

North Korea announces shut down of nuclear reactor

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More than four months after the US reached an agreement with North Korea over its nuclear programs, Pyongyang announced on Monday it had finally received \$25 million in funds previously frozen in the Macau-based Banco Delta Asia (BDA) and would proceed to shut down its small nuclear research reactor at Yongbyon. A team of International Atomic Energy Agency (IAEA) inspectors arrived in North Korea this week to make the technical arrangements to verify the shutdown and seal the reactor and adjacent plutonium reprocessing plant.

The US and international media have uniformly blamed Pyongyang for the delay and questioned its willingness to live up to the February 13 deal struck at six-party talks in Beijing, involving South Korea, China, Russia, Japan, the US and North Korea. The first stage of the agreement, to be completed within 60 days, involved freezing activity at the Yongbyon complex and providing an inventory of nuclear programs, in return for 50,000 tonnes of fuel oil, or its equivalent, and US steps to begin the process of normalising relations between the two countries. April 14 came and went without any progress.

An editorial in the *Washington Post* on Sunday criticised the Bush administration for being too “eager to believe that [North Korean leader] Kim Jong Il will, for the first time, fulfill his promises”. While supporting US efforts to “explore” whether the “loathsome dictatorship” was now serious about disarmament, it urged the White House to “stop making one-sided concessions to a regime that has, as yet, not shown it will do more than pocket them”.

The wrangling over the delay says a great deal more about the incoherence of US foreign policy and the bitter factional disputes wracking the White House than it does about the stance of the North Korean regime. Pyongyang has insisted all along that its frozen funds be returned before taking steps to implement the February agreement. US chief negotiator Christopher Hill claimed that “technicalities” were the only difficulty delaying the return of the funds, but the real obstacle was opposition in sections of the US administration to the deal or any concessions to North Korea.

The BDA funds were frozen in the immediate aftermath of six-party talks in September 2005, which laid out a framework agreement to end the protracted confrontation over North Korea’s nuclear program. The US Treasury Department claimed that the money was connected to illicit North Korean activities. The move effectively scuttled the deal. Pyongyang denounced the move as a sign of Washington’s bad faith, pulled out of further talks and last

October conducted its first test of a primitive nuclear bomb. It also indicated its willingness to return to talks, but demanded the return of its funds as a precondition. Under pressure from Beijing, it agreed to return to negotiations in December and again in February, without the issue resolved, then finally agreed to a further 30-day delay and the condition that it be spent on humanitarian projects.

The Bush administration’s claims that there was no connection between the six-party negotiations and the US Treasury’s punitive actions simply do not hold water. At least one commentator, Joseph Cirincione from the Center for American Progress, alleged last year that Vice President Dick Cheney and Defence Secretary Donald Rumsfeld had deliberately “orchestrated financial restrictions that angered the North Koreans enough to kill the deal but not kill the [nuclear] program”. As soon as it was agreed in February to return the money, “technicalities” began to emerge. Far from approving the transaction, the US Treasury formally blacklisted the BDA under Section 311 of the US Patriot Act—a measure that prevents the bank from conducting transactions with US banks and financial institutions. The decision stymied efforts by the US State Department to transfer the money as no banks were willing to act as intermediaries for fear of facing the same penalty.

The events of the past month have made clear that sections of the White House and the US political establishment have been trying to sabotage the money transfer as a convenient backdoor means for undermining the February agreement, to which they are hostile. The *Boston Globe* on June 18 explained that sections of US Treasury opposed the move, arguing that it would undermine efforts to put a similar financial noose around Iran. “For more than three months, the State Department searched for a bank where North Korea could put its funds and finally enlisted a bank in Russia,” the article stated.

The tortured money transfer—firstly to US Federal Reserve, then to Russia’s central bank and finally to a Russian private bank, Dalcombank—is an indication of the difficulties involved. In addition, as Russian Foreign Minister Sergei Lavrov explained, the US had to guarantee that the Russian banks involved would not face sanctions over the transaction, and cover all expenses in the event of any lawsuit. Russia’s concerns were not misplaced. In mid-June, in a rearguard action to block the transfer, US Congressman Ileana Ros-Lehtinen, backed by five other Republican congressmen, called on the Government

Accountability Office to determine if the Federal Reserve's involvement in the transaction was illegal.

Former US ambassador to the UN John Bolton, who since losing his job has become an unofficial spokesman for the most right-wing layers of the Bush administration, chimed in to declare that the transfer was undermining US efforts to isolate Iran. "European banks are saying, wait a minute, why should we jump through hoops on Iran if there is some possibility that in a short time that the US will flip-flop on Iran, like they did on North Korea?" he told the *Boston Globe*.

Eventually the money finally reached its destination. Late last week, US Assistant Secretary of State Christopher Hill made an unannounced trip to Pyongyang—the first by a top US official to North Korea in five years—and cautiously announced that the shutdown of the Yongbyon facility could be completed within three weeks. He also laid out a tentative timetable for completing the steps outlined in the agreement, indicating that the physical disabling of North Korea's reactor as well as the commencement of a peace process on the Korean Peninsula could take place this year. He indicated that final arrangements for dispensing with all of North Korea's fissile material and explosive devices in return for a full normalisation of relations with the US might take place next year—that is, before the end of Bush's term in office.

Significantly, Hill also hinted that North Korean negotiators had indicated a willingness to address uranium enrichment—the issue that provoked the collapse of the 1994 Agreed Framework and North Korea's withdrawal from the Nuclear Non-Proliferation Treaty. In negotiations in 2002, Washington claimed that Pyongyang had admitted to having a secret uranium enrichment program, an allegation which North Korea strenuously denied. Hill was quietly optimistic that the issue could now be resolved. The *New York Times* indicated last Friday that the Bush administration was "considering authorising Mr Hill to buy from the North Koreans nuclear equipment that they are believed to have purchased several years ago from Abdul Qadeer Khan, a Pakistani nuclear engineer."

All of this is anathema to Bolton, Cheney and the hawkish layers in the White House, who have opposed any concessions to North Korea and pushed for "regime change" in Pyongyang, backed by military action if need be. In fact, the US State Department diplomatic efforts mark a tactical U-turn from the Bush administration's previous rhetoric, which branded North Korea as part of an "axis of evil" with Iran and Iraq. Washington refused to hold bilateral talks with Pyongyang and adamantly declared that it would not "reward bad behaviour"—that is, negotiate quid pro quos in return for dismantling nuclear facilities.

Last week's visit by Hill to Pyongyang highlights the glaring contradictions between the Bush administration's stances toward North Korea and Iran. In the first case, North Korea has withdrawn from the Nuclear Non-Proliferation Treaty (NPT), expelled IAEA inspectors in 2002, and tested an atomic bomb in 2006. In the second case, Iran continues to adhere to the NPT, allows IAEA inspections and denies any plans to build nuclear weapons. Tehran insists, however, on its right under the NPT to construct uranium enrichment facilities to produce fuel for its power reactors. Yet the Bush administration has concluded a comprehensive agreement

with North Korea, while refusing to even meet Iranian negotiators unless Tehran agrees, in advance, to Washington's demands to shut down its uranium enrichment plant and stop construction of a heavy water research reactor.

Former US National Security Adviser Zbigniew Brzezinski, who has been critical of the Bush administration's strategy in the Middle East, highlighted the contradictions in a discussion on June 14 at the Center for Strategic and International Studies. He noted early in the session that the capture of US, rather than British sailors, by the Iranian Revolutionary Guards might well have provoked a US response and led to "a conflict in Iraq, Iran, Afghanistan and Pakistan".

Brzezinski noted that while being prepared to hold talks with Iran over Iraq, the nuclear issue is treated very differently. "We're insisting that the Iranians, as the price for negotiating with us, abandon something to which they actually have a right under international law, a right, which is to enrich to 5 or so percent, which is exactly all that they're doing at this stage because we are afraid that if they do that, they will gain greater capacity to acquire nuclear weapons." He said the North Koreans, on the other hand, are declaring: "We have produced weapons. We're proud of the fact that we have weapons." If negotiations were possible with North Korea, Brzezinski argued, they should be possible with Iran.

This formal argument disguises the fact that the nuclear issue was simply a pretext for the Bush administration to escalate the confrontation with both countries. In both cases, at stake are US ambitions to establish its economic and strategic dominance over two key regions of the globe. If Brzezinski is urging a more cautious diplomatic approach, it is because he recognises that the US invasion of Iraq has been disastrous for American interests in the Middle East. Advocates of militarism such as Cheney continue to press for "regime change" in Iran, including through military means. If their opposition to the North Korean agreement is muted at present, it is not because their agenda has changed but because Tehran, not Pyongyang, is currently at the top of the list of priorities. At the same time, as the uncertainty over the transfer of \$25 million demonstrates, the present agreement with North Korea could quickly fall apart, leading to a rapid return to an atmosphere of confrontation and US military threats.



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