



Asia Pacific Bulletin

Number 33 | April 6, 2009

North Korean Missile Test: Remedial Action

BY MARCUS NOLAND

Marcus Noland, senior fellow at the Peterson Institute for International Economics and the East West Center explains that “Prior UNSC actions appear to have had little deterrent effect on the North Koreans, however. China and Russia have proved unwilling to discipline North Korea, and have implemented economic sanctions grudgingly, if at all.”

When North Korea’s long awaited rocket launch finally occurred on April 5 (Korean time) there were nearly as many explanations as there were commentators: it was an attempt to politically destabilize the conservative Lee Myung-bak administration in Seoul and force it into a more pliable policy; it was a test of the new Barack Obama administration in Washington; it was the manifestation of pre-succession political maneuvering in Pyongyang in which no player could afford to appear conciliatory toward the country’s adversaries; or it was a test drive of new technology for foreign customers such as Iran. To these speculations one might append the obvious: that it was an exercise aimed at furthering North Korea’s ballistic missile capability with the ultimate goal of marrying the country’s weapons of mass destruction to long-range delivery systems. And finally, the professed North Korean explanation must be entertained: a peaceful launch of a communications satellite.

Whatever the motivation, the world appears to have dodged a bullet, so to speak. A 1998 launch sent a missile directly over Japan, and in 2006, another North Korean rocket malfunctioned soon after launch, exploding over the Sea of Japan one minute before it would have sent burning wreckage crashing onto Japan. At least such carnage, which would have surely elicited a harsh response, was avoided.

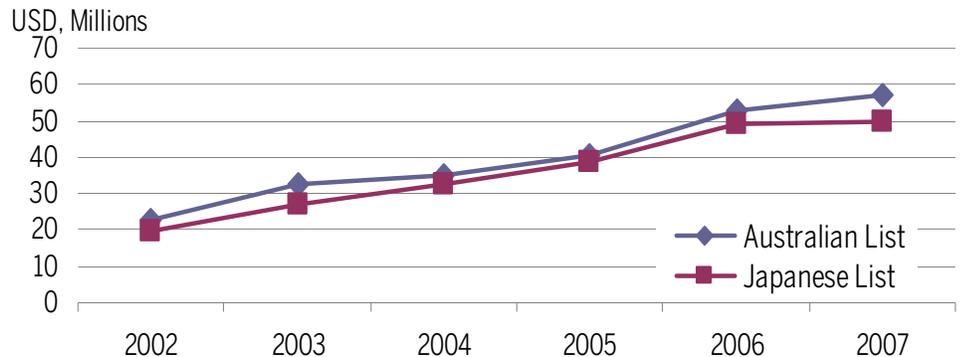
That July 2006 episode resulted in UN Security Council (UNSC) Resolution 1695 which “*Demands* that the DPRK suspend all activities related to its ballistic missile programme, and in this context re-establish its pre-existing commitments to a moratorium on missile launching.” This resolution called for member states to curtail the sale of technology and missile-related equipment to North Korea. The April 2009 launch, whatever the professed justification or explanation, would appear to be in clear violation of this resolution. The United States, South Korea, and Japan have all expressed interest in the UNSC once again taking up the issue. In the words of President Obama, “Violations must be punished.”

Prior UNSC actions appear to have had little deterrent effect on the North Koreans, however. China and Russia have proved unwilling to discipline North Korea, and have implemented economic sanctions grudgingly, if at all.

When Pyongyang upped the ante with a nuclear test in October 2006 the UNSC responded with Resolution 1718, broadening the missile-related sanctions under Resolution 1695 to include heavy weapons and luxury goods. But implementation was notable in its laxity: under Resolution 1718, the definition of luxury goods was left up to each individual country, as was the administration of the embargo. Russia, for example, required that watches cost nearly \$2,000 and fur coats nearly \$10,000 to be defined as “luxuries.” North Korea’s largest trade partner, China, declined to even publish a list of embargoed goods. And when the lists of other concerned countries

such as Australia and Japan are applied to Chinese trade data, it appears that not only did Chinese exports of luxury products not cease after the nuclear test, they actually increased.

Chinese Luxury Goods Exports to DPRK



Source: United Nations Commodity Trade Statistics Database, comtrade.un.org/db/default.aspx

“If the United States and other countries are interested in imposing significant penalties on North Korea for its behavior, they will need to insist on a less phlegmatic response on the part of China and consider actions outside the UN framework.”

If the United States and other countries are interested in imposing significant penalties on North Korea for its behavior, they will need to insist on a less phlegmatic response on the part of China and consider actions outside the UN framework. North Korea’s ties to the outside world remain subject to disruption: Seoul, for example, has expressed interest in participating in the U.S.-led Proliferation Security Initiative (PSI) which could be used as a mechanism for tightening the screws. The rocket launch will severely erode U.S. willingness, already tested, to continue to supply food aid and nuclear reactors in the context of the ongoing Six Party Talks.

North Korea is also dependent on imported oil and the country’s links to the international financial system remain vulnerable to external action. For example, a 2005 U.S. Treasury action against a small Macau bank where North Korean accounts were associated with missile proliferation, unrecorded gold sales, and allegedly North Korean leader Kim Jong-il’s personal political slush fund, tanked the black market value of the North Korean currency, disrupted legitimate commerce, and reportedly necessitated a scaling back of festivities associated with the Dear Leader’s birthday. More importantly, the action elicited a strong North Korean interest in resolving the nuclear issue and a willingness to make concessions to do so. In the case of U.S. actions against the Macao bank, China, in an effort to ensure that its banks did not become entangled and that its access to lucrative U.S. markets was not jeopardized, was more forthcoming than it had been on trade sanctions.

Regrettably, toothless trade restrictions have proved inadequate to deter Pyongyang *ex ante*, and the world is now faced with dealing with the situation *ex post*. Willingness to impose a comprehensive set of sanctions—trade, aid, travel, energy assistance, and finance—might rein in reckless North Korean behavior before another provocation fundamentally destabilizes the situation in Northeast Asia.

The East-West Center is an internationally recognized education and research organization established by the United States Congress in 1960 to strengthen understanding and relations between the U.S. and countries of the Asia Pacific region.

The Asia Pacific Bulletin is produced by the East-West Center in Washington. The views expressed in this publication are those of the authors and do not necessarily reflect the policy or position of the East-West Center.

EastWestCenter.org/apb