Il of the National Defense Commission of the Democratic People's Republic of Korea, President Roh visited Pyongyang from October 2-4, 2007. During the visit, there were historic meetings and discussions. At the meetings and talks, the two sides have reaffirmed the spirit of the June 15 Joint Declaration and had frank

discussions on various issues related to realizing the advancement of South-North relations, peace on the Korean Peninsula, common prosperity of the Korean people and unification of Korea. Expressing confidence that they can forge a new era of national prosperity and unification on their own initiative if they combine their will and capabilities, the two sides declare as follows, in order to expand and advance South-North relations based on the June 15 Joint Declaration:

1. The South and the North shall uphold and endeavor actively to realize the June 15 Declaration. The South and the North have agreed to resolve the issue of unification on their own initiative and **according to the spirit of "by-the-Korean-people-themselves."** The South and the North will work out ways to commemorate the June 15 anniversary of the announcement of the South-North Joint Declaration to reflect the common will to faithfully carry it out.
2. The South and the North have agreed to firmly transform inter-Korean relations into ties of mutual respect and trust, transcending the differences in ideology and systems. The South and the North have agreed **not to interfere in the internal affairs of the other** and agreed to resolve inter-Korean issues in the spirit of reconciliation, cooperation and reunification. The South and the North have agreed to overhaul their respective legislative and institutional apparatuses in a bid to develop inter-Korean relations in a reunification-oriented direction. The South and the North have agreed to proactively pursue dialogue and contacts in various areas, including the legislatures of the two Koreas, in order to resolve matters concerning the expansion and advancement of inter-Korean relations in a way that meets the aspirations of the entire Korean people.
3. The South and the North have agreed to closely work together to put an end to military hostilities, mitigate tensions and guarantee peace on the Korean Peninsula. The South and the North have agreed not to antagonize each other, reduce military tension, and resolve issues in dispute through dialogue and negotiation. The South and the North have agreed to oppose war on the Korean Peninsula and to adhere strictly to their obligation to nonaggression. The South and the North have agreed to hold talks between the **South's Minister of Defense and the North's Minister of the People's Armed Forces in Pyongyang in November** to discuss ways of **designating a joint fishing area in the West Sea to avoid accidental clashes and turning it into a peace area** and also **to discuss measures to build military confidence, including security guarantees for various cooperative projects.**
4. The South and the North both recognize the need to **end the current armistice regime and build a permanent peace regime.** The South and the North have also agreed to work together to advance the matter of **having the leaders of the three or four parties directly concerned to convene on the Peninsula and declare an end to the war.** With regard to the nuclear issue on the Korean Peninsula, **the South and the North have agreed to work together to implement smoothly the September 19, 2005 Joint Statement and the February 13, 2007 Agreement achieved at the Six-Party Talks.**

5. The South and the North have agreed to facilitate, expand, and further develop inter-Korean economic cooperation projects on a continual basis for balanced economic development and co-prosperity on the Korean Peninsula in accordance with the principles of common interests, co-prosperity and mutual aid. The South and the North reached an agreement on promoting economic cooperation, including investments, pushing forward with the building of infrastructure and the development of natural resources. Given the special nature of inter-Korean cooperative projects, the South and the North have agreed to grant preferential conditions and benefits to those projects. The South and the North have agreed to create a **“special peace and cooperation zone in the West Sea” encompassing Haeju and vicinity in a bid to proactively push ahead with the creation of a joint fishing zone and maritime peace zone, establishment of a special economic zone, utilization of Haeju harbor, passage of civilian vessels via direct routes in Haeju and the joint use of the Han River estuary.** The South and the North have agreed to **complete the first-phase construction of the Gaeseong Industrial Complex at an early date and embark on the second-stage development project.** The South and the North have agreed to **open freight rail services between Munsan and Bongdong** and promptly complete various institutional measures, including those related to passage, communication, and customs clearance procedures. The South and the North have agreed to **discuss repairs of the Gaeseong-Sinuiju railroad and the Gaeseong-Pyongyang expressway** for their joint use. The South and the North have agreed to establish **cooperative complexes for shipbuilding in Anbyeon and Nampo**, while continuing **cooperative projects in various areas such as agriculture, health and medical services and environmental protection.** The South and the North have agreed to **upgrade the status** of the existing Inter-Korean Economic Cooperation Promotion Committee to a **Joint Committee for Inter-Korean Economic Cooperation to be headed by deputy prime minister-level officials.**
6. The South and the North have agreed to boost exchanges and cooperation in the social areas covering history, language, education, science and technology, culture and arts, and sports to highlight the long history and excellent culture of the Korean people. The South and the North have agreed to carry out **tours to Mt. Baekdu** and **open nonstop flight services between Seoul and Mt. Baekdu** for this purpose. The South and the North have agreed to send a joint cheering squad from both sides to the 2008 Beijing Olympic Games. **The squad will use the Gyeongui Railway Line for the first-ever joint Olympic cheering.**
7. The South and the North have agreed to actively promote humanitarian cooperation projects. The South and the North have agreed to expand reunion of separated family members and their relatives and promote exchanges of video messages. To this end, the South and the North have agreed to **station resident representatives from each side at the reunion center at Mt. Geumgang when it is completed and regularize reunions** of separated family members and their relatives. The South and the North have agreed to actively cooperate in case of emergencies, including natural disasters, according to the principles of fraternal love, humanitarianism and mutual assistance.

8. The South and the North have agreed to increase cooperation to promote the interests of the Korean people and the rights and interests of overseas Koreans on the international stage.
  - o The South and the North have agreed to hold **inter-Korean prime ministers' talks for the implementation of this Declaration** and have agreed to hold the **first round of meetings in November 2007 in Seoul.**
  - o The South and the North have agreed that their highest authorities will meet frequently [DPRK version: from time to time] for the advancement of relations between the two sides.

Oct. 4, 2007 Pyongyang

Roh Moo-hyun  
 President  
 Republic of Korea

Kim Jong Il  
 Chairman, National Defense Commission  
 Democratic People's Republic of Korea

GNP spokesman Park Heong-joon: "It is inappropriate for the two leaders to pursue a declaration to end the armistice without clarifying that the North will give up the nuclear program." (Kang Hyun-kyung, "No Clarification Made about the Nukes: Conservatives," *Korea Times*, October 4, 2007) Expectations for what could be achieved at the first summit meeting had been low. Worries that Roh, a lame duck, would give away too much had been high. But a declaration signed yesterday contained a number of specific projects that could build closer economic and security ties between the Koreas, experts said. (Norimitsu Onishi, "Korea Summit Meeting Paves Way for Joint Projects," *New York Times*, October 5, 2007, p. A-3)

Hill briefing: "We made this [HFO] the main topic of discussion in the August 6th working group on energy and economic assistance. And it was agreed that of this 950,000 tons, only half of it would be in actual fuel oil. The other would be in fuel oil equivalents. This would involve refurbishment of plants, of electricity plants, and also some increase in their storage capacity to handle fuel oil. Q. First of all, if you could elaborate just a little bit for our readers on what disablement would mean specifically for Yongbyon since that is the facility you know about; and secondly, whether the fact that you've been able to reach this agreement indicates that there's no ongoing illicit North Korean nuclear cooperation with other states, say Syria for example. Hill: Well, on the second point, you've seen that **there is a pledge included in the text -- I believe it's paragraph three -- which speaks specifically to the issue of no proliferation.** Obviously, as I've said many times, proliferation has always been a major concern of ours and it's something that we watch for very carefully and it's something that we need to make sure that if it's going on, that it not be going on. So that is obviously, you know, an issue. It will remain an issue of continuing concern. We feel the best way to deal with these sorts of problems, though, is through this -- is on this six-party platform and that's

why we're addressing that sort of thing in the six parties. Now with respect to disablement and the scope of disablement, disablement -- the concept here is to make it difficult to restart a nuclear program. For example, you shut down the reactor, you seal the reactor, but -- and that involves a certain already political disablement. That is, the North Koreans would not want to have to void a six-party deal, kick out IAEA inspectors, unseal the facility and turn it back on. But what we want as a sort of added confidence-building measure is that we go beyond that sort of political disablement to an actual physical disablement. So you look at how you could do that. You can take certain components out of the facilities and, for example, take things out of a reactor such that they are not so easy to just put back into the reactor. For example, if you took a battery out of a car and just left the battery next to the car -- that would not be real disablement because you could just put the battery right back in the car. But let's say you put the battery somewhere else or let's say it's the only battery in town and you -- and the battery is disabled slightly on its own, then it becomes more difficult to do. Or let's say in order to put the battery back in, it takes a long time in order to reinstall it. So there are various things like that. Our technical people went there with this in mind a couple of weeks ago. There was an agreement on how to proceed on some of these and then we have the door open to proceed on some other measures. So we're looking for a disablement, that during the time -- and our metric being the time it would take should the North Koreans want to reverse all this -- during that time, we would hope to go on to the next stage, which is dismantlement, irreversible dismantlement, and also the abandonment of weapons." (DoS, On-the-Record Briefing via Telephone, Assistant Secretary of State Christopher Hill, October 3, 2007)

10/5/07 FM Song Min-soon: "Talks on the peace regime will occur in line with denuclearization." (*Korea Times*, "Minister Song Assures Denuclearization Bound to Peace Regime Talks," October 5, 2007) DefMin Kim Jang-soo says removal of troops and weapons along the DMZ will be gradual: "The issue was off the table as Chairman Kim Jong-il said it was still premature to have it discussed." Kim said, "I focused on the POW issue. I asked the North to consider confirming their fate, exchanging letters, reunions with families [in the South], and eventual repatriation as a humanitarian gesture for reconciliation and cooperation." But the North's defense chief Kim Il-chol gave no direct answer and renewed a call for withdrawal of U.S. troops. "Protecting the Northern Limit Line in the West Sea is an accomplishment [of the summit]," he added. "It is meaningful that a South Korean defense minister visited the North for the first time and met with his counterpart, but it would not avert the trend of our military." (Yonhap, "N. Korean Leader Favors Gradual Disarmament: S. Korean Defense Chief," October 5, 2007)

LDP endorses six-month extension of North Korea sanctions. (Kyodo, "LDP Okays Extension of Sanctions on North Korea," *Japan Times*, October 5, 2007)

10/6/07 Ichiro Ozawa, DPJ (Minshuto) leader, says Japanese troops would join a U.N. peacekeeping force in Afghanistan if "I take the reins of government." He sees to rule out the Maritime SDF refueling in the Indian Ocean, which he calls "logistical support to U.S. and other forces' operation that are not U.N. activities." (*Asahi Shimbun*, "Ozawa in Power Would Send SDF to U.N. Force in Afghanistan," October 6, 2007)

10/7/07

Jim Hoagland: Months of quibbling lie ahead over the differences between “disabling” and “dismantling” North Korea's plutonium production facilities and other points in the agreement. A crucial provision of the six-nation accord announced on Wednesday requires Pyongyang to declare the extent of its weapons-grade plutonium stockpile, including the amount it used in a nuclear test last year. U.S. officials have estimated that North Korea could make 10 to 12 bombs from its existing stockpile. **But the actual number is smaller -- perhaps half as many -- according to the intelligence service of one major Asian nation. A significant revision downward in U.S. intelligence estimates of North Korea's nuclear threat could explain the Bush administration's more relaxed view of Pyongyang in recent months.** But the more significant change in attitude has come from Pyongyang toward Washington, according to diplomats involved in the talks. A key moment came when North Korea agreed to an international inspection last month to determine how its main nuclear complex at Yongbyon should be disabled -- and asked Hill to have the United States rather than the IAEA carry out that intrusive inspection. A U.S.-led inspection would have much more credibility in Washington, the North Koreans indicated. They also want to move quickly -- that is, while Bush is still in office and can presumably beat back Republican opposition to the agreement. At Hill's suggestion, the inspection team was broadened to include experts from China and Russia, the other nuclear powers represented in the talks, to spread the mission's responsibilities and risks. (Jim Hoagland, “North Korean Mystery,” *Washington Post*, October 7, 2007, p. B-7)

10/8/07

Shaplen and Laney op-ed: “The country has reprocessed approximately 50 kilos of weapons-grade plutonium – enough for as many as 10 nuclear bombs – and this stockpile will soon be Mr. Kim’s last remaining card. Were he to give it up he would find himself seriously weakened and, quite possibly, at the mercy of those who seek to bring down his regime. Recently, however, South Korea’s foreign minister, Song Min-soon, has argued that the accord requires North Korea to ship the fissile material out of the country. To break the impasse, we propose that China, North Korea’s closest remaining ally, assume physical custody in North Korea of the fissile material.” (James T. Shaplen and James Laney, “Kim Jong Il’s Last Card,” *New York Times*, October 8, 2007, p. A-19)

10/9/07

Moon Chung-in: I think Kim Jong-il has realized the authenticity of President Bush’s policy on North Korea and the North Korean nuclear issue.” (Kurt Achin, “North Korea Moves toward Ending Weapons Program,” *Voice of America*, October 9, 2007)

Japan’s cabinet approves extending sanctions. “We decided that the extension was necessary after comprehensively taking into consideration that there has been no specific progress on the abduction issue, as well as the various conditions surrounding North Korea, including the nuclear issue,” says Chief Cabinet Secy Machimura. “As for the steps taken by our country, we want to think about it based on the actions that North Korea takes concerning the various outstanding issues, including the abduction issue.” Moon Chung-in says he heard from a South Korean source that Kim Jong-il told Roh that no abductees Japanese were left in North Korea. (Kyodo, “Cabinet Approves Extending Sanctions on N. Korea,” October 9, 2007)

China insists on role in peace process in Korea. **“China, as an important nation in Northeast Asia and also a contracting party to an armistice agreement of the Korean War, will go on playing an active role in the process,”** say FoMin spokesman Liu Jianchao. “Establishing a peace mechanism serves the interests of the people of the Korean Peninsula and the peace, stability and development of the region. **China is supportive of the establishment of such a peace mechanism.**” [But he stops short of saying it was to be in mechanism.] (*Chosun Ilbo*, “China Insists on Role in Korea Peace Process,” October 10, 2007)

10/10/07 U.S. nuclear team headed by Sung Kim, director of the DOS Office of Korean Affairs arrives in North Korea to finalize disabling procedures. (Lee Joo-hee, “U.S Team to Arrive in N.K. Today,” *Korea Herald*, October 11, 2007)

Chun Yung-woo, South Korean six-party rep inw, “The capitalist approach here alone will not work. You can’t buy up North Korea’s nuclear weapons or nuclear weapons program.” He adds, “What they want to see is ... the complete reversal of U.S. hostile policy in the end that will culminate in normalization of relations and establishment of diplomatic relations.” (Jon Herskovitz and Jonathan Thatcher, “Money Won’t Buy North Korea Arms - Envoy,” Reuters, October 10, 2007)

10/?/07 From the mid-1980s to mid-1990s, Iran purchased 300-kilometer-range Scud-B and 600-kilometer-range Scud-C missiles from North Korea, and it also indigenously assembled and built Scuds. Then Iran developed the single-stage, liquid-fuel Shahab-3 missile. This approximately 16-metric-ton missile has a range of 1,300 kilometers with a 750-kilogram payload and is derived from North Korea’s Nodong missile. The Shahab-3 was first flight-tested in July 1998 and reportedly completed its development test series after its sixth flight in July 2003.[2] Since the turn of the century, Iran has pursued a number of other missile projects, although it has not yet flight-tested a new medium-range or long-range ballistic missile. One project involves modifications to the Shahab-3. In August 2004, Iran tested a Shahab-3 with a bulbous nose cone reportedly capable of accommodating a nuclear warhead.[3] In August 2005, Iran stated that it had increased the range of the Shahab-3 to 2,000 kilometers. Iran again tested the Shahab-3 in January 2006 and May 2006, and the January 2006 test may have involved a more advanced North Korean Nodong-B missile.[4]The Nodong-B reportedly uses technology from the Soviet-era SS-N-6 submarine-launched missile and has a range of 2,500-4,000 kilometers. It is reportedly shorter and wider than the original Nodong and has a dual-chamber control engine rather than the steering vanes of the original Nodong, which would make it more stable, more maneuverable, and more accurate than the original. Its Iranian derivative is sometimes called the Shahab-3B. Press reports in April 2006 noted that Iran had received this Nodong-B missile from North Korea, but it is unclear as to how many missiles were supplied and whether Iran is also indigenously building this missile.[5] Another Iranian rocket project is the Shahab-4, which has not been flight-tested and may well have been terminated. Press reports in 1999-2000 mentioned that this rocket was powered by an RD-214 engine used in Russia’s liquid-fuel SS-4 missile and would be used to launch satellites. However, Iran has not launched satellites aboard such a rocket. Other reports noted that the Shahab-4 was based on the North Korean Taepo Dong-1 design. North Korea’s Taepo Dong-1

has only been tested once, in August 1998, and is based on a Nodong-derived first stage and a Scud-derived second stage. Neither North Korea nor Iran are known to have deployed this system. ... Initial reports in the late 1990s and early 2000s noted that the Taepo Dong-2 had a first stage derived from China's CSS-2 and a second stage derived from the Nodong, giving it a range of 4,000-6,000 kilometers.[10] Such a missile would not reach the continental United States from Iran, even with a third stage that adds 1,000-2,000 kilometers to its range. More recent reports suggest that North Korea may have developed an improved Taepo Dong-2C/Taepo Dong-3 missile with a more powerful propulsion system using UDMH fuel, which is superior to the kerosene-gasoline fuel used in the Taepo Dong-2. This missile reportedly has a first stage weighing more than 50 metric tons and a second stage weighing 15-20 metric tons.[11] U.S. officials have stated that the two-stage version of this Taepo Dong-2C/Taepo Dong-3 missile has a range of 10,000 kilometers and a three-stage version can fly 15,000 kilometers, enabling it to cover all of the United States.[12] It is difficult, however, to verify the accuracy of the information in these reports. North Korea and Iran would only have confidence in the Taepo Dong-2 or an improved Taepo Dong-2C/Taepo Dong-3 after a few successful tests of the system. ...Thus, any meaningful assessment of an Iranian ICBM capability must await a successful test of the improved 10,000-kilometer-range Taepo Dong-2C/Taepo Dong-3 missile. If North Korea successfully tests such a missile during 2008-2010 and these missiles or their major subsystems such as engines and airframes are transferred to Iran, then Iran could plausibly have a few ICBMs by 2012-2015. Even so, Iran might not build or acquire more than just a few such missiles. 2. Andrew Feickert, "Missile Survey: Ballistic and Cruise Missiles of Selected Foreign Countries," *CRS Report for Congress*, RL30427, July 26, 2005.3. Craig Covault, "Iran's 'Sputnik,'" *Aviation Week & Space Technology*, November 29, 2004.4. Charles Vick, "The Operational Shahab-4/No-dong-B Flight Tested in Iran for Iran & North Korea Confirmed" *GlobalSecurity.org*, April 10, 2007. 10. The liquid-fuel CSS-2 weighed 54 metric tons and had a range of approximately 3,000 kilometers with a two-metric-ton warhead or 4,000 kilometers with a one-metric-ton warhead. 11. Charles Vick, "Taep'o Dong 2," found at [www.globalsecurity.org](http://www.globalsecurity.org). (Dinshaw Mistry, "European Missile Defense: Assessing Iran's Capabilities," *Arms Control Today*, October 2007, pp. 19-23)

10/11/07

Song Il-ho invw: "Prime Minister Fukuda himself has said that he would place more emphasis on dialogue, and this is worthy of note," Song said. "We believe this is a different trend from the administration" of Abe. "If the other party wants dialogue, we have no intention of avoiding that." He added, "I think talks for narrowing differences in views and positions are necessary." Asked about reopening investigations of 12 of 17 on Japan's official list of abductees, Song recalled the North's bad experience, "Our honesty and sincerity were used to criticize us." On sanctions, "Pressure does not solve problems; it only serves to deteriorate relations further," he said. "the attitude of emphasizing dialogue and sanctions involve a certain level of contradiction," adding, "We are carefully observing the objectives behind this as well as its background." (Kyodo, "N. Korean Envoy Says Fukuda's Dialogue Policy 'Worthy of Note,'" October 11, 2007)

10/12/07 U.S. bilateral expert talks with North on disablement in Pyongyang. (AFP, "US, NKorea Open Talks on Nuclear Disablement," October 12, 2007)

Kim Yong-nam, president of Supreme People's Assembly, inwv with Kyodo and Yonhap: "We want to pay attention to the Fukuda administration's movements." He sticks to formula on abductions: "I would like to say that the abduction issue has already all been solved." (Kyodo, "N. Korea's No. 2 Paying Attention to New Japan Premier's Actions," October 12, 2007)

KCNA responds to Bush remarks at the UNGA on North regime's 'brutality': "The DPRK cannot overlook the brazen-faced remarks made by the U.S. chief executive against his dialogue partner on the international agency." (Reuters, "North Korea Bristles at Bush's Comments on Brutality," October 12, 2007) KCNA: "Some lawmakers from the Republican Party of the United States recently introduced a bill to Congress urging the U.S. not to de-list the DPRK as a sponsor of terrorism. Ileana Ros-Lehtinen, member of the House of Representatives, who sponsored the bill, put up in the bill **such unreasonable conditionalities as putting an end to cooperation in the field of development of banned military equipment and cooperation in the nuclear field with Syria**, insisting that the U.S. policy toward the DPRK should not be based on the hope that it would honor its commitments but based on its actual performance. This is nothing but reckless remarks beclouding the prospect of the talks as they are intended to stem the trend of the times toward detente over the nuclear issue on the Korean Peninsula and put a brake on the process to advance the six-party talks and warm up the DPRK-U.S. relations. The DPRK cannot overlook the brazen-faced remarks made by the U.S. chief executive against his dialogue partner on the international arena, timed to coincide with the introduction of the above-said bill by U.S. conservative hard-liners. He, addressing the UN General Assembly on Sept. 25, went so reckless as to mention some countries including the DPRK and call them 'brutal regimes.'" (KCNA, "KCNA Blasts Some Congressmen for Standing in the Way of Six-Party Talks," October 12, 2007)

New York Philharmonic officials return from exploratory trip to Pyongyang with glowing report of concert possibilities but face potentially difficult talks of selling the idea to the players. "This is going to be a major media event, particularly on the Korea peninsula," says Frederick Carriere of Korea Society. (Daniel J. Wakin, "Orchestra Considers Invitation to Korea," *New York Times*, October 13, 2007, p. B-13)

Roh: "There are people in this country who think the NLL is directly related to territory," he told reporters. "That's an idea that is sure to mislead the public." Roh's spokesman explained, "The Military Demarcation Line was a line that two sides have agreed upon, but the NLL was a one-sided decision." A Defense Ministry spokesman says, "We are not sure why Mr. President suddenly brought up the idea." (Lee Min-a and Kim Min-seok, "Roh Concludes Yellow Sea Line Is Not a Border," *JoongAng Ilbo*, October 12, 2007) "Don't ask me questions that put me in a difficult position," DefMin Kim Jang-soo told reporters yesterday. (Park Seung-hee and Brian Lee, "Blue House Tries to Calm Worries over Sea Border," *JoongAng Ilbo*, October 13, 2007)

10/13/07

Secretary of State [Condoleezza Rice](#) and Israeli officials declined Sunday to confirm or deny a report that an Israeli Air Force strike against [Syria](#) September 6 had bombed a partly constructed nuclear reactor apparently of North Korean design. Israeli officials have signaled they are proud of the operation; a senior military official said it had restored "military deterrence" in the region. Maj. Gen. Aharon Zeevi Farkash, Israel's former chief of military intelligence, called the notion that Israel had targeted a nuclear reactor in Syria "logical." Ms. Rice, flying here from Moscow for four days of talks with Israeli and [Palestinian](#) leaders before a regional peace conference in the United States this fall, declined to discuss what she called "news reports" of the Israeli raid, though she did express concern about proliferation. "We're very concerned about any evidence of, any indication of, proliferation," she said. "And we're handling those in appropriate diplomatic channels." She also tried to draw a line between nuclear proliferation and the peace process. "The issues of proliferation do not affect the Palestinian-Israeli peace efforts we are making," she said, warning sides against actions that could derail the peace effort. "This is the time to be extremely careful," she said. Uzi Arad, who formerly worked for Mossad, Israel's intelligence agency, and was the national security adviser under former Prime Minister [Benjamin Netanyahu](#), said that he did not know what Israel bombed in Syria but that a nuclear reactor was plausible. North Korea's route to a nuclear weapon was based on plutonium, he said, adding that "North Korea has the technology, and its approach to life showed that technology was something to be traded." (Steven Erlanger, "Rice and Israelis Silent on Reports of Bombing within Syria," *New York Times*, October 15, 2007, p. A-8) The article "overstated the conclusion Israeli and American intelligence analysts had drawn about the target. While they judged the facility to be a partly constructed nuclear reactor, they said **it was of apparent North Korean design; they did not say so definitively.**" (Correction, *New York Times*, October 18, 2007, p. A-2) "The International Atomic Energy Agency is in contact with the Syrian authorities to verify the authenticity of these reports," said IAEA spokesman Melissa Fleming. "The IAEA has no information about any undeclared nuclear facility in Syria and no information about recent reports." (Reuters, "U.N. Watchdog Asks Syria about Atom Reactor Reports," October 15, 2007) "If you are Israel and you are looking at this, the value of striking Syria is that it sends a signal including to the Iranians," Michael Green says. "This follows the Chinese proverb that sometimes you have to kill the chicken to scare the monkey." By contrast, for Bush, Israeli preemption could get in the way of his two biggest projects - getting on a path to stabilize the Middle East and getting North Korea to give up its weapons." (David E. Sanger, Pre-Emptive Caution: The Case of Syria," *New York Times*, October 17, 2007, p. A-8)

10/13-14/07

Informal Japan-DPRK bilateral in Shenyang. Shigeo Yamada, director of the Foreign Ministry's Northeast Asia Division, met with Song Il Ho, ambassador in charge of normalization talks between the two countries, A Foreign Ministry senior official said the meeting was intended "to prepare and make arrangements for the next round of working-level talks." He added, however, that the delegates failed to agree on the schedule of the meeting. (*Yomiuri Shimbun*, "Japan, N. Korea Hold Informal Talks in China," October 16, 2007)

- 10/14/07 Japan FM Komura Masahiko told reporters on Sunday in an exchange shown on NHK television it was necessary to hold bilateral talks with North Korea secretly when needed, but declined to comment on media reports the two countries were holding informal talks, "It is necessary to hold talks below surface when needed." (Reuters, "Japan Says Secret Talks with N.Korea Necessary," October 14, 2007) "We have to resolve the issue as soon as possible," PM Fukuda tells Diet. "The abduction issue has to be solved through serious talks between Japan and North Korea." "Without solving problems with North Korea over abductions, its nuclear program and missiles, we cannot achieve stability in this region," he says. "I will tackle these problems seriously, in part through the six-party talks, but we can't spend too much time on them as there are people who have long suffered," he said referring to the abductees. Chief cabinet secretary Machimura declines to give details of "informal" talks. (AFP, "Japanese PM Wants to Resolve Row with North Korea Soon," October 15, 2007)
- Japan hosts seven-nation three-day PSI drill. (Yomiuri Shimbun, "Japan Hosts 7-Nation WMD Drill," October 14, 2007) FM Song Min-soon tell press it is "too early" to discuss a declaration to end the war. "What we can consider right now is when to start negotiations to cooperate in building a peace regime on the peninsula," he says on return home from Europe. "I'm not sure whether we can define the start of the negotiations on the peace regime as any kind of declaration. But the declaration itself would come at the very end of the negotiations." (Jung Sung-ki, "Too Early to Talk about End of Korean War," *Korea Times*, October 14, 2007)
- 10/15/07 Chung Dong-young wins United New Democratic Party nomination at party convention.
- 10/16/07 Hill remarks to the Sydney (Australia) Institute: "We have had a lot of discussions with the North Koreans...I think that by the end of the year we have good reason to believe that whatever uranium enrichment program they have going, they will not have going by the end of the year." "We have been talking to the North Koreans about making sure there is no fuel to put back in the reactor," Hill said in off-the-cuff remarks to the Sydney Institute. "We have good reason to believe that beginning in the new year, '08, we will have a problem in North Korea that is reduced to the presence of 50 kilos of separated plutonium -- plutonium that has already been produced from this 5 megawatt reactor in Yongbyon," Hill said. **"We need to get Korea to abandon that 50 kilos and that will be the toughest sell. If we do get to this point of 50 kilos, one thing we have agreed to start with is the peace process on the Korean peninsula."** "We have to be very concerned about North Korea's proliferation activities," Hill said. "We have to view these things with great concern and I have raised them with North Korea and will continue to do that." South Korea nuclear envoy Chun Yung-woo told reporters, "It is the government's goal to accomplish complete denuclearization (of North Korea) as early as summer next year, if we can begin dismantlement following disablement." (Michael Perry, "U.S. Sees North Korea Ending Uranium Enrichment," Reuters, October 16, 2007)

- 10/17/07 Inter-Korean family reunions held. 97 North Koreans will meet 404 relatives in first round, 94 South Koreans will meet 219 relatives in second Saturday to Monday. (Jung Sung-ki, "Inter-Korean Family Reunions Resume," *Korea Times*, October 17, 2007)
- 10/19/07 Roh tells foreign reporters, "The reason that North Korea wants to resolve the nuclear issue is because it wants to improve relations with the United States." (Reuters, "Improved U.S. Ties Lures North Korea to Nuclear Deal - Roh," October 19, 2007)
- 10/21/07 Choe Thae-bok, speakers of Supreme People's Assembly, in Syria meets with PM Naji Otari. (Associated Press, "N. Korean Meets with Syrian Premier," October 21, 2007)
- 10/23/07 South Korea has a 620-mile range cruise missile with TERCOM. How many it has and whether it is deployed are not known. The ROK army denies the report by Yonhap. (Hyungjin Kim, "Report: South Korea Has Longer-Range Missile," Associated Press, October 23, 2007)
- South Korea extends 1,200-man Iraq deployment. (Jin Dae-woong, "Troop deployment Emerges As Key Campaign Issue," *Korea Herald*, October 24, 2007)

Albright disablement options: "Temporary disablement options that have been considered include: Destroying or otherwise rendering inoperative the mechanisms that permit the neutron-absorbing control rods to be pulled from the reactor, a step necessary to restart the reactor. The control rods could also be removed from the reactor and stored, destroyed, or moved out of the country. The reactor is cooled by blowing carbon dioxide into the reactor core. To stop the ability of the DPRK to cool the reactor, the gas blowers could be removed and destroyed, preventing the primary cooling of the reactor. The heat in the carbon dioxide gas is transferred to a secondary cooling circuit that uses water. The heat transfer equipment could be disabled or destroyed, making it impossible for the excess heat to be extracted from the reactor core. Another option is to demolish the single cooling tower near the reactor. Prevent new fuel from being loaded into the reactor by removing and rendering inoperative the fuel rod handling machine. A neutron-absorbing material, such as cadmium or gadolinium, could be dispersed in powder form in the fuel and control rod channels. Concrete or epoxy resin with hard bits could be poured into the fuel channels. The additives would make the repair more time consuming. Salty water could be poured in all the control panels of the reactor. The reactor core is shielded on top and on its side by several meters of concrete. This concrete shell could be partially destroyed, making it unsafe to restart the reactor without repairs. Cut off all instrumentation flush with the surface of the biological shield of the reactor. All of these temporary disablement options could be implemented within a few months. These options pose little risk of radiation release and are straightforward to plan and implement. After disablement, inspectors could easily observe the continuity of disablement, particularly with the options of removing the control rods, cutting or removing portions of the secondary cooling circuit (or destroying the cooling tower), or removing the gas blowers." (David Albright and Paul Brannan, "Disabling DPRK Nuclear Facilities," *USIP Working Paper*, October 23, 2007)

10/24/07

FM Song: "We (the two Koreas) are technically at war, and in order to end the war and enter a state of peace, we need a process of ending it," Song told a press briefing. "The declaration of ending a war always comes at the first stage of peace treaties or other forms of agreement for normalizing relations. It comes out after discussion on how to maintain peace." The minister stressed that declaring the start of negotiations for peace on the peninsula is a totally different concept from declaring the end of war. "The declaration of the end of war would be part of peace treaty," Song said. "There is a debate on who should make the declaration and when the declaration should be made, but those things are minor issues." (Yoon Win-sup, "War-Ending Declaration Is Part of Peace Treaty," *Korea Times*, October 24, 2007)

Rice had a tense private meeting with Representative Ileana Ros-Lehtinen of Florida, the senior Republican on the House Foreign Affairs Committee on October 24. Just days earlier, Ros-Lehtinen was the co-author of an opinion article questioning the White House approach, which offers incentives to North Korea to dismantle its nuclear program. That article also criticized the Bush administration for what it called the "veil of secrecy" surrounding intelligence that led to an Israeli airstrike in Syria. One senior administration official, who has seen the intelligence about the Syrian site and advocates a tougher line against North Korea, said he was frustrated that even in light of possible North Korean help on a Syrian nuclear program, "we are shaking hands with the North Koreans because they have once again told us they are going to disarm." "Republicans are brokenhearted that the administration has done a complete U-turn on this issue," said former UN ambassador John Bolton. But chairman of the Senate Foreign Relations Committee Joseph Biden said the new intelligence was even more reason to take a diplomatic approach to North Korea: "To rein these guys inside a deal that has some transparency." Rice went before the House Foreign Affairs Committee and defended her diplomatic approach to North Korea, saying she was using "the teeth of diplomacy, not just the carrots of diplomacy." This elicited a challenge from Representative Tom Tancredo, Republican of Colorado. "I would really like to know specifically what those teeth might be," he said. Rice refused to comment on the Israeli strike, but repeated what has become the official view about any North Korean involvement in a Syrian nuclear program: "The president has made very clear that North Korean or Syrian or anybody else's proliferation is of deep concern to the United States." Tancredo persisted: "So if in fact it turns out to be the case that they did provide weaponry or some form of nuclear materials to Syria, then that would put them in violation of the agreement?" Rice again refused to be pinned down, "The United States is finally in a position to perhaps do something about the North Korean program, and I think we want to keep that capability." (Mark Mazzetti and William Broad, "The Right Confronts Rice over North Korea Policy," *New York Times*, October 25, 2007, p. A-)

10/25/07

Kyoko Nakayama, special adviser to Prime Minister Fukuda on the kidnappings, in AFP interview, says, **"If the US moves while completely ignoring the abduction issue, you can expect that relations between Japan and the United States will not improve."** Ms. Nakayama added, **"Japan believes the eight (people) that North Korea claims as dead are still alive** and are being used as translators or teachers," North Korea had also kidnapped people of other nationalities, including hundreds of

South Koreans, she said. "A country that does not free hostages is a terrorist state, pure and simple," she said. Thomas Schieffer, US ambassador to Japan, said Washington was concerned about the abductions and that the allies "are not going to be divided over this issue." Schieffer told a news conference on October 24. "We believe there has to be substantial progress on the abduction issue for North Korea to rejoin the mainstream of the international community. We hope that would occur." (Singapore *Straits-Times*, "Japan Warns US over North Korea," October 25, 2007)

10/26/07

J. Thomas Schieffer, the U.S. ambassador to Japan, sent President Bush an unusual private cable this week warning that the pending nuclear deal with North Korea could harm relations with Japan. He also complained that the U.S. Embassy had been left in the dark while the deal -- which could include North Korea's removal from the U.S. list of state sponsors of terrorism -- was negotiated by top State Department officials. Schieffer's cable was described by sources who had read it. Both Schieffer and the White House acknowledged the existence of the cable, which was numbered Tokyo 004947, but they declined to discuss it in detail. "Communications between myself and the President are privileged," Schieffer said in an e-mailed statement Wednesday night. "I never discuss them with others." (Glenn Kessler, "Envoy Warns of N. Korea Fallout," *Washington Post*, October 26, 2007, p. A-8) "In the process of pursuing his 'Lone Ranger' policy," noted a former State Department official, "Hill as overreached ... and started to use up his bureaucratic capital in Washington. Despite the weakening of the neocons, he has created new adversaries in Congress and elsewhere in the administration." A onetime senior State Department Northeast Asia expert observed, "The Japanese feel they are being betrayed. The feeling is extremely strong up and down the bureaucracy." (Chinoy, *Meltdown*, p. 353)

FM Komura Masahiko tells reporters, "If some of them can return home, it's progress. There's no doubt about it." Komura said Japan has yet to decide on lifting its sanctions, which include a ban on all trade with the impoverished state. "But if progress is made, we will take action in accordance with that progress, which is natural for the sake of improvement of relations between Japan and North Korea," he said. But Chief Cabinet Secretary Machimura Nobutaka quickly distanced the government from Komura's remarks. "I don't mean to criticize Minister Komura, but talking about things like how many people should return would give the wrong impression," Machimura told reporters. "We're not thinking about the prospects for a certain number of abductees returning," he said. "We seek only the return of all the abducted citizens." (AFP, "Japan Says No Compromise on North Korea Sanctions," October 27, 2007)

UN Special Rapporteur on Human Rights in North Korea Vitit Muntarbhorn said his report to a General Assembly panel recognized "some constructive developments," with North Korea now a party to four human rights treaties, including on discrimination against women and on the rights of the child. Muntarbhorn, who has never been allowed to visit, said Pyongyang has been "collaborating quite well with UN agencies," providing a lot of access particularly since the devastating floods last August which left at least 600 people dead or missing. He also said progress in the six-nation talks on the dismantling of the North Korean program had "a constructive impact on human rights, particularly with various bilateral talks." But he also made it clear that North Korea

should "reform its prison system, eliminate violence against the human person, address effectively the issue of abductions/disappearances and promote due process of law and the rule of law." (AFP, "North Korea More Constructive on Human Rights: UN," October 27, 2007)

10/29-30/07 In first high-level Chinese visit in a year, CCP central Committee Publicity Department head Liu Yunshan in Pyongyang, meets Kim Jong-il and delivers oral message from President Hu, expressing willingness to continue the principles of "carry tradition forward, look to the future, be friendly neighbors, step up cooperation" and make greater contributions to regional peace stability. [No mention of alliance, just normal friends.] (Scott Snyder, "China-Korea Relations: Underhanded Tactics and Stolen Secrets," Comparative Connections, January 2008)

10/30/07 Hu takes up abduction issue with DPRK for first time. Hu encouraged the North Korean leader to make progress on the abduction issue, stating that China "hopes for an earlier improvement of the bilateral relationship between Japan and North Korea" and that "the improvement will benefit North Korea, too," according to sources. Liu Yunshan, head of the Publicity Department of the Chinese Communist Party's Central Committee, conveyed Hu's message to Kim when visiting Pyongyang on Oct. 30. (Saeki Satoshi, "Hu Pressed Kim Jong Il on Abductions; Beijing Envoy Pushed Issue on Pyongyang Visit," *Yomiuri Shimbun*, December 7, 2007)

Pirates seize North Korean-flagged ship Dai Hong Dan off Somalia. The USS James E. Williams, an Arleigh-Burke-class destroyer, dispatched a helicopter to investigate after receiving a call from the International Maritime Bureau about the ship early this morning, the Navy said in a press release. The U.S. destroyer arrived in the vicinity of the North Korean ship at midday and contacted the pirates, ordering them to give up their weapons, it said. "At that point, the Korean crew confronted the pirates and regained control of the ship, and then began communicating with the James E. Williams, requesting medical assistance," the Navy said. Three seriously injured crew members have been transferred to the U.S. vessel for treatment, it said. Initial reports said two pirates were killed. (Yonhap, "U.S. Navy Helps Crew of Hijacked North Korea Ship," October 31, 2007)

10/31/07 Hill-Kim Gye-gwan bilateral in Beijing. "It was a useful exchange of information. It was not a negotiation," U.S. envoy Christopher Hill told reporters of his meeting with his North Korean counterpart, Kim Kye-gwan. "We're at a phase now where we're talking a lot about nuts and bolts." This will be the second visit to North Korea by U.S. nuclear experts within a month, as Washington pushes Pyongyang to see through a deal that aims for major disarmament steps in the next 60 days. Kim told reporters that North Korea would "seriously implement" the agreement Kyodo reported. "At this stage, there are no major differences in opinion." Hill also met Wu Dawei to plan six-party foreign ministers' meeting. (Lindsey Beck, "U.S. Team to Push North Korea Nuclear Disabling," Reuters, October 31, 2007) "The declaration is going to be very tricky and difficult," said one of Hill's colleagues. "They want it to be a situation in which we confront them with evidence and they provide an explanation," said one U.S. official familiar with the negotiations. "And of course what we want is for them to come clean

on what they've done and then we match it up with what we have." Hill said, "We're asking them questions. They're giving us some answers. It's beyond 'We don't have any material you say we have.' But they're not 'fessing up yet to an enrichment program. But they've admitted buying some of the things. They tried to show us they were using them for conventional purposes." But one official said, "Their story didn't add up. They were lying."(Chinoy, *Meltdown*, p. 347)

The amicable atmosphere at a dinner party held at the U.S. envoy's residence in Tokyo's Roppongi district on Oct. 31 turned gloomy when DAS of State Alexander Arvizu made a statement to the effect that Washington would remove North Korea from a list of state sponsors of terrorism provided it did not commit a terrorist attack within a period of six months. Pyongyang's abductions of Japanese people would not be factored into the decision. Japanese attendees at the dinner comprised eight members of the parliamentarian league on the abduction issue, including former Economy, Trade and Industry Minister Hiranuma Takeo and former LDP Policy Research Council Chairman Nakagawa Shoichi. (*Yomiuri Shimbun*, "North Korea's Nuclear Threat: Fukuda to Walk Diplomatic Tightrope in U.S." November 16, 2007)

11/2/07 Hill: "Our position, which we've had for a long time and continue to have, is that upon substantial disablement -- which we believe we are about to enter, that phase -- we would hope that we could begin a peace negotiation process that would conclude, and that we could reach a final peace arrangement, when the DPRK finally abandons its nuclear weapons and nuclear programs pursuant to the September '05 agreement. So we have not changed our position on that." On the list: "[w]e are expecting the first draft of the declaration probably in the next couple of weeks." On disabling: "[w]e don't think people should get too hung up on how many theoretical months it would take to reconstitute the program, because we don't want any reconstitution of the program." On the terrorism list: "what we look for in getting North Korea off this list is that they have stopped all terrorism acts and are fully signed up to UN covenants on terrorism. So we are looking for them to comply with our law. It is important to understand that this terrorism list is a list that comes out, is a U.S. list that is determined by our own legal processes. So we need to add countries or remove countries according to our own legal basis." (DOS, "Press Availability at MOFAT Lobby," Seoul, November 2, 2007)

Lee Hoi-chang announced presidential bid.

Ozawa proposes grand coalition to Fukuda; later under DPJ pressure, turns it down. Two day later he resigns as DPJ head saying, "The DPJ still lacks the capacity to achieve its political goals. It will be difficult to win the next House of Representatives election." After furor, he retracts resignation two days later. (*Yomiuri Shimbun*, "Ozawa's Decision to Quit - Why and What's Next? DPJ Members Now Free to Voice Anger," November 6, 2007)

11/3/07 Saturday, 03 November 2007, 05:03  
 `S E C R E T STATE 152317  
**EO 12958** DECL: 10/31/2027

**TAGS**

PARM,

PREL

**SUBJECT: POST REQUESTED TO FOLLOW UP ON ONGOING MATTERS OF**

PROLIFERATION CONCERN RAISED AT APEC BY PRESIDENT BUSH  
REF: (A)STATE 071143, (B)STATE 073601, (C)STATE 72896, (D)BEIJING 5361, (E)  
STATE 148514

CLASSIFIED BY EAP DAS THOMAS J. CHRISTENSEN: 1.4 (B) AND (D).

### **Summary**

Condoleezza Rice instructs the US ambassador in Beijing to raise "at the highest level possible" that Chinese authorities should halt a delivery from North Korea of Iran of missile components that could be used on a nuclear bomb. Key passages highlighted in yellow.

1. (S) URGENT ACTION REQUEST: IN SEPTEMBER DURING THEIR MEETING AT THE APEC SUMMIT IN SYDNEY AUSTRALIA, PRESIDENT BUSH DISCUSSED WITH CHINESE PRESIDENT HU STRONG CONCERNS RELATING TO THE ONGOING TRANSSHIPMENT VIA BEIJING OF KEY BALLISTIC MISSILE PARTS FROM NORTH KOREA TO IRAN'S MISSILE PROGRAM. PRESIDENT BUSH PLEDGED TO RESPOND TO PRESIDENT HU'S REQUESTS FOR FURTHER INFORMATION. EMBASSY SHOULD ON NOVEMBER 3 AT THE MOST EFFECTIVE LEVEL POSSIBLE, DELIVER THE NON-PAPER IN PARA 8 WHICH RELATES TO SPECIFIC, TIME- SENSITIVE INFORMATION ABOUT AN IMMINENT TRANSSHIPMENT. IN ADDITION, AT THE EARLIEST OPPORTUNITY POST SHOULD DELIVER THE NON-PAPER IN PARA 9 TO MFA AT THE HIGHEST LEVEL POSSIBLE, PREFERABLY BY THE AMBASSADOR SINCE THIS IS IN RESPONSE TO PRESIDENTIAL-LEVEL DISCUSSIONS.

### OBJECTIVES

2. (S/REL CHINA) Post should:

--(This point for November 3 Delivery) Request China to stop an imminent shipment to Iran's ballistic missile program. This is the same cargo that the Ambassador shared about on October 25 (ref E). It is now scheduled to leave Beijing airport on November 4.

--(This point for November 3 Delivery) Note the importance of this demarche since it relates to a topic discussed by Presidents Bush and Hu in Sydney. Embassy should further note that the Embassy will be seeking an appointment at the highest level possible to convey a more extensive presentation on this topic of ballistic missile parts from North Korea to Iran.

--Remind Chinese officials that President Bush has been personally engaged on the issue of the transshipment of ballistic missile parts between North Korea and Iran via Beijing and that he raised this issue with President Hu at the APEC Summit.

-- Seek information on the steps China has taken since the APEC discussion to address this issue and impress on them the necessity for China to take immediate strong action.

- Stress that the credibility of UN Security Council actions must be maintained by vigorous implementation by UN Member States of UNSC resolutions calling for Chapter VII sanctions, particularly 1718, 1737, and 1747.
- Indicate that the U.S. believes that the proliferation of missile technology between North Korea and Iran will increase and that these two countries will attempt to conduct these transfers through Chinese territory.
- Emphasize the need to inspect cargo and personal goods on regularly scheduled flights transiting Beijing from North Korea to Iran in order to detect and deter these shipments.
- Explain to Chinese officials that the U.S. carefully reviews the intelligence material that we have on shipments before we share it, and we ask that Chinese authorities respect this and act on our information accordingly and appropriately.
- Indicate that the United States believes that we can work together cooperatively and effectively on these issues.
- Express our willingness to continue to share as much information as possible to assist China's efforts to uphold these UN Security Council resolutions.

Background: Ballistic Missile Parts Shipped via Beijing Between North Korea and Iran.

3. (S/Rel China) Iran and North Korea have continued their longstanding cooperation on ballistic missile technology, via air- shipments of ballistic-missile related items. We assess that some of these shipments consist of ballistic missile jet vanes that frequently transit Beijing on regularly scheduled flights on Air Koryo and Iran Air. We believe that the Shahid Bagheri Industrial Group (SBIG) is the probable end user for these parts. SBIG is listed in the annex to UNSCR 1737 and these jet vanes are controlled under Item 10.A.2 of the Missile Technology Control Regime and Item 6 of China's missile- related export control regulations. Moreover, UNSCRs 1718 and 1737 prohibit the transfer to or from North Korea or Iran, respectively, of jet vanes and any other item listed in UNSC document S/2006/815. These shipments therefore represent violations of UNSCRs 1718 and 1737.
4. (S/Rel China) The U.S. has raised this issue with China at the highest levels several times in the last few months. In May 2007, the United States informed China of imminent shipments on three separate occasions (Refs A,B and C). Though Chinese officials informed Embassy Beijing that China's investigations have found no evidence of these transfers, it appears that these shipments did occur and are continuing to transit via Beijing. In addition this issue was raised by ISN PDAS Patricia McNerney during bilateral nonproliferation talks in August 2007 (Ref D). The Deputy Secretary also raised this issue with Executive Vice Foreign Minister (EVFM) Dai Bingguo via during a telephone conversation in August. Finally, in September 2007, President Bush discussed this issue with Chinese President Hu at the APEC summit in Sydney. The two leaders agreed that the USG would provide the PRC with further information on these transfers.

5. (S/Rel China) On October 25 the U.S. provided PRC officials with detailed information, including the airway bill and flight number, of another imminent shipment of military related goods from North Korea to Iran via Beijing. This shipment was also assessed as destined for Iran's solid propellant missile development organization, the Shahid Bagheri Industries Group (SBIG). **We now have information that the goods will be shipped on November 4 and insist on a substantive response from China to this information.**
6. (S/Rel China) Our information indicates that at least 10 air shipments of jet vanes have transited Beijing thus far and that these shipments will not only continue but will also grow in volume. We have encouraged the Chinese to undertake frequent inspections of cargo on Air Koryo or Iran Air flights transiting Beijing from North Korea to both deter and detect these shipments.
7. (S/Rel China) The Department is seeking both immediate action on this new information and a strategic approach with regards to this critical issue. **We assess that the best way to prevent these shipments in the future is for Chinese authorities to take action, such as those identified in para 9, that will make the Beijing airport a less hospitable transfer point.**

NON-PAPER ON URGENT MATTER TO BE DELIVERED NOVEMBER 3

8. (S/Rel China) Begin points:

- Last week we raised with you information regarding North Korean plans to send a shipment, probably for Iran's ballistic missile program, to Iran. We believe the cargo is intended for Iran's Shahid Bagheri Industrial Group (SBIG), which is responsible for Iran's solid-propellant ballistic missile program. You had requested additional information.
- We now have reason to believe that the items above will be shipped to Iran via scheduled Iran Air flight on November 4.
- If these goods are missile-related, North Korea is prohibited under UNSCR 1718 from exporting missile-related items and UN Member States are prohibited from importing those items. In addition, North Korea would potentially be precluded under UNSCR 1737 from transferring these items to Iran if they are among the missile-related components included in S/2006/815 or if North Korea or China determines that they would contribute to the development of nuclear weapon delivery systems. Moreover, SBIG is designated in United Nations Security Council Resolution (UNSCR) 1737 and, as such, is subject to the mandatory asset freeze called for in the resolution. With these concerns in mind we are asking that Chinese authorities investigate this shipment and prohibit it from proceeding to Iran.

BEGIN NON-PAPER FOR DELIVERY BY AMBASSADOR

9. (S/REL CHINA) Begin Points:

- Over the past several months we have raised with Chinese officials the problem of ballistic missile-related transfers between Iran and North Korea being transshipped through China. President Bush raised U.S. concerns on this matter with President Hu during the APEC summit in Sydney, demonstrating the importance of the issue to the United States. In response to President Hu's request for additional details, we are providing you further information regarding these activities. Specifically, we are urgently providing information regarding an imminent shipment of serious concern.
  
- North Korea is prohibited under UNSCR 1718 from exporting missile-related items and UN Member States are prohibited from importing those items. In addition, North Korea would potentially be precluded under UNSCR 1737 from transferring these items to Iran if they are among the missile-related components included in S/2006/815 or if North Korea or China determines that they would contribute to the development of nuclear weapon delivery systems. Moreover, SBIG is designated in United Nations Security Council Resolution (UNSCR) 1737 and, as such, is subject to the mandatory asset freeze called for in the resolution. With these concerns in mind we are insisting that Chinese authorities urgently investigate this shipment and prohibit it from proceeding to Iran.
  
- We are very concerned that North Korean shipments of jet vanes occur on regularly scheduled commercial air flights transiting through Beijing. We believe this has been the case on about 10 flights.
  
- These items are likely intended for Iran's solid propellant missile development organization, the Shahid Bagheri Industries Group (SBIG).
  
- These cargo shipments probably include front companies.
  
- We have identified a large number of shipments beginning late last year of what are probably ballistic missile-related items that have transited Beijing, and we would like to share further information on these shipments.
  
- [DETAILS REMOVED] December 2006: A delegation from SBIG returned from Pyongyang probably via Beijing and transported what we assess to be jet vanes for a solid propellant medium range ballistic missile (MRBM) under development in Iran.
  
- On or about [DETAILS REMOVED] January 2007: North Korea delivered what were probably jet vanes for Iran's developmental solid propellant MRBM to SBIG via Beijing on board regularly-scheduled commercial passenger flights.
  
- On or around [DETAILS REMOVED] January 2007: North Korea delivered what were probably jet vanes for Iran's developmental solid propellant MRBM to SBIG via Beijing on board regularly-scheduled commercial passenger flights.
  
- On or about [DETAILS REMOVED] May 2007: An air shipment composed of four what were probably jet vanes from North Korea to Iran for SBIG was scheduled to depart North Korea and transit Beijing via regularly-scheduled commercial passenger flights.

- On or about [DETAILS REMOVED] May 2007: An air shipment composed of five what were probably jet vanes from North Korea to Iran for SBIG was scheduled to depart North Korea and transit Beijing via regularly-scheduled commercial passenger flights.
- On or about [DETAILS REMOVED] June 2007: An air shipment composed of four what were probably jet vanes from North Korea to Iran for SBIG was scheduled to depart North Korea and transit Beijing via regularly-scheduled commercial passenger flights.
- On or about [DETAILS REMOVED] June 2007: An air shipment composed of five what were probably jet vanes from North Korea to Iran for SBIG was scheduled to depart North Korea and transit Beijing via regularly- scheduled commercial passenger flights.
- On or about [DETAILS REMOVED] June 2007: An air shipment composed of three what were probably jet vanes from North Korea to Iran for SBIG was scheduled to depart North Korea and transit Beijing via regularly- scheduled commercial passenger flights.
- On or about [DETAILS REMOVED] July 2007: An air shipment composed of ten what were probably jet vanes from North Korea to Iran for SBIG was scheduled to depart North Korea and transit Beijing via regularly-scheduled commercial passenger flights.
- On or about [DETAILS REMOVED] July 2007: An air shipment possibly composed of an unknown number of jet vanes from North Korea to Iran for SBIG was scheduled to depart North Korea and transit Beijing via regularly- scheduled commercial passenger flights.
- On or about [DETAILS REMOVED] August: An air shipment possibly composed of one jet vane from North Korea to Iran for SBIG was scheduled to depart North Korea and transit Beijing via regularly-scheduled commercial passenger flights.
- We believe that the number of jet vanes sent to Iran will increase dramatically in the future.
- To date we believe that about 40 probable jet vanes have been sent from North Korea to Iran.
- The contract for these components called for a total number of 500 and we assess that shipments of these may increase to a rate of 100- 160 per month.
- In addition, our information indicates that a second order of 1,500 components - possibly additional jet vanes - was agreed to in December of last year.
- We believe that this trade will continue to utilize regularly- scheduled commercial passenger flights.
- As we have discussed on several occasions, Iran also has been seeking probable tungsten-copper alloy plates from China's Dalian Sunny Industries, also known as LIMMT. Dalian Sunny Industries shipped part of an order for this material in September. These plates are suitable for Iranian domestic production of jet vanes or as an insulator for ballistic missile components. Iran could be seeking these plates in case North Korea is unable to provide the quantity or quality of jet vanes required.

--We urge you to prevent such shipments via whatever action you deem appropriate, including frequent inspection of [NAMES REMOVED] flights. The use of regularly-scheduled commercial passenger flights indicates that frequent regular inspections of [NAMESREMOVED] flights are in order and would help deter these shipments in the future.

--We will continue to provide you with relevant information to help end this proliferation.

#### Reporting Requirement and POC

10. (U) Please report delivery of cable and any immediate response by November 8, 2007.

11. (U) Washington point-of-contact for follow-up information is Matthew Zartman (202) 647-7588, zartmanml@state.gov. Please slug all responses for ISN, T, and EAP. Washington appreciates Post's assistance. RICE

11/5/07            Disablement "off to a good start," says State Department official Sung Kim. (Jon Herskovitz, "North Korea Nuclear Reversal Off to Good Start," Reuters, November 6, 2007) Fuel rods are to be removed to cooling pond, mechanism for removing them to be disabled and new rods for the 5 mw reactor to be made unusable.

11/?/07            North Korean experts discussed how to load chemical weapons onto missiles when they met with officials in Syria during a secret visit to the country earlier in November, Damascus invited the experts for their advice as part of Syria's drive to develop its short-range "Scud C" missiles, Sankei said in its Washington-dated story, citing unidentified individuals familiar with Middle East affairs. The testing has been halted since July after one of the surface-to-surface missiles exploded at a military complex near the northern city of Aleppo, the Sankei said. The explosion took place at the site of a joint Iranian/Syrian project to fit short-range ballistic missiles with chemical warheads, according to Jane's Defense Weekly. Jane's cited Syrian defense sources as saying it happened during a test to fit a Scud C missile with a mustard-gas warhead when fuel caught fire at the production site. (Associated Press, "North Korea, Syria Debated Chemical Arms," *Jerusalem Post*, November 26, 2007)

11/10/07            FM Song on the need to take North Korea off the list of state sponsors of terrorism: "Any side balk at this agreement, that justifies others to renege," he said at the Woodrow Wilson International Center for Scholars. "We should not give each other any justification of reneging from this agreement." (Foster Klug, "S. Korean Minister Warns on Nuke Accord," Associated Press, November 10, 2007)

11/12/07            Fukuda interview: "FT: Also on the American trip you will obviously discuss North Korea. It is possible when you are there that Mr. Bush will say that America is moving towards taking North Korea off the list of terror sponsoring countries. Is that something that Japan can live with in the interests of a broader agreement with North Korea on nuclear disarmament? YF: We certainly do not think that the US is engaging in its discussions over nuclear disarmament with North Korea in a lax manner. The North Korean nuclear weapons certainly are a major threat to Japan. And we do support the

direction of US talks with North Korea. And we very much hope that those talks will be consummated in as perfect a manner as possible. FT: And in terms of the abductee issue, Japan would not object and say: 'No this must stop. We don't like this.' You would not so much back down as allow the process to go ahead even though the abductee issue hadn't been fully addressed? YF: Of course it will be desirable to see North Korean nuclear programs removed and we attach importance to the removal of North Korean missile threats. And the abduction issue needs to be settled and we believe that Japan needs to negotiate with North Korea in order to see the settlement of these three issues more or less at the same time." (David Pilling, "Premier Prepared to Take Softer Japanese Line on North Korea," *Financial Times*, November 13, 2007)

11/13/07 Q. You don't think -- dealing with the abductee issue, a condition of removing them -- you don't feel that satisfying the Japanese on that is a condition for removing North Koreans from the state sponsors list; right? Tom Casey, DOS spokesman Well, the state sponsors -- how one gets on the state sponsors list is in accordance with U.S. law. And that is how North Korea can and would be removed from the list. In terms of the abductee issue, the two are not necessarily specifically linked. (DoS Daily Briefing, November 13, 2007)

Construction begins on the U.S. military's new Korean headquarters in Pyeongtaek, about 40 miles south of Seoul, part of a movement of American forces away from the North Korean border. (Bert Herman, "Construction of U.S. Base in Korea Begins," Associated Press, November 13, 2007)

Roh during a symposium on Northeast Asian peace dynamics in Pusan: "What we call this declaration is not important," Roh said. "What is more important is the timing. If the declaration [that the Korean War is over] comes in the final stages of the peace negotiations, it would be nothing more than a gesture signaling the end of the negotiations. What we need is something to signal the start of a peace regime." (Kim Ji-hyun, "Roh Proposes Peace Summit before N. K. Denuclearization," *Korea Herald*, November 14, 2007)

Lee Hoi-chang criticizes Lee Myung-bak "zig-zag" on North Korea policy: "Regarding the Republic of Korea's identity and ideology, (the leader) should have clear philosophy and principle on them, regardless of ideological inclination of left or right," said Lee. "[The leader] should implement policies toward North Korea focused on dismantling the North's nuclear weapons program and reforming and opening the reclusive state." (Jung Sung-ki, "Independent Hits Frontrunner's 'Zig-Zag' NK Policy," *Korea Times*, November 13, 2007)

Christian Whiton, deputy special envoy for human rights in North Korea, says, "When government leaders speak clearly about human rights, it can help those in repressive countries immensely. A recent example of this has occurred over the past several months, with separate meetings between the leaders of Canada, Germany and the U.S. and the Dalai Lama, a widely revered spiritual figure," Whiton told the Transatlantic Institute in Belgium. The meetings with the Tibetan leader drew criticism from China. "The three leaders were willing to sustain this criticism in order to signal the importance they

place in a key human rights issue," he said. "When leaders of free nations take the time to signal their support for human rights movements, to meet with leaders of the movement, it can have a powerful effect." (Yonhap, "World Leaders Called on to Meet NK Human Rights Activists," *Korea Times*, November 13, 2007)

11/14/07 N-S prime ministerial talks open in Seoul, the first in fifteen years. KCNA reports DPRK PM Kim Yong-il said, "For the Koreans to pool their will and efforts provides a sure guarantee for implementing the joint declaration, Kim said, adding: Proceeding from such viewpoint, the north and the south should promptly take positive steps to put into practice the matters specified in the points of the declaration, including matters of commemorating June 15, refraining from interfering in each other's internal affairs and adjusting the legal and institutional mechanisms in favor of national reunification." (KCNA, "First Round of Inter-Korean Premier Talks Open," November 14, 2007) ROK PM Han Duck-soo proposed the creation of the peace zone project organization; facilities for communication, customs and transportation at the Gaeseong complex; construction of the shipyard; more frequent reunions of displaced families; and the return of South Koreans abducted by the North. The DPRK delegates suggested, among others, joint use of the Gaeseong-Sinuiju railway and Gaeseong-Pyongyang highway, the development of shipyards in the North and the expansion of the Gaeseong complex. The prime ministers agreed to form an organization for establishing a special cooperative peace zone in coastal areas of the West Sea, and to open a Munsan-Bongdong railway for freight trains this year. (Yoon Won-sup, "Koreas to Set Up Body for Peace Zone," *Korea Times*, November 15, 2007) "As both sides agree on the logistics demand and necessity to operate the railway from Munsan (of the South) and Bongdong (of the North), it appears likely that the railway will open by the end of the year," Kim Nam-shik, a spokesman for the Unification Ministry. *Chosun Sinbo* reports North's goal is to commence creation of shipbuilding industry and refurbish outdated railways and roads. (Lee Jo-hee, "Koreas to Open Cross-Border Freight Next Month," *Korea Herald*, November 15, 2007) South Korea weighs providing electricity to North shipyard. (Jung Sung-ki, "S. Korea to Supply Electricity to Shipyard in N. Korea," *Korea Times*, November 19, 2007)

11/15/07 Fukuda on departure for summit with Bush said to reporters that, if needed, he must listen to the views and circumstances of the United States concerning the issue but emphasized that it is "natural" for Japan to stand by its own position. (Kyodo, "Fukuda departs for U.S. for summit talks with Bush," November 15, 2007)

Green and Pryzstus: "The North Korea-Syria connection raises fundamental questions about whether Pyongyang has followed through on the third of its three threats to Jim Kelly in April 2003 (to expand their deterrent, which they did that year; to demonstrate their deterrent, which they did last year; and now to transfer their deterrent). Indeed the Syria connection highlights the issue of verification and the nature of the verification regime to be employed to validate Pyongyang's "full and complete" declaration. This pattern raises serious concerns in Tokyo about whether North Korea is reaping increased benefits from slowly handing over the decrepit Yongbyon facility, while positioning itself to continue developing its nuclear weapons capability and establishing itself as an accepted nuclear weapons state. The lack of consequences for

the October 2006 nuclear test and the absence of sticks in the current policy are particularly frustrating and alarming. Now add the abductee issue to the mix. In 2003, **the U.S. government declared in its annual report on terrorism that lifting North Korea from the list of state sponsors of terror would also require some progress on the abductee issue with Japan.** While "progress" was not defined, the policy clearly was not intended for Washington to unilaterally lift the terrorism sanctions on North Korea without working with Tokyo to achieve some measurable and concrete actions by the North. While the North may agree to meetings with the Japanese government, there have been no concrete actions with respect to the still missing Japanese abductees. Fukuda, though he is more flexible than Abe, will need those concrete steps from North Korea on the abductee issue if he is to sustain public support for the U.S. move on the terrorism list. The worse case scenario would be that the United States keeps its promise to remove North Korea from the list of state sponsors of terror by the end of the year, which would require a 45-day prior notification to Congress, exactly when Fukuda arrives in Washington. President Bush will not do that to Fukuda. But there is a push to announce the removal of North Korea from the list shortly after Fukuda is out of town. This second narrative could go in even less positive directions from that point, complicating everything from the debates over host nation support to the transfer of Marines from Okinawa to Guam (a price tag for Japan of billions of dollars). But at its core, the problem is the credibility of the U.S. as an ally in the wake of a nuclear test by North Korea - an event that everybody reading this essay once considered potentially catastrophic for Japan's strategic position. The second narrative we have described does not have to become the ground truth. Much will depend on the content of the final step of phase two of the February agreement and the specifics are not clear. Even an incomplete declaration or temporary disablement of Yongbyon is progress and we would applaud it. But the question is what things look like on the other side of the ledger. Did the U.S. cave on core principles? Did Washington expend its credibility for a temporary and highly reversible series of steps by the North? And did the United States betray an important commitment made to an ally in the process? **If the North Korean deliverables are impressive, then the U.S. and the other parties would be right to press Japan to be more flexible. But if those deliverables fall far short of expectations, then the United States would be foolhardy to damage our long-term credibility with a key ally for a symbolic and short-term agreement.** Mishandling the issue could hand Pyongyang a major strategic victory - the attenuation of the U.S.-Japan alliance. Either way, the abductee issue should not be discounted in the final calculus." (Michael Green and James Przystup, "The Abductee Issue is a Test of America's Strategic Credibility," PACNet 47)

NK FM Winston Peters, highest Westerner to visit Pyongyang since nuclear test, says, "I left the clear impression with the North Koreans that there is an enormous community out there that I believe would back their cooperation on this issue with significant investment and aid into the Korean people." (Reuters, "Peters Proposes Closeness If North Korea Follows Disarmament Plan," *New Zealand Herald*, November 18, 2007)

11/16/07

Bush-Fukuda summit. Bush: "We also discussed the issue of Japanese citizens abducted by North Korea. I reminded the Prime Minister of one of the most moving

moments of my presidency, when the mother of a young girl who had been abducted by the North Koreans came to visit me. I told her, and I'm going to tell the Japanese people once again, we will not forget this issue. I understand, Mr. Prime Minister, how important the issue is to the Japanese people, and we will not forget the Japanese abductees, nor their families." Fukuda: "With regard to North Korean nuclear programs, we agreed that Japan and U.S. need to maintain close coordination with each other, in order to achieve complete abandonment of all nuclear weapons and programs by North Korea, through the six-party talks. **President Bush stated that he will never forget the abduction issue, and on that basis he once again expressed his commitment for unchanged support to the Japanese government.**" (Office of the Press Secretary, "President Bush and Prime Minister Yasuo Fukuda of Japan in Joint Statements, Cross Hall, November 16, 2007) Bush expressed concern about whether Pyongyang was accurately reporting on its nuclear facilities and if it was committed to working to prevent nuclear proliferation. Those factors will likely prove crucial in any decision by Washington to remove North Korea from its list of terrorism-sponsoring states, said sources offering details of last Friday's summit talks. **Bush did not tell Fukuda outright that Washington would make progress on the abduction issue a condition for removing North Korea from the terrorism list. Nevertheless, his strong words on the issue were apparently enough to convince Fukuda that he did not need to raise the issue and beseech Bush not to remove North Korea from the list.** , Bush mentioned three conditions that would have to be met before North Korea would be removed from the list of terrorism-sponsoring states: progress in the disabling of North Korea's nuclear facilities; adequate reporting; and guarantees that Pyongyang would not proliferate nuclear technology. One U.S. government source said that while Bush did not link the abduction issue with removal from the terrorism list, he told Fukuda that removing North Korea from the list would not be a simple matter. When then Prime Minister Shinzo Abe met Bush in April, he asked that the United States make resolution of the abduction issue a condition for removing North Korea from the terrorism list. Fukuda did not make a similar request. While he told Bush that the abduction issue was important to Japan, he also emphasized the importance of resolving the issues of North Korea's nuclear weapons and missiles. (*Asahi Shimbun*, "N. Korea's Nuclear Efforts Lacking," November 22, 2007) Fukuda refrained from using the word "pressure" in reference to the North Korean issue. Earlier this month, Fukuda directed his aides "to do something to break the impasse in Japan-North Korea relations." A subtle change is seen in the environment surrounding the General Association of Korean Residents in Japan (Chongryon). **Sources said that under the previous administration of Abe, Chongryon-related organizations faced monthly police investigations on the premise of a strict application of the law. This legal pressure was recently lifted,** the sources added. Chongryon used to serve as an unofficial point of contact between Japan and North Korea. An aide to Fukuda said, **"Fukuda has more diplomatic connections with North Korea than Mr. Abe did."** (*Yomiuri Shimbun*, "North Korea's Nuclear Threat: Fukuda to Walk Diplomatic Tightrope in U.S." November 16, 2007)

Annex I: "Disablement **Actions in Second Phase of Implementation of the Joint Statement**, November 16, 2007: 1. Disabling of the 5 MWe reactor a. Discharge reactor to spent fuel pond; b. Remove control and drive mechanism; c. Sever

secondary cooling loop and cooling tower interior structure. 2. Disablement of the reprocessing plant: a. Remove drive mechanisms for fuel cask transfers; b. Remove receiving cell door mechanism and overhead crane; c. Remove mechanism for fuel shearing/decladding; d. Sever process equipment steam line valves. 3. Disablement of the fuel rod fabrication facility: a. Remove uranium fuel rod casting furnaces and machine equipment; b. Remove uranium metal reduction furnaces; c. Remove ore concentrate dissolver tanks, empty process tanks/pipes; d. Disablement of fresh fuel. *Report on Verification Measures Relating to North Korea's Nuclear Programs* submitted to Congress July 15, 2008

DoS spokesman Sean McCormick says State, USAID officials visited Pyongyang to discuss food aid last month.

11/19/07 Off-the-record Track II meeting hosted by NCAFP, mostly with financial experts, turned tense when U.S. officials pressed Kim Myung-gil to explain its nuclear ties with Syria. He did not give a particular response but he and his aides seemed "clearly taken aback," sources said. "A lot of us at the meeting were really clear to the North Koreans that if their declaration doesn't include what's going on in Syria, it's really going to be a problem," another source said. "Once the Syria topic was raised Kissinger was quite adamant," another source said. "He said there has to be clarity on Syria." (Lee Dong-min, "Informal U.S.-N.K. Meeting Turns Tense As Washington Raises Syria Suspicions: Sources," Yonhap, November 19, 2007)

11/19-20/07 US-DPRK Bilateral Financial Working Group meeting in New York. A State Department official said the talks "provide an opportunity to familiarize the North Koreans with accepted international banking practices and problems that have affected North Korea's access to international financial systems." He said, "These include issues related to money laundering and other forms of illicit finance." U.S. delegation is being led by Daniel Glaser, the Treasury 's deputy assistant secretary for terrorist financing and financial crimes. (Michelle Nichols, "U.S., North Korea Meet for Lessons on Financial Norms," Reuters, November 19, 2007)

11/20/07 FM Fukuda Yasuo and Wen Jiabao meet at ASEAN+3 in Singapore. Fukuda told Wen he hopes to visit China "if possible by the end of the year, or early next year." Wen welcomed the plan, which will pave the way for a trip to Japan by Chinese President Hu Jintao in spring and jump-start shuttle diplomacy for furthering "mutually beneficial strategic ties." He was quoted as telling Fukuda, "China-Japan relations are at a historic stage in their development and at an important turning point." Fukuda conveyed his hopes that Wen will exercise his leadership to settle the East China Sea gas exploration rights dispute, implicitly repeating Japan's call for Beijing to make a "political decision" soon so the two sides can achieve some kind of progress before his visit to China. Wen acknowledged that the issue is "sensitive," but agreed with Fukuda to "accelerate the dialogue process to appropriately resolve" their differences over how to jointly develop the area, Japanese and Chinese officials said. The two leaders agreed that ministers of the two nations would hold a high-level economic dialogue in Beijing on Dec. 1-2, Japanese officials said. The two sides are also arranging for separate talks between their foreign ministers on the same occasion. "I hope we will achieve

successful results in the economic dialogue next week," Wen was quoted by a Japanese official as saying. "Having such a dialogue just ahead of Prime Minister Fukuda's visit to China carries significance." (Kyodo, "Fukuda, Wen See Strategic Ties at Turning Point, Eye Dec. China visit," November 20, 2007)

US pledges \$4 million to help provide electricity for North Korean hospitals, a U.S. government broadcaster said Tuesday. Citing an unidentified North Korea source in Washington, the Voice of America said the U.S. State Department will provide the aid through four global aid agencies – Eugene Bell Foundation, Mercy Corps, Samaritan's Purse and Global Resource Action Center for Environment. In late October, U.S. State Department officials, along with officials of the USAID and National Security Council, also visited North Korea to discuss food aid. (Yonhap, U.S. Pledges \$4 Million to Provide Electricity for N. Korean Medical Facilities," November 20, 2007)

Quinones: An understanding of the disablement requires familiarity with Yongbyon's basic operation of the fuel fabrication plant, nuclear reactor, storage facility and reprocessing facility. Step 1. Fuel Fabrication: The process begins with the fabrication of nuclear fuel rods made from uranium mined near Hamhung, on North Korea's east coast. These half-meter long rods consist of a uranium core wrapped in a thin skin of metal magnesium. Step 2. Reactor Operation: A total of 8,000 fuel rods are needed to fuel the Soviet-designed 5 megawatt reactor that went into operation at Yongbyon in December 1985. The reactor, housed in a five story concrete building, consists of a pile of black graphite blocks. On the top level there are numerous holes, or fuel channels. Inside the reactor building a huge machine is mounted on rails above the reactor. This machine carefully inserts fuel rods into each hole atop the reactor until all the full channels have been filled. Once loaded, the reactor is turned on. Controlled nuclear activity inside it produces heat that converts water into steam. The steam turns a generator that produces electricity. A second process occurs at the same time -- the conversion of some uranium into a new element; plutonium, which is a highly dangerous material used to produce an explosive nuclear device, i.e. a nuclear weapon. Separating the plutonium from the uranium requires an elaborate process explained below. The primary steps are: refueling the reactor, storing the spent fuel rods, transporting them to the reprocessing plant, and then reprocessing the spent fuel. Cranes equipped with chains perform essential processes at each step. Step 3. Refueling: This is also a time consuming chore. Each of the 8,000 rods must be slowly lifted out of the reactor to avoid breaking their magnesium skin. As the rods are removed, they are placed in a lead "basket" (lead prevents the uranium's dangerous radioactive rays from harming the workers). Once the lead "basket" is full, chains from an overhead crane are attached to the basket so it can be lowered down through the reactor building's floors into the basement. There it is placed on a cart and pulled about 100 meters through a tunnel into the basement of the nearby spent fuel storage building. Step 4. Storage: The spent fuel storage building is a one-story structure with very thick walls located about 100 meters west of the reactor building. It consists of a few offices, a water filtration facility and a very large storage room. This room contains the spent fuel storage pond, which is an Olympic size swimming pool about five meters deep and filled with water. Its floor and walls are lined with lead. A concrete wall divides the pond into two halves for a reason to be explained later. Above the

pool are two cranes. A large "overhead" crane is built into the ten-meter high ceiling above the pool. A second "bridge" crane is located just above the top of the pool and spans the pool from east to west like a bridge. This crane is mounted on railroad tracks and can be moved from north to south over the pool. The overhead crane is used to either put fuel rods into the pool or to take them out. The bridge crane is used to move fuel rods from one place to another inside the pool. Once the spent fuel has reached the storage building, the overhead crane is used to remove each fuel rod from the basket and place it in a steel storage basket. Chains from the overhead crane are attached to each full basket and it is lifted up from the floor and lowered into the storage pond. The bridge crane then positions the storage basket inside the storage pool. Only one half of the pond is filled with spent fuel rods and the other half is kept empty, for a reason explained below. The entire operation is very dangerous because workers are exposed to high levels of radiation that can severely harm one's health if exposed too long. When we began our work, no safety procedures were in use at the storage facility. Every detail of these procedures had to be negotiated, including the wearing of special clothing, monitors and daily radiation sampling.

Step 5. Reprocessing: Once the reactor has been refueled and the spent fuel rods stored, Yongbyon's operators have a choice. They can either remove the rods from the storage pond and bury them as nuclear garbage or reprocess the rods to extract the plutonium from them. The first step of reprocessing requires removing the rods from the storage pond. The bridge crane is used to move each storage basket from the full storage side of the pond to the pond's empty half. Chains from the overhead crane are then attached to each steel storage basket and it is lifted out of the water and placed in a large lead basket. At this point, a large truck is driven into the west side of the building to a position at the south end of the storage pond. There the overhead crane fills the lead box on the back of the truck with spent fuel rods. The truck then drives out the building's east side to the reprocessing plant several kilometers away. At the reprocessing plant, the lead box on the back of the truck is removed by attaching chains from the plant's overhead crane. Once the box has been positioned inside the reprocessing facility, the rods are removed and the lead box placed back on the truck so that it can return to the storage facility for another load of spent fuel rods. Inside the reprocessing plant, the skin of each rod is removed and the uranium washed with chemicals. This "washing" separates the uranium from the plutonium. The plutonium is collected, dried and stored for possible use in the fabrication of a nuclear weapon. Otherwise, if the spent fuel rods are not reprocessed, the rods are buried in a nearby nuclear waste dump. As Hill has explained, disablement requires the "cutting of chains," the disassembly of some machinery and the cleaning of the spent pool storage pond so that the spent fuel can be "canned." Based on this very limited explanation, disablement is also a very limited process. Cutting the chains that dangle from the cranes in the reactor building, spent fuel storage facility and the reprocessing plant will slow but not prevent North Korea from moving the spent fuel rods from the reactor through the storage facility and finally to the reprocessing plant. At most, cutting chains will only delay the transfer a few days. The chains to be cut are ordinary industrial chains that can be easily replaced. Motors on the cranes can also be removed, but quickly replaced.

Water Cleaning: The most arduous task of disablement will be cleaning the water in the spent fuel pond. It is now very dirty. In 2003, North Korea remove from the pond

the equipment that the Clinton Administration had installed between 1995 and 1998 to “can” and preserve the 8,000 spent fuel rods in long term safe storage. This process filled the water with highly radioactive debris. The pond’s dirty water makes it impossible to see what is in the pond. Before any spent fuel rods can be stored in the pond, the water must be cleaned. This is done by filtering out the debris and placing all the highly radioactive debris in a nuclear storage facility. Cleaning is easier said than done. As the pool water is filtered, debris collects in filter bags located inside the filtration system’s machinery. These highly radioactive bags must be removed and replaced frequently with clean bags. The filled bags are then sent to a nuclear waste facility. Each time the bags are changed, the filtration process must be halted. Also, it may be necessary to use a large, especially designed vacuum cleaner to remove thick deposits of debris that may have collected on the bottom of the pool floor, a dangerous and time consuming process. Nevertheless, this time the cleaning of the pool will be much easier because in 1995 we replaced the old Soviet-designed filtration system with a modern U.S.-designed system.

Canning: Once the water is clean, the 8,000 spent fuel rods now in the reactor can be removed and transferred to the storage pond. The process of “canning” then begins. The first step consists of placing large rectangular steel boxes in the empty half of the storage pond. These boxes are divided into sections. Step two involves counting, cleaning and weighting each fuel rod. This ensures that no rod can be hidden. As each rod is clean, it is placed into an especially designed, one-meter high stainless steel canister. One canister holds a maximum of 21 rods. Once full, the bridge crane places the canister in one of the sections in a steel storage box. When all the storage boxes have been filled with canisters, a lid is bolted on top of the boxes to prevent easy removal of the canisters. Especially designed seals are then mounted on top of the boxes where the seal is easily visible. If a seal is broken, this can be quickly determined because the entire storage facility is equipped with video cameras that record all activities inside the storage facility twenty-four hours a day. International Atomic Energy Agency inspectors visit the building every day to change the film in the video cameras. Each evening after dinner the inspectors view the film looking for any abnormal activity. Our North Korean hosts admitted that no sooner had they removed the rods from the reactor and placed them in the storage pond, the summer heat caused green algae to turn the water into a murky green soup. The Soviet designed water filtration system had been turned on to clean the water, but it promptly became plugged up with radioactive debris. In short, the filtration system had become disabled long before our arrival, making it impossible for the North Koreans to find the spent fuel rods and to move them to the reprocessing facility. Disablement was unnecessary in 1994 because North Korea’s nuclear facilities had already become disabled. The primary task for American technicians became the cleaning of the water in the spent fuel pond so that the spent fuel could be located, cleaned and “canned” for long-term storage. To begin this process, the American contractor Centec 21 of San Jose, California designed and installed in the summer of 1995 a new, modern U.S.-designed water filtration system. The equipment now at Yongbyon being disabled by the Bush Administration’s disablement team is exactly the same as that in use at Yongbyon in 1994. As a matter of fact, the same company, Centec 21 of San Jose, California, has returned to Yongbyon to repeat the work it did there between 1995 and 1997. The only difference between then and now is that now North Korea has somewhere

between 30 and 50 kilograms of plutonium, at least one or two nuclear weapons and an increasingly sophisticated arsenal of ballistic missiles. In 1994, North Korea had a very small amount of plutonium, no nuclear weapons and an arsenal of ballistic missiles based on very old Soviet technology. (Kenneth Quinones, "Bush's 'Disablement' Versus Clinton's 'Freeze' of North Korea's Yongbyon Facilities, *IFES Forum*, November 20, 2007)

11/22/07 "Since November 3, a team of technical experts ... has been continuously on-site at Yongbyon, working with DPRK technicians on a series of measures to disable the 5 MW reactor, the radiochemical laboratory and the fuel rod fabrication plant," Gregory Schulte, U.S. envoy to the IAEA, told a meeting of its Board of Governors. "With the set of all agreed disablement activities completed, the United States believes it would take about one year to reconstitute the three facilities," he said in a debate on progress in dismantling North Korea's program. (Karin Strohecker, "Restoring N. Korean Nukes Would Take One Year," Reuters, November 22, 2007)

Kim Jong-il has appointed his brother-in-law, an economic reformer who was once considered too open-minded, as head of North Korea's security authorities, a move that will fuel speculation that Pyongyang is preparing for change. Jang, 61, studied political economy at Kim Il-sung University, where he met Kim Kyung-hui, the daughter of the state's founder. They married in 1972, on Kim Il-sung's 60th birthday. He held a series of high-profile positions and appeared to be in charge of North Korea's tentative economic changes, formalized in the "economic improvements" of 2002. But three years ago Jang disappeared from Pyongyang to undergo "political re-education," apparently because of Kim Jong-il's concerns that he was becoming too powerful, fuelled by discontent in the military about Jang's relatively reformist ways. He returned to public view in 2005, taking on low-key positions, but he has become increasingly prominent this year. He attended a lunch held for Roh Moo-hyun, the South Korean president who visited Pyongyang last month. (Anna Fifield, "N. Korean Leader Names Brother-in-Law Head of Security," *Financial Times*, November 23, 2007; cf., Barbara Demick, "Kim Ousts Key relative, a Potential Rival, from N. Korean Government," *Los Angeles Times*, December 9, 2004)

11/23/07 The United States does not see North Korea's deportation of Japanese radicals who hijacked a Japan Airlines jet to the reclusive state in 1970 as a prerequisite for removing the North from a U.S. list of terrorism-sponsoring nations, a senior State Department official indicated Wednesday. "I think that is something that Japan and the DPRK have to sort out among themselves." The official, speaking on condition of anonymity, also signaled willingness to take the North off the blacklist by the year's end once Pyongyang disables its three nuclear facilities in Yongbyon and fully declares its nuclear programs under a six-party deal. Of the nine Red Army Faction members who hijacked the JAL plane to North Korea, four are still in North Korea and the others have either died or been arrested upon returning to Japan. Japan has been calling for their unconditional handover. North Korea has said it is not opposed to the hijackers' return home but supports the hijackers' request to hold talks with the Japanese government first. Tokyo has rejected that request, saying it will not negotiate with the hijackers. As for the North's terrorism-sponsor status, the official played down effects on the

resolution of the issue of Pyongyang's abduction of Japanese citizens in the 1970s and 1980s even if Washington does delist the country. "I don't really think that you can say that we are going to lose leverage with the DPRK on this specific issue," the official said. "The further along we move, I think that it raises the stakes for everyone. . . . The greater the stakes and the greater the pressure on the DPRK." In a six-way statement released Oct. 3, the U.S. reaffirmed its commitment to beginning the process of removing North Korea from the list as Pyongyang moves ahead with its denuclearization obligations. "Provided that there is progress on that front, then we've always been very clear that we will keep our commitment to initiate those steps," the official said. "The point is that there is that agreement and that as long as the DPRK proceeds in that fashion, then we intend to honor our commitments." (Kyodo, "U.S. Delinks JAL Hijackers, North Korea Terror Status," *Japan Times*, November 23, 2007)

11/27-29/07 North-South defense ministers agreed on security arrangements for the first-ever regular train service. But after three days of talks in Pyongyang, they failed to reach consensus on a joint fishing zone around their disputed western sea border, the site of bloody naval skirmishes between the Koreans in 1999 and 2002. (Hyung-jin Kim, "Koreas Agree on Arrangements for Trains," Associated Press, November 29, 2007) North Korea refused to offer waters north of the NLL for the fishing area, wanting to create the zone south of the NLL. South Korea has called for both sides to give the same amount of area for the zone. South Korean officials said the North's demand is part of an attempt to nullify the NLL. (Yonhap, "Koreas Fail to Strike Deal on Joint Fishing Area," November 29, 2007) DPRK DefMin Kim Jang-su "clarified the principled stand of the Korean People's Army concerning the military measures for the implementation of the October 4 declaration and proposed the following ways for carrying them out: First, the military authorities of both sides should take practical measures to put an end to the hostile relations in the military field and ensure detente and peace. Second, they should take practical measures to prevent a war and sincerely honor their commitments to non-aggression. Third, they should cooperate with each other in the military field so that the top leaders concerned with putting an end to the ceasefire system and building a peace mechanism may declare the end of war as early as possible. Fourth, they should take measures to provide a military guarantee for north-south cooperation and exchange." (KCNA, "Second North-South Defense Minister-Level Talks Open," December 27, 2007) "North Korea claimed a right to 12-mile territorial waters as a kind of counterattack, as South Korean delegates refused to accept the North's initial request that a joint fishing zone be created south of the NLL," said an ROK government source. "North Korea is expected to repeat its claim to 12-mile territorial waters at the high-level inter-Korean military talks slated for later this month." (Yonhap, "N. Korea Claimed 12-mile Territorial Waters at Last Week's Talks: Source," December 2, 2007) Kim Yang-gon, head of the KWP United Front Department, was earlier expected to hold talks with South Korean Unification Minister Lee Jae-joung and the chief of the country's National Intelligence Service, Kim Man-bok, on Saturday, but he cancelled the meetings, according to the officials. Kim held talks with the unification minister on Thursday when he began his rare three-day trip to Seoul. He also held a meeting with South Korea's cultural and literary authorities, including Yoo Hong-joon, head of the Cultural Heritage Administration, earlier Saturday. "Kim exchanged views with the participants on ways to expand cultural

exchanges between the North and the South," a UnifMin official said. (Yonhap, Key Aide of N. Korean Leader to Wrap up Rare Visit to Seoul," December 1, 2007)

11/29/07 Disabling going well. "They're making progress in the reprocessing of spent fuel, which is where you make the plutonium," Hill told U.S. businessmen at a luncheon in Seoul today. North Korea's list of nuclear programs and materials should be received "in the next few days and certainly within the next week," he added. "We have been holding important and substantial discussions with North Korea regarding uranium enrichment, which are still continuing," Hill said. "While we do not yet have a solution as I stand here today, I'm confident that based on the direction of these talks, I'm fairly confident that we will have a verifiable solution by the end of the year." He denied reports the U.S. was about to set up a liaison office in Pyongyang. (Heijin Koo, "North Korea Nuclear Disablement Going Well, Hill Says," Bloomberg News, November 29, 2007) "We are not looking to humiliate anybody in this process," Hill noted. "But with respect to uranium enrichment, we do need an acknowledgment of what has gone on, we need an explanation of how it went on, and we need a disposition of any equipment involved in uranium enrichment." (Kurt Achin, "U.S. Nuclear Envoy Says N. Korea About to Reveal Nuclear Activities," VOA News, November 29, 2007)

11/30/07 Hill in Seoul tells UnifMin Lee Jae-joung, "I sort of think that 2008 is about the time we should finish denuclearization, and I think once denuclearization is done, we should be able to move on to economic issues and really accelerate the pace of things that you are doing, but we first have to deal with this issue." Later, he told reporters, "I think, first of all, a lot of this assistance (from South Korea) is conditional on action by the National Assembly, so my impression is these are commitments that would be played out over time," adding, "What I hope is that it is understood that as the DPRK makes progress on denuclearization, the assistance of this kind would be more available to them." (Yonhap, "Hill Tells Seoul to Match Inter-Korean Ties to Denuclearization Progress," November 30, 2007)

Defueling of reactor difficult, ROK negotiator says. "A lot of preparation is needed to get the fuel out of there," Chun Yung-woo told reporters. "Technically, it is nearly impossible to finish before the end of the year." (Reuters, "North Korea Fuel Rods Tough to Extract," November 30, 2007)

KCNA: "Those concerned of the United States, China, Russia, south Korea and Japan participating in the six-party talks and nuclear experts on November 28 went round the process of disabling nuclear facilities in Yongbyon which has been underway since November 5, **according to the agreement between the DPRK and the U.S.** They saw for themselves on the spot the processes of disabling the 5Mw test reactor, the reprocessing plant and fuel rod plant including the cooling tower and confirmed that the disabling operation is making proper progress process by process in accordance with the timetable worked out by nuclear experts of the DPRK and the U.S. They said in unison that the commitments to make political and economic compensation for disabling the nuclear facilities within the year should be fulfilled as early as possible on the principle of 'action for action.' The DPRK is honestly fulfilling its commitment to disable those facilities within the year according to the agreement reached at the six-

party talks. It will follow the moves of the U.S. and all other parties." (KCNA, "KCNA Report on Visit to Area of Yongbyon by Those Concerned and Nuclear Experts," November 30, 2007)

11/30-12/2/07 Kim Yang-gon, DPRK intelligence chief, in Seoul to evaluate pre-election situation. (Kim Sung-jin, "Pyongyang's Response to Seoul's President-Elect," *Vantage Point*, January 2008, p. 23)

12/01/07 The U.S. government has decided to impose three new [not new] conditions for removing North Korea from Washington's list of state sponsors of terrorism, sources close to the six-party talks. Pyongyang must reveal the amount of plutonium it has extracted; the reality of its uranium enrichment program; and the alleged transfer of nuclear technology and materials to other countries such as Syria. Meanwhile, North Korea has denied it is using special aluminum tubes it imported from Russia for nuclear development to produce rocket bombs, it has been learned. The tubes are usually used in the process to develop highly enriched uranium. The United States, which strongly suspects that North Korea has a uranium enrichment program, is not convinced by the explanation, according to an informed source. The U.S. government is asking North Korea to further clarify the matter, the source said. (Sakamoto Takashi, "U.S. to Set 3 More Tasks for N. Korea; New Hurdles for Delisting as Terror Sponsor," *Yomiuri Shimbun*, December 1, 2007)

12/4/07 Hill delivers letter from Bush to KJI to FM Pak Ui-chun asking for disclosure of its nuclear assistance to Syria. "Dear Mister Chairman..." Bush wrote Kim on White House stationery, warning that efforts to dismantle Pyongyang's atomic activities stood at a "critical juncture," said White House spokeswoman Dana Perino. [As cover for the letter to Kim] the president also sent letters to the leaders of China, Japan, Russia and South Korea, said White House spokesman Gordon Johndroe. "In these letters, the president reiterated our commitment to the six-party talks and stressed the need for North Korea to come forward with a full and complete declaration of their nuclear programs, as called for in the September 2005 six-party agreement." Analysts said the fact that a US president sent a message would boost Kim's prestige and may help him face down elements within the powerful military who oppose a nuclear deal. "There are people, the military, who disagree with the negotiations," said Professor Shigemura Toshimitsu of Waseda University in Japan. So the North's purpose in announcing the letter "was to tell the domestic audience, 'The American president came on his knees to make his requests.'" (AFP. "Bush Make Personal Appeal to DPRK Leader," December 6, 2007; KCNA, "Personal Letter to Kim Jong-il from U.S. President," December 6, 2007) **"I want to emphasize that the declaration must be complete and accurate if we are to continue our progress,"** Bush wrote, according to a U.S. official familiar with the content of the December 1 letter. (AFP, "White House: North Korea Has Replied to Bush Letter," December 14, 2007) Quoting North Korea's Li Gun, director of the U.S. Affairs Bureau at the Foreign Ministry of North Korea, *Chosun Sinbo* said that Pyongyang has held detailed discussions on how to wrap up the second-phase measures of disablement, and that "the U.S. side should be satisfied, and so are we." Hill, while in Japan on a stopover before returning to Washington, was quoted in news reports as saying, "I'm sure we'll get a response (to the letter) of some kind." (Lee Joo-

hee, "The Ball Is in Pyongyang's Court," *Korea Herald*, December 12, 2007) Over Thanksgiving SecState Rice tried to convince President Bush to communicate directly with Kim Jong-il, but it was not until November 30 - with Hill due in Pyongyang December 3, that NSA Stephen Hadley agreed to the wording Sung Kim, Korea desk director, telephoned Kim Myong Gil at the DPRK U.N. mission to say, "Ambassador Hill is bringing a signed letter from President Bush. This is a very important development, and you should take it very seriously." He hinted that Hill wanted to see Kim Jong-il so that the letter could be presented in "an appropriate manner." "You really have a letter from President Bush?" Kim asked. "An original, signed letter?" (Chinoy, *Meltdown*, pp. 356-57) Kim Gye-gwan did not provide a draft declaration, but what the Americans called "reference materials." Kim said there were some nuclear materials at labs at Kim Il Sung University such as isotopes for medical use. "We can decide later if such items are subject to dismantlement," Hill replied. "But it has to be on the list." Hill noted some glaring omissions such as the nuclear test site. Asked for the number of nuclear weapons, Kim replied, "We're still technically at war with you. It would be inappropriate for us to discuss weapons with an enemy state." From Hill's perspective an accurate declaration of the amount of plutonium would probably suffice since from that figure the number of weapons could be calculated. (Chinoy, *Meltdown*, pp. 358-59)

South and North Korea failed to strike a deal on measures to facilitate an inter-Korean industrial complex in the North's border city of Gaeseong including freer access to the business zone, ROK officials said.

Dep dir-gen Eytan Bentsur reveals he held talks with DPRK's Kim Gye-gwan on missile exports in 1992-93 but falsifies details. (Mitsui Mina, "Ex-Israeli Envoy Details Talks with DPRK," *Yomiuri Shimbun*, December 6, 2007)

12/6/07 KCNA: "General Secretary Kim Jong Il received a personal letter from George W. Bush, President of the United States of America. The letter was conveyed to DPRK Foreign Minister Pak Ui Chun on Wednesday by Christopher Hill, U.S. assistant secretary of State who visited the DPRK." (KCNA, "Personal Letter to Kim Jong-il from U.S. President," December 6, 2007)

12/7/07 Hill tells reporters after meeting with Japanese six-party negotiator Sasae Kenichiro at Narita: "We would certainly **need to see how the declaration is**, but delisting also depends on **some other issues involved in delisting** and so there's more work to be done there." (Kyodo, "Declaration Should Come Before Delisting N. Korea: Hill," December 7, 2007) "As important as the declaration is, it is also important to understand that the actual work on the ground in Yongbyon is proceeding, I think, very much on schedule," Hill told reporters. "With regard to discharging fuel from the reactor, this is indeed a very important disabling step," he said. "It was a step that could not be taken without efforts to clean up some contaminants, nuclear contamination," he said. "As I understand, all the equipment is in and the clean-up is almost... completed or soon to be completed. So I think we can expect discharging of fuel to get under way very soon if it has not gotten under way now," he said. (AFP, "New Step Soon in N Korea Disablement: US Envoy," December 8, 2007)

"How accurately can North plutonium be verified? I think there are four major sources of error (note that the amount of plutonium currently in weapons or storage can be measured very accurately—although whether North Korea permits it is another story): 1. *The uncertainty in the amount of plutonium produced in the 40 MW reactor at Yongbyon.* Based on satellite imagery alone, Albright and Brennan put this at  $60 \pm 10$  kg (with slight rounding). I'll be skeptical and assume that North Korean operating records don't help reduce this error but, in actual fact, they may do. 2. *The uncertainty in the quantity of plutonium lost during reprocessing.* Most reprocessing plants, even—how do I put this politely?—basic ones, are pretty efficient. In the absence of any more concrete information I think  $95 \pm 2$  % is a fair guess for the extraction efficiency of North Korean plutonium. 3. *The uncertainty in the amount of plutonium used in the test.* Let's say that the North Koreans used  $6 \pm 1.5$  kg in their underground firework display last October. 4. *The uncertainty in the quantity of plutonium that is/will be in the spent fuel pond at Yongbyon.* This is rather hard to measure accurately. I'll use Albright and Brannan's number of  $11.5 \pm 1.5$  kg but, again, North Korean records may help reduce this error. Anyway, adding these errors give a total of error of about 10 kg—remember this number essentially represents the upper limit on the size of a secret North Korean plutonium stockpile. The bad news is that this isn't good enough to account for one bomb's worth of plutonium. The good news is that it's almost entirely due to one source—the uncertainty in the amount of plutonium produced at Yongbyon—and nuclear forensics can help to reduce it considerably. Specifically, if North Korea permits inspectors to take samples from the reactor's graphite moderator for analysis then the amount of plutonium produced in the reactor can (hopefully) be estimated to within about 2.5% using a technique called GIRM (Graphite Isotopic Ratio Method) that was primarily developed to account for plutonium production in the former Soviet Union. This, in turn, would allow the US to put an upper limit of about 3 kg on the size of any North Korean plutonium stockpile—probably small enough for comfort." (James Acton, "Can We Verify NORK Nuclear Declaration," *Arms Control Wonk*, December 7, 2007)

12/8/07 Minshuto (DPJ) President Ozawa Ichiro meets with Hu, quotes him, "We must cooperate and work together in resolving issues on environment, security, peace, the Korean Peninsula and all other areas." Independent former FM Tanaka Makiko also attended. (Matsuda Kyohei, "Hu Says Strong Ties with Japan Are Key," *Asahi Shimbun*, December 8, 2007)

76 percent of Americans think Washington should keep North Korea on its list of state sponsors of terrorism until the issue of Japanese abducted by Pyongyang agents is resolved, eclipsing the 75 percent of Japanese who feel this way, according to a joint telephone survey conducted by *Yomiuri Shimbun* and Gallup from November 15- 18 in Japan and November 9-18 in the United States. "Getting North Korea to abandon its nuclear weapons program" was the most common answer, given by 93 percent of Japanese respondents and 84 percent of U.S. respondents. "Getting North Korea to end its missile program and missile launches" was next with support from 89 percent of Japanese respondents and 82 percent of U.S. respondents. Among Japanese respondents, "resolving the abductions of Japanese by North Korea" was the third most common reply, whereas U.S. respondents put "normalizing diplomatic relations

between the United States and North Korea" in third. Resolution of the abduction issue was the fourth most pressing issue for Americans, while the normalization of Japan-North Korea ties attracted the fifth-highest number of Japanese. (*Yomiuri Shimbun*, "Survey: 76 Percent in U.S. Want N. Korea Kept on Terror List," December 8, 2007)

12/9/07 South Korea said today it will provide 5,100 tons of steel plates to North Korea starting December 17 in a multilateral deal that involves the provision of energy or alternatives to North Korea in exchange for the North's disablement of its nuclear facilities by year-end. [Delivery not completed until March.] (Yonhap, "S. Korea to Send Steel Plates to North Korea in Nuclear Disablement Deal," December 9, 2007)

12/10/07 The New York Philharmonic plans to visit Pyongyang in February. "We haven't even had ping-pong diplomacy with these people," said Hill, who had encouraged the orchestra to go. "It would signal that North Korea is beginning to come out of its shell, which everyone understands is a long-term process," Hill said. "It does represent a shift in how they view us, and it's the sort of shift that can be helpful as we go forward in nuclear weapons negotiations." Hill said he planned to attend the news conference. He has spoken privately to the orchestra members. Even more surprising, the Philharmonic said that Pak Kil-yon, North Korea's representative to the United Nations, would also attend, a rare public appearance by a North Korean diplomat. Hill said he believed that the conditions sought by the Philharmonic had been met. They included the presence of foreign journalists; a nationwide broadcast to ensure that not just a small elite would hear the concert; acoustical adjustments to the East Pyongyang Grand Theater; an assurance that the eight Philharmonic members of Korean origin would not encounter difficulties; and that the orchestra could play "The Star-Spangled Banner." (Daniel J. Wakin, "New York Philharmonic Agrees to Play in North Korea," *New York Times*, December 10, 2007)

Brownback, Kyl, Lieberman and Grassley introduce bills similar to one in the House setting new benchmarks before delisting North as state sponsor of terrorism.

12/11/07 A 12-car train carrying construction materials crosses through the heavily fortified Demilitarized Zone dividing the peninsula on its journey to the North Korean border city of Kaesong, the first regular service across the border between the two Koreas in more than a half-century. (Choe Sang-hun, "Regular Freight Rail Service Starts Between the Koreas," *New York Times*, December 11, 2007, p. A-3)

12/11-12/07 At a six-party working group on energy assistance in Beijing, an unnamed Japanese official told Kyodo news agency, no specific provisions had been agreed upon by the parties, although North Korea said it should be given aid "at a steady pace" since it had started the denuclearization process. "There was a certain level of progress, but we have not reached a point where the list is finalized," the official was quoted as saying. "That will be coordinated through diplomatic channels." The Japanese official said the meeting failed to make a decision on which country would make the next heavy fuel oil shipment to North Korea. (AFP, "Six Parties Hold Talks on Energy Aid, December 12, 2007)

12/12/07 Hill in closed testimony suggested that any past nuclear cooperation between North Korea and Syria would not scuttle nuclear disarmament talks with Pyongyang, provided the Asian country proves no cooperation is happening now. Christopher Hill, the chief U.S. envoy at the six-nation talks, said after a closed-door meeting with U.S. senators that the U.S. needs to make sure "that proliferation issues, whether they have existed in the past or not, certainly don't exist in the present or in the future." Sen. Barbara Boxer, D-Calif., told reporters after the briefing, **"I came away with the sense that whatever, if anything ever had occurred in the past, it is not occurring now, and I think our negotiators feel that with good confidence."** (Foster Klug, "Lawmaker: N. Korea Halts Work with Syria," Associated Press, December 12, 2007)

White House Statement of Administration Policy on the FY2008 Intelligence Authorization bill "objects to section 328, which attempts to use Congress' power of the purse to circumvent the authority of the Executive Branch to control access to extraordinarily sensitive information." The provision, introduced by Rep. Pete Hoekstra (R-MI) would "fence" certain spending until the administration briefs the intelligence committees on the Israeli strike on the Syrian nuclear facility. (FAS, Secrecy News, December 12, 2007)

12/13-14/07 N-S general-level talks. South Korean Colonel Moon Sung-mook told reporters Friday the two sides have different ideas where that zone should be. He says South Korea wants the fishing zone to straddle the NLL, but North Korea wants the zone to be set completely south of the line, in waters internationally recognized as South Korean. Because of the impasse, he says, there can be no agreement at this time. The dispute led to a shoving match Thursday when a South Korean officer tried to stop a North Korean delegate from showing reporters a map detailing Pyongyang's proposal for a shared maritime zone. The South considers the information sensitive. ROK military officers said Friday that North Korean agreed this week to allow both zones to begin using Internet and wireless telephone connections beginning next year. (Kurt Achin, "North, South Korea Joint Sea Zone Proposal Stalls at Military Talks," December 14, 2007) "The South and the North agreed to actively cooperate to allow South Korean ships begin fishing at designated areas in the North Korean side of the East Sea within 2008," says Unification Ministry. They also agreed to begin construction of a joint fishery and storage center in the North before the end of the year. (Yonhap, "Divided Koreas Move Closer to Setting up Joint Fishing Area in East Sea, Statement Says," December 16, 2007)

12/14/07 "We received a verbal reply" to U.S. President George W. Bush's letter to North Korean leader Kim Jong-il White House spokesman Gordon Johndroe said, adding that the message came through New York diplomatic channels. He declined to comment on what response the North Koreans offered. (Reuters, "U.S. receives Response to N. Korea Letter: W. House," December 14, 2007) "I got his attention with a letter and **he can get my attention by fully disclosing his programs, including any plutonium he may have processed and converted, into whatever he's used it for.** We just need to know," Bush told reporters after meeting with his Cabinet. "As well, he can get our attention by fully disclosing his proliferation activities," Bush said. North Korea told the United States in its message it would live up to its obligations under a deal to abandon

its nuclear arms programs and expected Washington to keep its end of the bargain, according to a U.S. official who spoke on condition of anonymity. He paraphrased the North Korean response as: "we'll live up to our side and hope you'll live up to your side." Another official said the gist of the brief verbal communication from North Korea was "we all want to live up to the six-party agreement." (Tabassum Zakaria, "U.S. receives Response to Bush North Korea Letter," Reuters, December 14, 2007)

House passes \$696 billion defense policy bill authorizing \$5 million for denuclearization in North. (Brian Lee and Lee Sang-il, "Washington Closer on Funding for North Korea," *JoongAng Ilbo*, December 15, 2007)

PM Fukuda favors a softer approach to North Korea and delisting of North as state sponsor of terrorism could help him shift policy gears. "We will be in trouble if the United States drops North Korea from the list of state sponsors of terrorism swiftly," says FM Komura Masahiko. "Fukuda wants to escape from international isolation," says Okonogi Masao. "He hasn't been able to yet, but Washington takes the North off the list, he could use that diplomatic pressure." Yoshida Yasuhiko says, "PM Fukuda could go to Pyongyang to try to resolve the abduction issue, possibly in February or March. Then he would be able to score points ahead of a snap election." (Teruaki Ueno, "Japan Policy Shift Seen After U.S. Opening to N. Korea," Reuters, December 14, 2007)

Calling into question the long-standing U.S. view that North Korea "was not known to have sponsored any terrorist acts since 1987" Congressional Research Service cites reports from reputable sources: "Questions about the credibility of the claim are relevant in view of the appearance of reports from reputable sources that North Korea has provided arms and possibly training to Hezbollah in Lebanon and the Tamil Tigers in Sri Lanka." In September 2006, Paris Intelligence Online, a French Internet publication that specializes in political and economic intelligence, published details of an extensive North Korean program to give arms and training to Hezbollah. The CRS document also cited a report by Moon Chung-in that the Mossad believed "vital missile components" used by Hezbollah against Israel came from North Korea. (Arshad Mohammed, "North Korea May Have Aided Hezbollah: Report," Reuters, December 13, 2007)

Workers in the western port of Incheon began unloading 500 tonnes of zinc worth \$1.2 million. Over the years, Seoul has shipped rice, fuel oil, fertilizer and raw materials worth hundreds of millions of dollars to its impoverished communist neighbor, officially in the form of loans. "It was North Korea's first ever repayment of debt," a ministry official in charge of economic co-operation told AFP on condition of anonymity. (AFP, "North Korea Commences Repaying Neighbor's Debt," December 15, 2007)

12/17/07 In December 15-16 poll, Fukuda's approval rate drops to 35.3 percent, down from 47 percent in November because of Defense Ministry scandals, lost pension records. (Associated Press, "Support for New Japanese Prime Minister Slumps over Scandals, Says Poll," December 17, 2007)

North Korea's grain harvest took a significant plunge this year due to heavy rains and other reasons, according to a survey by South Korea's Rural Development Administration. Gross production of grains such as rice, corn and wheat, was about 4.01 million tons in 2007, down about 470,000 tons from the year before. North Korea reportedly needs 6.5 million tons of grain to meet domestic demand, meaning it is facing a shortfall of about 2.49 million tons. Especially devastating were torrential rains in August and a typhoon in September that hit the Korean Peninsula, which resulted in the flooding of about 11 percent of rice paddies in the country. As a result, rice production was 1.53 million tons, down by 360,000 tons from the previous year. (Nakamura Yurichiro, "North Korea's Food Woes Set to Get Worse in 2008," *Yomiuri Shimbun*, December 17, 2007)

Japan's Maritime Self-Defense Force's Aegis destroyer Kongo succeeded in intercepting a mock ballistic missile warhead with an SM-3 missile as part of missile defense system test carried out at sea near Hawaii, the MSDF announced December 17. The success of the test--the first conducted by the MSDF--means Japan will be able to counter the threat of North Korea's ballistic missiles, such as the Rodong and Taepodong-1, analysts said. (Katsumata Hidemichi, "MSDF Aegs Test Succeeds; Rodong-Type Ballistic Missile Intercepted within 7 Minutes," *Yomiuri Shimbun*, December 19, 2007)

12/18/07 On the eve of the presidential election, the Roh Moo-hyun administration informed North Korea that it expected Lee Myung-bak's victory and tried to ease worries by assuring Pyongyang of Lee's ability to persuade conservatives to continue the engagement with the North, a transcript of secret talks between the intelligence chiefs of the two Koreas showed yesterday. *JoongAng Ilbo* obtained a copy of a National Intelligence Service report on the meeting, which was given to Lee's transition team on Saturday. The report detailed the secret visit of Kim Man-bok, South Korea's National Intelligence Service chief, to Pyongyang on Dec. 18, including the transcript of Kim's dialogue with his North Korean counterpart, Kim Yang-gon. During Kim Man-bok's quick trip to Pyongyang, he met twice with Kim Yang-gon to discuss the future of inter-Korean relations after the presidential election on Dec. 19 "Currently, many inter-Korean dialogues are taking place. We hope to maintain smooth inter-Korean relations," Kim Yang-gon was quoted in the report as telling the South Korean spy chief. "Inter-Korean relations have moved smoothly after the second inter-Korean summit. Even if a new administration takes over in the South, it will go well," Kim Man-bok replied. He also gave the North Korean spy chief his prediction for the election. "Tomorrow, it is almost certain that the Grand National Party's Lee Myung-bak will win," he said. "However, the GNP's North Korea policy will not change much. It is for reconciliation and cooperation. "Furthermore, Lee is very capable of persuading the conservatives, so his administration may be able to push forward a stronger engagement policy than the Roh administration," Kim Man-bok said. Perhaps based on the talks, North Korea has not complained about the conservative victory in the South. In its New Year's Day editorial, the North only focused on the economy. "The two Koreas must join their power to open a new era of independent unification, peace and prosperity," the editorial said. The position is different from last year when the North said that a GNP presidential victory should be stopped at all cost, urging the South to fight against the conservatives to achieve unification. (Chae Byung-gun and Chung

Kang-hyun, "Secret Pre-Vote Spy Talks Sought to Calm North," *JoongAng Ilbo*, January 10, 2008)

12/19/07

Lee Myung-bak wins in landslide. Former Hyundai Engineering and Construction CEO and Seoul mayor overcomes scandal to secure 48.7 percent of the votes, the largest proportion since the direct popular vote was reintroduced in 1987. Chung Dong-young of the liberal United New Democratic Party received 26.1 percent and independent Lee Hoi-chang, 15.1 percent, according to the National Election Commission. Voter turnout was 62.9 percent, the lowest in the last 20 years. The NEC said 23.7 million voters went to the polls out of an electorate of 37.7 million. The election held in 1987 after the pro-democracy movement saw an 89.2 percent turnout, but this has fallen since then to 81.9 percent in 1992, 80.7 percent in 1997 and 70.8 percent in 2002. North Gyeongsang Province posted the highest voter turnout with 68.4 percent followed by Daegu with 67 percent; North Jeolla Province, 66.9 percent; and South Jeolla Province, 64.7 percent. Incheon and South Chungcheong Province marked the lowest turnouts with 60.3 percent each. (Kim Rahn, "Lee Wins with Biggest Margin in Lowest Turnout," December 19, 2007; *Chosun Ilbo*, "Lee Myung-bak Elected President by a Landslide," December 20, 2007)

OA Russian Railways plans \$100 million container terminal in Rajin and upgrading 34 miles of track from Rajin to Vladivostok. (Lucian Kim, "Russian Railways Plans \$100 Million Terminal in North Korea," *Bloomberg News*, December 18, 2007)

Lee tells Ambassador Vershbow, "I am not saying that Korea-U.S. relations in the past five years were seriously wrong, but I do believe there was a serious lack of trust in the relations." At first news conference as president-elect: "I assure you that there will be a change from the past government's practice of avoiding criticism of North Korea and unilaterally flattering it," Lee said. "The North's human rights issue is something we cannot avoid in this regard, and North Korea should know it." Nam Sung Wook, a North Korea policy aide to Lee: "For now, you can forget about the October summit agreements. We will review them all from the scratch to see if they are justified," said the political scientist at Korea University. "The North must realize that we have a new government here and that things will be different." "If the North agrees to positive change in human rights, we could increase humanitarian aid of food and fertilizer. If not, we will curtail it," Nam said. "We want reciprocity on the humanitarian front." (Choe Sang-hun, "Lee Plans to Harden Seoul's Line with North Korea," *International Herald-Tribune*, December 20, 2007)

Lee Myung-bak, said at a valedictory news conference yesterday that increased economic cooperation between South and North Korea would depend on whether the North fulfilled its promises to dismantle its nuclear weapons. He also said, "I think unconditionally avoiding criticism of North Korea would not be appropriate. If we try to point out North Korea's shortcomings with affection, I think that would go a long way toward improving North Korean society." (*Washington Post*, "A Change in South Korea," December 21, 2007, p. A-34) "Previous governments unilaterally appeased the North Korean regime. There will be a change. Constructive criticism will make Pyongyang healthier in the

end. I will criticize North Korea if necessary." (*Dong-A Ilbo*, "I Will Open a New Era of Prosperity, And I Will Criticize North Korea If Necessary," December 20, 2007)

12/20/07

Rice: "First of all, on North Korea, we expect a complete and accurate declaration from North Korea. The -- we have currently Sung Kim, our negotiator, is in North Korea and it's an important discussion. I am not -- at this point, I'm not following moment by moment what he's finding there. But I would hope that the North Koreans understand that a lot is at stake here, that in fact, we have made good progress on the disabling of the Yongbyon facility and its associated facilities. We have made good progress in terms of beginning the denuclearization of the Korean Peninsula. But this is now a crucial step, because if we're to move forward and if we're to move forward on all of the benefits that would come to North Korea through the successful completion of this second phase, we really must have an accurate declaration. So I look forward to his report." (Secretary of State Condoleezza Rice, Remarks With Canadian Minister of Foreign Affairs Maxime Bernier After Their Meeting, DoS, December 20, 2007)

Rice: "The jury's still out on the full and complete declaration. I do think that the course of the disabling has been pretty smooth. It's been cooperative. The North Koreans have taken the steps that they said they would take. We've been able to observe them. This is actually a pretty remarkable situation when you think about it that the -- first the shutdown of the reactor and then the actual disabling, which now begins to reverse the plutonium program. But the next step is to get this declaration, finish the second phase and then move on to full denuclearization, dismantlement, accounting for the materials and whatever was done with them. And we'd like very much to move forward with that phase because that's where the real beginnings of political engagement and ultimately normalization would be anticipated. I happen to think that the opening up of North Korea will benefit everybody. To have a kind of closed state of the kind that North Korea is not -- I think not good for the Korean Peninsula, it's not good for Asia. And that's why I think the six-party process has been a good way to structure denuclearization and political openness moving together. And it's my hope that the North Koreans will go ahead and file an accurate declaration and we can then move forward." **QUESTION: Is it conceivable that you personally could visit North Korea before your job finishes here in the next year or so? RICE: "Well, that would be a little premature to speculate on that. But you know, nothing is inconceivable. But we'd have to be quite a bit further along than we are now."** (Rice, Interview with Sylvie Lanteaume and Lachlan Carmichael of Agence France Presse, DoS, December 20, 2007)

12/21/07

U.S. scientists have discovered traces of enriched uranium on smelted aluminum tubing provided by [North Korea](#), apparently contradicting Pyongyang's denial that it had a clandestine nuclear program, according to U.S. and diplomatic sources. "There is a real art in extracting enriched uranium from samples," Albright said. The labs can detect micrograms of enriched uranium, which he said is "way beyond what any normal radiation detector would pick up." However, he said, such minute quantities could easily have come from other sources. "We expect a complete and accurate declaration from North Korea," Secretary of State Condoleezza Rice told reporters yesterday during a news conference with the Canadian foreign minister. "If we are to

move forward, and if we are to move forward on all of the benefits that would come to North Korea through the successful completion of this second phase, we really must have an accurate declaration." (Glenn Kessler, "Uranium Traces Found on N. Korean Tubes," *Washington Post*, December 21, 2007, p. A-25) Hill: "In November, at a bilateral meeting in the North Korean embassy in Beijing, Kim Gye-gwan informed me that the specialized aluminum we believed had been purchased in connection with the enrichment program has actually been purchased for a shipboard gun system. I took that explanation back to our technical agencies in Washington, and the answer came back, 'Highly doubtful.' When I next met with Kim, I told him that we wanted to see the facility where the so-called rustproof guns were produced. He took the proposal back, and soon Sung Kim and NSC staff representative Paul Haenle, who had replaced Victor Cha on the team, were on their way to visit the factory where the weapons were allegedly being produced. I asked Sung to make sure he was able to bring back samples of the aluminum, and to our mutual surprise, he was allowed to carry out a couple of small pieces in his briefcase. Sung turned over the aluminum to a specialized U.S. government agency, and to our astonishment, the results came back that the aluminum contained traces of highly enriched uranium. The tests were inconclusive, especially on how uranium could have been on the aluminum chunks, but its presence suggested that our insistence on clarification of the uranium issue was justified. When the story was leaked to Glenn Kessler of the *Washington Post* in December 2007, it was fodder to those dedicated to the effort to scuttle the talks. Those talks, of course, in the first place, were what had gained us access to the aluminum, yet the article suggested that the discovery would 'force' U.S. negotiators to demand a detailed explanation, as if we had preferred to keep the matter under the rug." (Hill, *Outpost*, p. 280)

North Korea has again denied it has a uranium enrichment program, a South Korean official said today, just days before Pyongyang's year-end deadline to declare its nuclear programs. "The North maintains its previous stance over (the UE program)," the MOFAT official said after a December 21 meeting in Seoul with Sung Kim, the DoS's top Korea expert who visited North Korea last week. The official asked not to be identified, citing policy. (Kwangtae Kim, "North Korea Denies Alleged Uranium Enrichment Program," *Associated Press*, December 24, 2007) North Korea has refused to dispose of unused nuclear fuel and destroy a cooling tower at its main nuclear complex until it receives promised benefits. According to diplomatic sources in Washington, a U.S. delegation of nuclear experts has visited North Korea several times, demanding the North dispose of unused nuclear fuel and destroy the nuclear cooling tower during the disablement stage. But the North is refusing to comply on grounds that these two facilities should be disposed of in return for benefits during the dismantlement stage, after the disablement is completed. A source in Washington said, "The U.S. is demanding that the nuclear fuel and cooling tower are subject to the disablement process, believing that it would take only three months for the North to resume operation of its nuclear facilities unless these facilities are completely disposed of." (*Chosun Ilbo*, "N. Korea 'Refusing to Dispose of Nuclear Fuel,'" December 24, 2007)

DPRK Senior Cabinet Councilor Kwon Ho Ung saying he hoped a change of government in the South would not unhinge strengthening relations between the two sides. "How can the

general trend of inter-Korean cooperation be changed?" Yonhap quoted Kwon as saying at a private meeting in Kaesong, citing an unnamed participant at the meeting. A Unification Ministry spokesman told The Associated Press that Unification Minister Lee Jae-joung attended a ceremony and private luncheon with Kwon in Kaesong on Friday, but could not confirm Kwon's reported comments. The spokesman requested anonymity, citing ministry policy. (Kwangtae Kim, "Report: North Korea Wants No Change in Ties with South after Election of New President," Associated Press, December 23, 2007)

12/25-27/07 Officials from the two Koreas and China will meet in Pyongyang to Thursday to discuss providing North Korea with energy-related supplies equivalent to 500,000 tons of heavy fuel oil. "On the basis of the previous working-level agreement on economic aid for North Korea, the three countries will engage in detailed discussions on providing non-fuel aid, such as energy-related facilities and equipment, at the upcoming Pyongyang meeting," said a ROK FoMin official. Under the October deal, South Korea shipped 5,010 tons of steel to North Korea in the middle of this month. (Yoo Cheong-mo, "Koreas, China to meet in Pyongyang this week to discuss energy aid," Yonhap, December 23, 2007)

12/26/07 North may slow the pace of disablement of its nuclear facilities, blaming a delay in the delivery of energy aid promised under a disarmament deal, Kyodo reported, quoting a Pyongyang official. "There is a delay in the implementation of economic compensation obligations to be undertaken by the other countries in the six-party talks," Hyun Hak Bong, deputy director of the North Korean Foreign Ministry's American affairs bureau, was quoted as saying late on Wednesday. "We have no choice but to take measures to adjust" he added, referring to the pace of disablement. (Reuters, "North Korea May Slow Nuclear Disablement: Kyodo," December 26, 2007)

12/27/07 FM Song said it was too soon to declare the reported amount of 30 kg to be false. "I think it will be too rash to say that North Korea has lost its willingness to honestly disclose its nuclear programs because it says it has 30 kilograms of plutonium. Whether it claims to have 30 kilograms or 35 kilograms, we need to first verify it thoroughly." (Yonhap, "N. Korea Nuclear Talks Face Obstacles: S, Korean FM," December 27, 2007) "Our target date was the end of December, but we may not make it," Mr. Song told reporters in a news conference four days before the Dec. 31 deadline. "We face hurdles both in the nuclear disablement and nuclear declaration." North Korea acknowledges it imported tons of high-strength aluminum tubes from Russia, and has even provided the United States with samples, saying that they had nothing to do with uranium enrichment. But U.S. officials reportedly found traces of uranium on those samples, though they remained unsure about their origins. In Washington, a State Department spokesman, Gonzalo Gallegos, said that he was not aware of any slowdown in aid and that the United States expected "further heavy fuel oil shipments and other energy assistance to move forward in the near future." Kim Sung-han, a North Korea expert at Korea University, said, North Korea's strategy appeared to be to "minimize" its nuclear declaration and "maximize" the economic rewards it could get from the Yongbyon plant's disablement. North Korea may also

stall on the process to increase leverage against the new South Korean government, which will be inaugurated in late February. (Choe Sang-hun, "South Korea Says North Is Likely to Miss Deadline," *New York Times*, December 28, 2007, p.A-9) The Bush administration, worried that the North Korean military may block advances in disarmament negotiations, has started an unusual campaign to reach out directly to the communist state's army leaders. The new strategy comes as Pyongyang is expected to miss an important deadline Monday requiring the North to fully declare its nuclear assets and programs, including the believed pursuit of uranium-enrichment technologies. "Would the military back Kim Jong Il if he truly wants to give away the program? That's the bottom-line question," said a U.S. official working on disarmament issues. "Maybe [Mr. Kim] doesn't have control of the military." But the White House is still expected to provide North Korean dictator Kim Jong Il more time to meet his commitments. "What is important to us is that when we do get the declaration, whatever day it is, it needs to be full and complete," State Department spokesman Tom Casey said December 28. A specific dispute has already emerged over an aluminum tube provided by Pyongyang to international inspectors. According to a U.S. counterproliferation official, the tube tested positive for contamination with a fissile material, suggesting it may have been used in uranium-enrichment work. The official said it was possible the tube was contaminated before being shipped to North Korea **but Pyongyang hasn't been forthcoming about the source**. The U.S. is also pushing for clarity on North Korea's suspected cooperation with Syria in developing weapons of mass destruction. Israeli aircraft struck a Syrian facility in September near the Euphrates river, and American officials say intelligence showed a significant number of North Korean personnel working at the site going back years. **These U.S. officials say they're not certain that Pyongyang was aiding Damascus in developing a nuclear reactor** but that the North Koreans need to account for their activities in the Middle East. (Jay Solomon, "U.S. Courts North Korea's Army," *Wall Street Journal*, December 29, 2007, p. A-3)

12/28/07

At Japan-China summit in Beijing, PM Fukuda and President Hu agreed to work toward an early settlement to the stalled dispute over gas exploration rights in the East China Sea before Hu's visit to Japan next spring. In addition to the gas exploration issue, Fukuda and Chinese leaders agreed to establish centers in major Chinese cities to introduce Japanese energy conservation and environmental technologies, and to train 10,000 Chinese on environmental matters over the next three years. "I believe your visit this time will further promote the bilateral strategic, mutually beneficial relationship," Hu said. In return, Fukuda said, "I am very grateful for your warm welcome at such a late stage of the year." Between his meeting with the Chinese president and talks with Wen, Fukuda said at a press conference, "We've deepened our mutual understanding [on the gas exploration issue] and I can confirm we could make progress toward concrete measures for a solution." Fukuda said. "We shared a firm resolve to settle [the issue] quickly." Concerning Taiwan's planned referendum over whether its citizens support joining the United Nations under the name Taiwan, Fukuda said, "If [the referendum] may cause Taipei to unilaterally change the [political] status quo, I can't support it." Wen welcomed Fukuda's remarks. (*Yomiuri Shimbun*, "Fukuda, Hu Agree to Seek Gas Rights Pact; Exchange Program to Expand," December 29, 2007)

South Korea's parliament voted Friday to extend the country's troop deployment in Iraq for another year, amid protests by activists opposed to the decision. The 298-member National Assembly approved the extension of the country's deployment of 650 troops by a vote of 146-104. Six lawmakers abstained and 42 lawmakers did not show up for the vote. (Associated Press, "South Korea Approves One-Year Extension in Iraq," December 28, 2007)

Yabunaka Mitoji, deputy foreign minister for political affairs, will replace Yachi Shotaro as vice foreign minister early next year, sources said. His appointment as the MOFA's top bureaucrat is part of a reshuffle that will put diplomats well-versed in North Korean affairs in several key posts. Sasae Kenichiro, director-general of the Asian and Oceanian Affairs Bureau, will take the 59-year-old Yabunaka's current post, the sources said. Sasae's post will be handed to Saiki Akitaka, minister and DCM at the Japanese Embassy in Washington. Kato Ryoza, ambassador to the United States, and Nogami Yoshiji, envoy to Britain, will both retire. Kato will likely be succeeded by Fujisaki Ichiro, head of Japan's delegation to the United Nations and other international organizations in Geneva. Ebihara Shin, ambassador to Indonesia, is expected to take the post in London. (*Asahi Shimbun*, "Yabunaka to Be Named Vice Foreign Minister," December 28, 2007)

12/30/07 Park Jin, chief of a sub-panel on inter-Korean and security affairs on President-elect Lee Myung-bak's transition committee expressed a negative view Sunday on establishing an inter-Korean industrial complex in coastal areas near the West Sea. "We need to deal with the establishment of a peace zone in the West Sea in a very careful and measured way because it involves the NLL issue," said Park. "It is problematic for the government to push ahead with the plan without considering the military's point of view." "The outgoing government should refrain from pushing for things that would restrict or create a burden for the next government," Park, a two-term lawmaker, said. "It's bad for the government to push for cross-border talks recklessly in order to produce tangible results before the end of its term." (Jung Sung-ki, "Peace Zone Project Faces Derailment," *Korea Times*, December 30, 2007)

12/31/07 No declaration by year's end. According to Kyodo, the North has also told the United States it is reducing the shifts of workers carrying out disabling. "There has been no last-minute change," DoS spokesman Tom Casey told reporters. "It's unfortunate but we are going to keep on working on this." North Korea now risks losing out on diplomatic and economic incentives promised in return for a full nuclear declaration, White House spokesman Scott Stanzel said. "This is an action-for-action process," he told reporters in Texas, where US President George W. Bush was to ring in 2008 on his ranch. "In order to have action on one side, we have to have action on the other side as well." "While the disablement is a technical issue, the declaration is a politically strategic one which requires lots of thought," Kim Sung-Han, an international politics professor at Korea University, told AFP. "The declaration is seen as a litmus test of whether Pyongyang is really willing to be a nuclear-free state. Given the current stalemate, it must have made no strategic decision yet." (AFP, "N. Korea Fails to Meet Year-End Deadline," December 31, 2007)

1/1/08

North failed to fulfill its October promise to declare all its nuclear programs by the end of 2007 -- and the United States did not make a big deal out of it. "I'm not going to put a deadline on it," said White House spokesman Scott Stanzel. "We think there is an opportunity to move forward." While saying that North Korea cannot "pretend to give a complete declaration" of its weapons program, Stanzel noted that the United States itself is responsible for some of the delays in the disabling of the Yongbyon nuclear reactor -- for safety and security reasons. "The United States slowed down part of the disablement process," Stanzel said. "We wanted it to be done in a safe and secure manner." After the deadline passed, the North issued a New Year's message Tuesday calling on Washington to scrap what it calls "hostile" policies toward the regime, although it made no mention of the missed deadline. "The source of war should be removed and lasting peace be ensured," the North said in the message carried by KCNA. "An end should be put to the U.S. policy hostile towards (North Korea)." The North also said the armistice signed at the close of the 1950-53 Korean War should be replaced by a peace treaty. The lack of a formal treaty ending the conflict means the Korean peninsula still remains technically at war. It also said the North would "make earnest efforts for stability on the Korean peninsula and peace in the world" and that the country is ready to develop "relations of friendship and cooperation with all the countries that are friendly toward it." The message, published in the form of a joint editorial by three major North Korean newspapers, also called for strengthening the country's military force, but stopped short of calling for boosting nuclear capabilities. **It mentioned "nuclear weapons" only once when it said the "mental power" of the people "is more powerful than nuclear weapons."** (Jae-soon Chang, "North Korea Misses Deadline for Nuclear Declaration," January 1, 2008) "An end should be put to the U.S. policy hostile toward the DPRK and the Armistice Agreement be replaced with a peace pact." (KCNA, "Joint New Year Editorial of Leading Newspapers in DPRK," January 1, 2008) "It's a rare New Year joint editorial in the face of the incoming conservative administration in South Korea," said Professor Nam Sung-wook of Korea University who advises Lee's transition team on North Korea policy. "The editorial showed both the North's recognition of the Lee administration and its demands for the incoming administration to honor the summit accords." Lee's spokesman Joo Ho-yeong said the North's low-key attitude was a positive sign for inter-Korean relations. "We express strong sympathy with the North's flexible position (on inter-Korean affairs)," said Joo. "At the same time, we express hope that Pyongyang will honor the multinational agreement to disable its nuclear programs in a sincere manner to further develop inter-Korean relations under the new South Korean government." (Jung Suyng-ki, "Pyongyang Urges Seoul to Honor Summit Accords," *Korea Times*, January 1, 2008)

In Japan's relations with its most important ally, the United States, are drifting apart and trans-Pacific tensions could run high in 2008, especially over U.S. diplomacy with [North Korea](#). A key test will come when Washington moves to take North Korea off its list of state sponsors of terrorism. In fact, many Japanese officials and experts wonder how much concern ordinary Japanese have about the abduction issue and what impact taking North Korea off the blacklist would have on bilateral relations. (Kajita Takehiko, "U.S. Policy toward Pyongyang Looks to Test Japan Relations," *Kyodo*, January 1, 2008)

