



U.S.-Korea Relations:

North Korea Tests a Nuke and Returns to the Six-Party Talks

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North Korea made good on its long-time threat to conduct a nuclear test when it exploded a small nuclear device of less than a kiloton on Oct. 9. The test generated political shock waves and led to comprehensive sanctions imposed by the UN Security Council Oct. 14. Under tremendous pressure from the international community and China, in particular, North Korea announced Oct. 31 it would return to the Six-Party Talks.

When the talks reconvened in Beijing on Dec. 18, they made little progress other than reaffirming the main accomplishment of these negotiations to date – the Sept. 19, 2005 joint statement in which North Korea agreed to abandon its nuclear program in exchange for security, political, and economic benefits. Given North Korea’s nuclear test, the real surprise this quarter was that a new round of nuclear negotiations occurred at all.

In their ongoing negotiations on a free trade agreement (FTA), the U.S. and South Korea ran into difficulty on issues including autos, pharmaceuticals, antidumping measures, and beef. At the end of the quarter, Korean negotiators were reportedly considering whether to propose a “big deal” that would resolve outstanding differences on major issues. Both the U.S. and Korean negotiating teams are aware that they must wrap up an agreement by March 31 and give Congress 90 days for review before President Bush’s “fast-track trade promotion authority” (TPA) expires June 30, 2007.

The U.S. and South Korea agreed in late October to transfer wartime operational control of Korean troops to South Korea between Oct. 15, 2009 and March 15, 2012. The precise time of transfer along with detailed implementing arrangements will be decided in joint consultations during the first six months of 2007. The U.S. will continue to provide significant air and naval “bridging capabilities” as well as intelligence, surveillance, and reconnaissance until South Korea acquires sufficient capabilities of its own in these areas.

South Korea notified the U.S. in early December that it would extend the deployment of its troops supporting U.S.-led coalition forces in Iraq for another year, although at a reduced level. South Korea’s “Zaytun Division” has contributed humanitarian and reconstruction assistance since 2004 in the northern Iraqi city of Irbil. Korean commandos have also provided security for the UN Assistance Mission for Iraq.

North Korea threatens and then conducts a nuclear test

On Oct. 3, North Korea electrified the international community by declaring it “is set to conduct a nuclear test in the future....” A statement carried by the North’s *Korean Central News Agency (KCNA)* said that “the U.S. extreme threat of a nuclear war and sanctions and pressure compel the DPRK to conduct a nuclear test, an essential process for bolstering [our] nuclear deterrent, as a corresponding measure for defense.” The North Korean announcement evidenced a major change in position from a week earlier when Pyongyang stressed it would continue to reprocess nuclear material (to obtain plutonium for building nuclear bombs) but discounted the need for a nuclear test.

North Korea’s brinkmanship called forth an equally tough response from U.S. Assistant Secretary of State Christopher Hill who announced the strongest rhetorical threat against North Korea in over a decade: “We are not going to live with a nuclear North Korea...[North Korea] can have a future or it can have these weapons. It cannot have both.”

On Oct. 6, the UN Security Council adopted a joint statement that expressed “deep concern” over a possible North Korean nuclear test and warned it would take punitive actions in the event Pyongyang carried through on its threat. The Council statement said that a nuclear test would “jeopardize peace, stability and security in the region and beyond.”

Undeterred by either Hill’s rhetoric or the UN Security Council statement, North Korea detonated a nuclear device of relatively small size on Oct. 9. According to a report of the *KCNA*: “The field of scientific research in the DPRK successfully conducted an underground nuclear test under secure conditions on Oct. 9, 2006 at a stirring time when all the people of the country are making a great leap forward in the building of a great, prosperous and powerful socialist nation.”

In his initial response, President George W. Bush focused on North Korea’s capability to proliferate nuclear weapons to other states or terrorist groups: “The transfer of nuclear weapons or material by North Korea to states or nonstate entities would be considered a grave threat to the United States. And we would hold North Korea fully accountable for the consequences of such action.”

South Korea also strongly condemned North Korea’s nuclear test and said it would fundamentally reassess its engagement policy toward Pyongyang. This position represented the first time since former President Kim Dae-jung inaugurated his “Sunshine Policy” of engagement in the late 1990s that Seoul threatened to end cooperation with Pyongyang. While opposing any military response, President Roh Moo-hyun indicated he would decide whether to end cross-border projects, including tourism to Mount Kumgang and development of the Kaesong industrial zone in North Korea.

At the UN, the U.S. circulated a 13-point proposal urging the Security Council to adopt tough new sanctions under Chapter 7 of the UN Charter. China's Ambassador to the UN Wang Guangya stressed that the UN Security Council should "react firmly, constructively and prudently" and that "the door to solve this issue from a diplomatic point of view is still open."

Secretary of State Rice, on Oct. 10, reaffirmed that the U.S. did not intend to attack or invade North Korea as a result of its nuclear test. But she said that North Korea would face "international condemnation and international sanctions unlike anything that they have faced before." Looking ahead to her upcoming tour of Asian capitals, Rice also emphasized that "the diplomatic path is open" for Pyongyang and that abandoning its nuclear program would "lead to all kinds of benefits for North Korea."

On the same day, U.S. Ambassador to South Korea Alexander Vershbow declared that North Korea's test had, in fact, reduced the chances for bilateral negotiations with the United States – negotiations that Pyongyang had long sought. Vershbow called for South Korea to join the U.S.-led Proliferation Security Initiative (PSI) and to "reconsider" its joint ventures with North Korea, specifically the Kaesong industrial zone and the tourism project at Mount Kumgang.

Evidently seeking to deter harsh UN sanctions, North Korea threatened "physical actions" on Oct. 10 if the U.S. "continues to apply pressure" but stressed that it is committed to "dialogue and negotiation" for realizing a nuclear-free Korean Peninsula. In a statement carried by *KCNA*, North Korea's foreign ministry said: "we had to conduct the nuclear test because of the U.S. government's [hostile policy], but our determination to realize the denuclearization of the Korean Peninsula through dialogue and negotiations remains unchanged."

UN imposes strong sanctions on North Korea

The UN Security Council unanimously adopted a resolution on Oct. 14 that condemned the North Korean test as a "clear threat" to international peace and imposed nonmilitary sanctions on Pyongyang. The resolution showed the strong international consensus against North Korea's actions while reflecting a compromise among the U.S., China, and Russia to weaken the harshest sanctions the U.S. initially proposed. The Security Council resolution banned sales or transfers to North Korea of selected items of military equipment, nuclear technology, and luxury goods. It imposed a freeze on all North Korean financial assets linked to developing weapons of mass destruction. It also ordered member states to ban the travel of any individuals involved in Pyongyang's WMD programs. On the controversial issue of interdicting North Korean cargo vessels, the Security Council authorized stops and searches "as necessary" to prevent import and export of weapons of mass destruction.

Aside from imposing specific sanctions, the UN resolution contained a series of declarations urging North Korea to: return to the Six-Party Talks without precondition; not conduct any further nuclear or ballistic missile tests; rejoin the Nuclear

Nonproliferation Treaty; abandon its nuclear weapons programs in a complete, verifiable and irreversible manner; and end all other existing WMD and ballistic missile programs. Although South Korea welcomed the UN resolution and promised it “will faithfully implement it,” opposition immediately developed in the governing Uri Party to any increased role for Seoul in PSI. Chairman of the Uri Party Kim Geun-tae called the plan to interdict suspicious arms shipments a “dangerous idea” because “even a trivial clash on the sea could develop into a full-scale military conflict.” Kim and his party also resisted U.S. administration views that Seoul should curtail its cooperative economic programs with North Korea.

When Secretary Rice visited South Korea on Oct. 19, she urged Seoul to use its leverage to “get North Korea to return to the Six-Party Talks.” By “leverage” she implied that Seoul should join PSI and at least reduce economic cooperation with North Korea. Yet the secretary played down the notion that Washington was exerting significant pressure on South Korea when she said that “I did not come to South Korea nor do I go anywhere else to try to dictate to governments what they ought to do.”

To the great surprise of many observers, North Korea decided Oct. 31 that it would return to the Six-Party Talks without conditions. China announced the North Korean decision, which was reportedly brokered by the chief Chinese delegate Wu Dawei at a secret meeting in Beijing attended by North Korean Ambassador Kim Gye-Gwan and Ambassador Hill. North Korea’s decision followed a visit by China’s special envoy, State Councilor Tang Jiaxuan, to Pyongyang in early October where he met North Korean leader Kim Jong-il.

In mid-November, Seoul officially announced it would not join PSI, although the South Korean Foreign Ministry said South Korea “supports its principle and purpose.” A Foreign Ministry statement indicated that “taking into account the unique circumstances on the Korean Peninsula, we will decide on activities to be taken in the waters surrounding it in accordance with our relevant domestic laws, including the South-North Agreement on Maritime Transportation and international laws.” Seoul’s decision reportedly followed the views laid out by Uri Party leader Kim a few weeks earlier, when he argued that South Korea’s participation in PSI could lead to an unintentional naval clash between the two Koreas.

Movement prior to resumption of Six-Party Talks

Leading up to the new round of Six-Party Talks – ultimately scheduled for mid-December – the parties maneuvered to enhance their negotiating positions. The bottom-line U.S. goal at the talks was to reaffirm North Korea’s Sept. 19, 2005 pledge to abandon all nuclear weapons programs while continuing to pressure North Korea through UN sanctions.

Meeting on the margins of the Asia-Pacific Economic Cooperation (APEC) summit in Hanoi on Nov. 18, President Bush told President Roh that the U.S. would be willing to enter into a peace treaty with North Korea that would replace the 1953 Armistice

Agreement. Presidential spokesman Tony Snow indicated that in return for the dismantling of North Korea's nuclear program, the U.S. would offer North Korea various incentives including "a declaration of the end of the Korean War and moving forward on economic cooperation, cultural, educational, and other ties."

ROK Foreign Minister Song Min-soon confirmed publicly that the Roh-Bush summit focused heavily on a new peace regime, together with security and economic incentives, in exchange for a verifiable end to North Korea's nuclear program.

Although the Bush administration refused to relax any sanctions against North Korea in advance of the six-party round, the U.S. seemed to give a green light to China's decision on Nov. 19 to "unfreeze" some North Korean accounts in a Macau bank that were previously linked to counterfeiting of U.S. dollars. In the fall of 2005, following U.S. warnings, Banco Delta Asia (BDA) froze approximately \$24 million in North Korean accounts due to alleged counterfeiting, a measure that caused Pyongyang to withdraw from the nuclear negotiations for more than 13 months.

In late November, Ambassador Hill met North Korea's Ambassador Kim in Beijing and presented him with a series of measures designed to produce what Kim called an "early harvest" through implementing the Sept. 19, 2005 denuclearization agreement. According to news accounts, Hill proposed a list of North Korean actions including shutting down its Yongbyun nuclear reactor, closing a nuclear test site in Punggye, permitting the return of inspectors from the International Atomic Energy Agency (IAEA), and making a full declaration of nuclear-related programs and facilities.

In return, Hill suggested, the U.S. could completely lift financial sanctions, supply fuel oil to meet North Korea's immediate energy needs, discuss ways to negotiate a peace regime for the Korean Peninsula, provide security guarantees, and move toward normalizing diplomatic relations with Pyongyang. Hill described the U.S. proposals as "ideas that are designed to make rapid progress [toward dismantling North Korea's nuclear program.]"

Though the Six-Party Talks convened Dec. 18 in Beijing and ran for five days before recessing, their only accomplishment was reaffirming the joint statement of principles signed in September 2005. Under the joint statement, North Korea previously "committed to abandoning all nuclear weapons and existing nuclear programs" in exchange for security assurances and promises to promote economic cooperation.

The core problem in the negotiation remains the question of "sequencing" actions by the U.S. and North Korea. As evidenced at the latest round, Washington and Pyongyang find it extremely difficult to follow the implementing principle they agreed to in September 2005 of "commitment for commitment, action for action."

North Korea will not agree to move forward on nuclear issues until the U.S. eliminates the financial sanctions it imposed on Pyongyang's overseas accounts for alleged counterfeiting. The U.S. offers numerous economic, security, and diplomatic benefits to

North Korea, but will provide virtually nothing until Pyongyang shuts down its nuclear program. This impasse demonstrates how the deep distrust between the two countries has impeded productive diplomacy.

Difficulties in negotiating a free trade agreement

The U.S. and South Korea clashed on several key aspects of a free trade agreement (FTA) this quarter, throwing into doubt whether negotiators will be able to finalize a text by the end of March, when it must be submitted to the U.S. Congress for approval.

Korea requested the U.S. to restrict applying tough antidumping regulations to Korean companies under an FTA, but chief U.S. negotiator Wendy Cutler indicated “we have very limited flexibility in this area.” Korea believes that a number of its leading corporations, particularly Samsung Electronics, have been unfairly penalized by the U.S. for dumping in the past.

Korea resisted U.S. demands to strengthen the patent rights of U.S. pharmaceutical corporations in Korea and Cutler expressed “disappointment” that Korea would not “seriously engage” in discussions on whether U.S. drugs would be eligible for reimbursement under the country’s national health plan.

On autos, the U.S. called for Korea to drop its 8 percent tariff on imported vehicles as well as a tax system that charges more for cars with bigger engine displacements. Korea put off responding to the demand until the U.S. addressed the question of 2.5 percent U.S. tariffs on imported autos and a 20 percent tariff on imported pickup trucks.

Lastly, the issue of Korean imports of U.S. beef resurfaced after Korean inspectors found fragments of bone on three occasions in imported beef products during October and November. After banning U.S. beef approximately three years ago because of fears of mad cow disease, Korea recently decided to permit imports of only boneless beef from cattle under 30 months of age. U.S. Agriculture Secretary Mike Johanns made clear the displeasure of the U.S. beef industry on Dec. 6, when he said, “the rejection of the third shipment clearly illustrates that South Korean officials are determined to find an excuse to reject all beef products from the United States.”

U.S. and Korean negotiators hope to wrap up their talks by March 31, which would give Congress 90 days to review the agreement before President Bush’s “fast-track trade promotion authority” expires on June 30, 2007. Under the TPA, the administration can seek a yes-or-no vote without amendments for a trade agreement, which greatly simplifies the approval process.

At the end of the quarter, both U.S. and Korean officials tried to weigh the impact on the FTA talks of the Democratic Party victories in the November U.S. congressional elections. With Democrats more ideologically opposed to the FTA than Republicans, officials feared the political shift could pose a significant obstacle to the pact’s approval.

In Korea, negotiators hinted publicly that they might seek a “big deal” to resolve major issues during the upcoming sixth round of talks in January 2007. Under this proposal, Korea would accept the U.S. demand to revise tariffs and taxes on imported autos in exchange for the U.S. restricting application of antidumping measures on Korean goods.

Transfer of wartime operational command

At their Security Consultative Meeting (SCM) in Washington during late October, Defense Secretary Donald Rumsfeld and Korean Defense Minister Yoon Kwang-ung agreed to transfer wartime operational control of Korean troops to South Korea sometime between Oct. 15, 2009 and March 15, 2012. Under current arrangements, the U.S. commander in South Korea would assume operational control of Korean forces in the event of war.

The uncertain date of the transfer represented a compromise between the U.S. position that the shift should occur in 2009 and the Korean position that it should take place in 2012. During the first six months of 2007, U.S. Forces Korea (USFK) and the Korean military will develop a detailed implementation plan for the command transfer – and fix a final date for the transfer to take place.

Secretary Rumsfeld made it clear at the SCM that the U.S. will continue to provide significant “bridging capabilities” – particularly air and naval support as well as sophisticated intelligence, surveillance and reconnaissance capabilities – until South Korea is able to acquire sufficient capabilities of its own in these areas.

Under the plan approved at the SCM, a new dual command structure will replace the Combined Forces Command (CFC), which is currently headed by the commander of U.S. forces in Korea. South Korea’s Joint Chiefs of Staff will assume responsibility for all Korean forces during both peacetime and wartime. The U.S. military will create a new headquarters whose main purpose will be to provide air and naval support for Korean troops. To replace the CFC, the U.S. and South Korea will form a Military Cooperation Center (MCC) that will guide joint combat operations.

The communiqué released at the SCM underscored the U.S. “firm commitment” to the defense of South Korea and reaffirmed “extended deterrence” to South Korea under the U.S. nuclear umbrella, consistent with the U.S.-ROK Mutual Defense Treaty of 1954.

In late December, Gen. Burwood Bell, commander of U.S. Forces in Korea, also called for restructuring and enhancing the role of the United Nations Command (UNC) which Bell heads, as part of the transfer of operational wartime command to South Korea. The UNC – which includes representatives from 16 countries – is in charge of overseeing the 1953 Armistice agreement that ended the Korean War. The UNC currently supervises two transportation corridors connecting South and North Korea with rail and highway links, at either end of the demilitarized zone.

According to some observers, the U.S. may seek to expand the role of the UNC, following the dissolution of the Combined Forces Command, to strengthen cooperation between U.S. and South Korean forces. Bell hinted at this transformation in his message posted on a USFK website: “We will revise the roles and missions of the UNC...to effectively support the nature of the ROK military which in the future will be under ROK independent command both during the armistice and during wartime.”

Defense cost sharing

In early December, at their sixth round of meetings, U.S. and South Korean defense officials concluded difficult negotiations over cost-sharing for U.S. forces in Korea. Among the sticky issues were salaries for Korean workers at U.S. defense facilities, stationing costs for U.S. forces, and construction of new installations for U.S. forces moving from bases close to the demilitarized zone to Pyongtaek, south of Seoul.

Under the final agreement, South Korea’s share of defense costs will rise by 6.6 percent over the next two years. Monies owed to the U.S. will total approximately \$790 million in 2007 and increase in 2008 based on any rise in the consumer price index.

In an unusual development, Gen. Bell expressed his displeasure at the final agreement. In a press release, he stated that the agreement “does not meet the expectations of the United States on equitable burden sharing, nor USFK requirements. The 2007 level will meet less than 41 percent of USFK non-stationing costs, and represents less than 15 percent of the total annual U.S. expenditures required to maintain U.S. forces in South Korea.”

South Korea extends troop deployment in Iraq

South Korea notified the U.S. in early December that it would extend for another year the deployment of its “Zaytun Division,” currently supporting U.S.-led coalition forces in Iraq, while reducing the number of troops from 2,300 to 1,200. South Korea’s troop contribution to coalition forces is currently the third largest, following the U.S. and Britain. Since its initial deployment of 3,300 troops to Iraq in 2004, the Zaytun Division has provided humanitarian and reconstruction assistance in the Kurdish-controlled northern Iraqi city of Irbil. Korean commandos also provide security for the UN Assistance Mission for Iraq (UNAMI).

Prospects

North Korea demonstrated this quarter why it is known – and reviled – for its brinkmanship tactics. Against the will of the international community, Pyongyang exploded a nuclear device and invited harsh United Nations sanctions it must have expected. No doubt the U.S. unwillingness to negotiate an end to financial sanctions for alleged counterfeiting – imposed in the fall of 2005 – contributed to North Korea’s desperation leading up to the nuclear test.

After three weeks of growing concern that Pyongyang would conduct a second nuclear test, North Korea showed its diplomatic adroitness in late October by announcing it would return to the Six-Party Talks. This decision relieved pressure on Seoul to end its engagement policy with Pyongyang and assuaged China's mounting anger at North Korea's defiance.

It was no surprise that the December round of Six-Party Talks made little progress other than reaffirming the only agreement the parties have reached to date – the Sept. 19, 2005 joint statement in which North Korea said it would abandon its nuclear program in exchange for security, political, and economic benefits. Given North Korea's nuclear test, the real surprise was that these negotiations occurred at all.

Looking to the future, the U.S. will have to show greater flexibility on financial sanctions if it expects North Korea to move forward on the nuclear issue. Because these sanctions have frozen legitimate business transactions (beyond alleged counterfeiting activities) and because North Korea is reportedly willing to deposit funds in U.S. banks, permitting U.S. scrutiny, Washington has room to compromise. Since the Bush administration initially complicated and, in the view of many observers, undercut the Six-Party Talks by introducing the counterfeiting issue in the first place, the ball is in Washington's court for making progress on the main matter at hand – ending North Korea's nuclear program – and then moving on to broader peace negotiations for the Korean Peninsula.

Chronology of U.S.-Korea Relations October-December 2006

Oct. 3, 2006: North Korea announces it “is set to conduct a nuclear test in the future.”

Oct. 4, 2006: U.S. sends a message to DPRK via their UN mission in New York not to conduct the test.

Oct. 6, 2006: UN Security Council (UNSC) expresses “deep concern” about a possible North Korean nuclear test.

Oct. 9, 2006: North Korea conducts an underground nuclear test.

Oct. 9, 2006: Ambassador Vershbow says the nuclear test makes bilateral talks with North Korea less likely.

Oct. 9, 2006: Presidents Roh Moo-hyun and George W. Bush have a 20-minute phone conversation regarding the announcement of the nuclear test by North Korea.

Oct. 11, 2006: DPRK *Korea Central News Agency* declares U.S.-initiated UN sanctions an “act of war.”

Oct. 14, 2006: UNSC imposes sanctions on North Korea for its nuclear test.

Oct. 15, 2006: UN General Assembly elects ROK Foreign Minister Ban Ki-moon as the next UN secretary general.

Oct. 17, 2006: Ambassador Vershbow urges South Korea to “thoroughly review” economic ties with North Korea.

Oct. 18, 2006: The 28th ROK-U.S. Military Committee Meeting (MCM) is held in Washington, D.C.

Oct. 18, 2006: U.S. Congress enacts National Defense Authorization Act for 2007, which requires appointment of a senior U.S. coordinator on Korea within 60 days.

Oct. 19, 2006: Secretary of State Condoleezza Rice in Seoul urges President Roh Moo-hyun to “take stock of the leverage we have” on North Korea.

Oct. 20, 2006: U.S. and Korea reach agreement on transfer of wartime operational control at the 38th Security Consultative Meeting in Washington.

Oct. 20, 2006: ROK, U.S., and Japan foreign ministers hold a two-hour trilateral meeting at ROK FM Ban’s residence. This is the first trilateral meeting among the three countries ministers since October 2000.

Oct. 22, 2006: Fourth round of U.S.-Korea talks on a Free Trade Agreement open in Jeju.

Oct. 27-28, 2006: Secretary General-elect and ROK Foreign Minister Ban makes a working visit to China to meet President Hu, State Councilor Tang, and Foreign Minister Li Zhaoxing and to discuss the North Korea nuclear standoff.

Oct. 31, 2006: North Korea announces that it will return to the Six-Party Talks after a secret meeting between Kim Gye-gwan, Christopher Hill, and Wu Dawei. U.S. tells North Korea that it is prepared to discuss issues surrounding Banco Delta Asia and to form a working group to address the issue.

Nov. 1, 2006: President Roh nominates Lee Jae-jeong, senior vice president of the Advisory Council on Democratic and Peaceful Unification as unification minister; Song Min-soon, chief secretary to the president for unification, foreign, and security affairs as foreign minister; Kim Jang-soo, Army chief of staff, as minister of defense; and Kim Man-bok, first deputy director of the National Intelligence Service (NIS), as NIS director.

Nov. 7, 2006: First sub-ministerial meeting of the ROK-U.S. Strategic Consultation for Allied Partnership is held in Seoul with Vice Minister of Foreign Affairs and Trade Yu Myung-hwan and Under Secretary Burns heading the respective delegations.

Nov. 13, 2006: South Korea announces it will not join Proliferation Security Initiative.

Nov. 15, 2006: U.S. and South Korean defense officials begin two days of meetings on burden-sharing arrangements in Washington.

Nov. 18, 2006: In Hanoi, Presidents Bush and Roh reaffirm their joint stance not to tolerate North Korea's nuclear program.

Nov. 24, 2006: Korea rejects shipment of U.S. beef because of bone fragments.

Nov. 28, 2006: Ambassadors Christopher Hill and Kim Gye-gwan begin two days of meetings in Beijing about resuming the Six-Party Talks; South Korea extends its deployment of troops in Iraq for a year.

Nov. 29, 2006: U.S. Commerce Department reveals that luxury goods such as ipods and jet skis are on the list of items banned for export to North Korea under UNSCR 1718.

Dec. 1, 2006: Korea rejects second batch of U.S. beef.

Dec. 4, 2006: The U.S. and South Korea open their fifth round of bilateral meetings on a Free Trade Agreement in Big Sky, Montana.

Dec. 5, 2006: South Korea announces it has informed the U.S. of its plan to reduce the number of Korean troops in Iraq while extending their deployment for one year.

Dec. 6, 2006: U.S. and South Korean defense officials finalize military burden-sharing arrangements for 2007.

Dec. 7, 2006: U.S. Special Envoy on Human Rights in North Korea Jay Lefkowitz attends a UN meeting on North Korean human rights abuses. He states that China and South Korea should play an active role pressing North Korea to end abuses.

Dec. 8, 2006: Presidential memorandum is sent to Secretary Rice to impose sanctions on North Korea as described in Arms Export Control Act and the Atomic Energy Act.

Dec. 12, 2006: In Senate confirmation hearings, Robert Gates, defense secretary-designate states "strong military-to-military relations in Asia, particularly with Japan and South Korea, complement regional diplomacy with deterrence."

Dec. 14, 2006: Eighth UN Secretary General Ban Ki-moon is sworn in.

Dec. 18, 2006: Robert Gates sworn in at the 22nd U.S. defense secretary.

Dec. 18-22, 2006: Six-Party Talks held in Beijing and recess with little progress. On the sidelines Dec. 19, the U.S. and the DPRK meet to discuss the BDA issues.

Dec. 27, 2006: Vietnam's East Asia Commercial Bank closes all correspondent accounts to transfer money in and out of North Korea. The decision was the result of Vietnam's entry into the WTO and growing ties with the U.S.