

The Failure of North Korean Containment

How Illicit Networks Fund the Nuclear Program—and the Need for a New Strategy

CPT MICHAEL J. BRODKA, USA

Introduction

Sleek, black limousines symbols of power and wealth began transporting North Korean leader Kim Jong-un to meetings with foreign heads of state in Northeast Asia and around Pyongyang beginning in the late 2010s. However, these armored vehicles, marketed to global heads of state, should not be allowed within the Democratic People's Republic of Korea (DPRK). In 2006, the United Nations enacted Security Council Resolution 1718, banning the import of luxury goods to the DPRK.¹ The first sighting of luxury vehicles occurred in the aftermath of US secretary of state Mike Pompeo's visit to Pyongyang in October 2018. As news agencies discussed the implications of a proposed summit between the United States and the DPRK, a photograph of Kim Jong-un's arrival provided a clue to a monumental problem: the unmistakable Rolls-Royce emblem embellishing a partially obscured wheel on a dark sedan in the background.² The DPRK has a track record of circumventing sanctions, yet the appearance of a vehicle valued upward of \$1.6 million raised alarm for a different reason.³ As Hugh Griffiths, former coordinator of the UN Panel of Experts on North Korea, explained: "If you can smuggle luxury limos into North Korea, which is done by shipping container, that means you can smuggle in smaller components dual-use items for ballistic and nuclear programs. That's the really worrying thing."⁴

International sanctions have not affected the DPRK's ability to fund and develop nuclear technology, which continues unabated. Kim Jong-un presides over a sophisticated global network that engages in diverse illicit activities that mitigate economic losses from trade bans. The United States must accept a fundamental reality: the policy of forcing the Kim regime to relinquish its nuclear weapons program in exchange for sanctions relief is untenable. It is no closer to achieving results than it was in 2010, even while the DPRK produces long-range missiles and plans to develop tactical nuclear warheads. The failure of trade sanctions exhibits the need for a new strategy to deal with the DPRK and its nuclear arsenal. Therefore, the United States should use multilateral talks to negotiate

incremental deals that produce tangible results and build trust. Put simply, an enforceable security guarantee, achieved through mutual peace declarations, will help normalize the DPRK's international relations so that it can undergo economic reform and emerge as a legitimate global partner. Such measures are more likely to attain results that all partners can agree on and could, at a minimum, result in a moratorium on future nuclear production and development. Only then can talks of the DPRK's complete denuclearization be possible.

The Failure of Sanctions to Counter Weapons of Mass Destruction

The United Nations and partner countries have levied a series of sanctions against the DPRK since the mid-2000s to pressure the Kim regime into negotiating terms for the dismantlement of its nuclear weapons program. It imposed sanctions after the DPRK's missile and nuclear tests in 2006, 2009, 2013, 2016, and 2017 that initially banned materials related to weapons of mass destruction (WMD) but expanded to trade bans on crude oil, seafood, luxury items, textiles, and coal. Further sanctions were enacted against individuals connected to the WMD program, banking transactions, and other institutions involved in weapons procurement.⁵ The economic conditions in the DPRK have degraded significantly since, leading to irregularities in currency exchange rates, drastic increases in vegetable prices (particularly cabbage),⁶ empty grocery-store shelves, and the rise of smuggling across the Chinese border. However, these conditions have not discouraged Kim from advancing his nuclear weapons program or forced him to reach out to the United States and the Republic of Korea (ROK) to negotiate terms. Even while the DPRK's population was asked to "tighten their belts,"⁷ new weapons rolled across parade routes through Pyongyang to Kim Il-sung Square. These sanction failures are complex and due to various reasons, including illicit trade, cross-border smuggling, and even regime type. The following sections explain how Kim Jong-un evades sanctions and continues to fund his nuclear program.

Sanctions Are Ineffective Against Authoritarian Regimes

COVID-19 lockdown measures, loss of foreign tourism, and the closure of the border with China have compounded the effects of sanctions, yet Kim stands firm in his *byungjin* policy. *Byungjin—the simultaneous advancement of the nuclear program and the economy—is at the forefront of the DPRK's political ideology and firmly drives nuclear policy.* Therefore, a quid pro quo or a freeze-for-freeze model is necessary for sanctions to work, with trade ban effects used as a bargaining chip. In their book *Hard Target: Sanction, Inducements, and the Case of North Korea*,

Stephan Haggard and Marcus Noland explain that sanctions can work “via *direct economic* costs on the leaders of the state” such as the freezing of personal assets or via “*indirect political* costs that affect the welfare of the constituent group” such as embargoes on foodstuffs (emphasis in original).⁸ In theory, the steep costs will induce leaders to cooperate with the international community. However, sanctions levied historically against different governments have enjoyed varying degrees of success, with regime types playing a significant role. For example, in the early 1990s, Iraq was subjected to some of the most devastating sanctions at the time, yet its authoritarian leader, Saddam Hussein, made few efforts to lift them. Conversely, as Risa Brooks explains, “the porous sanctions imposed on democratic South Africa cost the state relatively little, the equivalent of 1–3 percentage points of growth a year,” but played a significant role in ending apartheid.⁹ Her conclusion, which Haggard and Nolan echo, is that an authoritarian regime such as the DPRK is the most difficult to sanction successfully, vulnerable only under particular circumstances.

An authoritarian regime can impose the cost of sanctions directly on its own populations, repress them, and invoke forced labor. Further, the DPRK continues to adhere to a centrally planned command economy in which the state sets the conditions for the investment, procurement, and production of capital goods. The tight control that the Kim regime exerts over the economy allows it to tap into the “revenue streams from the markets and entrepreneurial sectors” to supplement state income.¹⁰ Moreover, the regime can leverage its workforce to conduct illegal trade to circumvent sanctions and recoup some of the state’s lost income from international partners. People in the DPRK are powerless to resist Kim and face imprisonment in labor camps, or even death, if accused of antisocialist behavior detrimental to the state. With those issues in mind, it is easier to understand why sanctioning the DPRK has not provided the results some policy makers want and illustrates how the Kim regime has continued propping up its economy to fund the nuclear program despite international attempts to halt it.

Illicit Trade Revenue Enables WMD Procurement

Sanctions may have stunted the DPRK economy, but the trade continues, albeit illegally. Officially, trade with China, the DPRK’s number-one partner, “in October [2020] fell to an all-time low, decreasing 99.4% compared to the same period last year,”¹¹ according to a report by the Korea International Trade Association. However, that report does not paint an accurate economic picture. Illegal foreign trade exists on two fronts. The first is the trade banned under UN sanctions, such as coal exports, which continue via offshore ship-to-ship transfer and other secret means. The second is from transnational illicit activity, which the

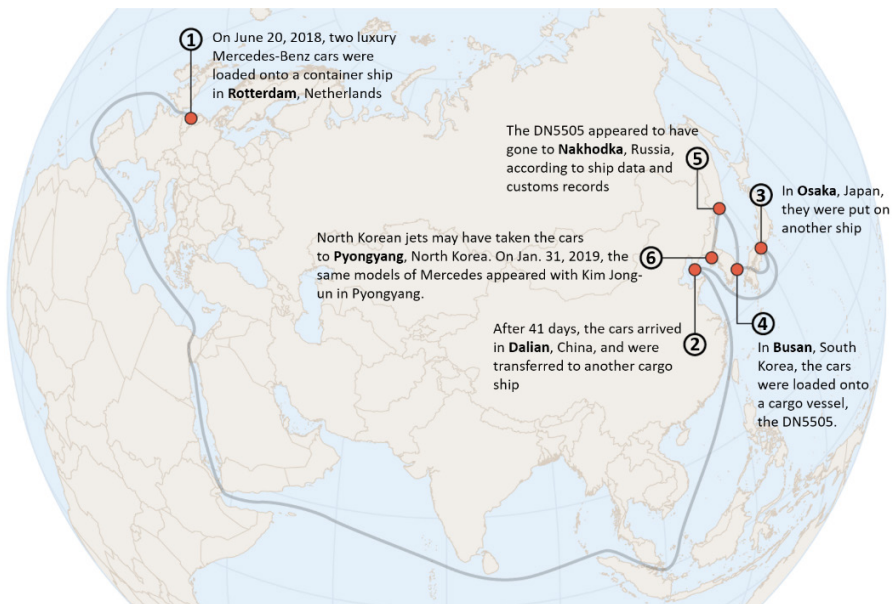
DPRK has conducted for decades, including arms trade, counterfeiting, drug trafficking, and cybercrime. These activities do not fully make up the difference in lost trade revenue, but they provide a stable income stream that is difficult to trace and harder to eliminate. Indeed, although legal, reported trade across the China–North Korea border is at an all-time low, illegal, unreported trade continues almost unabated, providing hundreds of millions of US dollars in revenue to the Kim regime.¹²

The US Department of Justice (DOJ) unsealed an indictment in May 2020 that accused nearly three dozen people—twenty-eight North Korean and five Chinese nationals—of laundering approximately \$2.5 billion in assets through a global network of more than 250 shell companies.¹³ The indictment alleges that the individuals funneled the money through several companies and financial institutions in the United States, Europe, and China back to the state-run Foreign Trade Bank of the DPRK. The indictment further alleges that the DPRK used the money to support its WMD program. The operations included in the DOJ's indictment may be only the tip of the iceberg in the DPRK's transnational, illicit networks with secretive agents operating in the world's dark places while conducting business for the Kim regime. Interestingly, Kim has come to preside over DPRK, Inc., a global leader in illicit trade that continues to defy law enforcement agencies worldwide and earns hundreds of millions of dollars in revenue annually.

The Democratic People's Republic of Korea, Incorporated

The Rolls-Royce spotted during the meeting between Kim and Pompeo is one of three luxury limousines that the DPRK has imported illegally. (See figure 1.) A Mercedes-Benz Maybach S62 and Maybach S600 Pullman Guard made their way to the DPRK from Rotterdam, the Netherlands, where in 2018 an unknown entity procured and later shipped them inside containers owned by the China Cosco Shipping Corporation.¹⁴ A report by the Center for Advanced Defense Studies utilized open-source shipping information and commercial satellite imagery to determine the two vehicles' path into the DPRK and how the shipment evaded sanctions. The report's authors, Lucas Kuo and Jason Arterburn, begin their account with a sobering finding: "Between 2015 and 2017, as many as 90 countries served as luxury goods procurement sources for North Korea, a much broader scope than previously understood."¹⁵ Some of the companies within those countries were knowingly complicit with the DPRK, but others who acted as middlemen never knew who owned the items or knew the final destination. The sophisticated network is cloaked in such a way that most involved in the transportation do not realize they are participating in illegal activities.

The two vehicles made their way via merchant vessels through four different countries, making port calls in China, South Korea, Japan, and Russia, each time transferred to a new ship owned by another company. The voyage's final leg occurred onboard a Togo-flagged vessel belonging to Do Young Shipping on its way to the far eastern Russian port of Nakhodka from Busan, South Korea. Mysteriously, the ship went dark, turning off its location transponder shortly after leaving Busan, and it appeared again 18 days later in South Korean waters. Kuo and Arterburn suggest that transporters loaded the two vehicles "onto Ilyushin-76 (IL-76) heavy-lift cargo jets operated by Air Koryo, North Korea's state-run airline[, and] reportedly traveled from Pyongyang, North Korea to Vladivostok, Russia,"¹⁶ on October 7. Those aircraft have the same tail numbers as the cargo planes used previously to transport Kim's Rolls-Royce Phantom limousine and likely transported the two Maybachs to Pyongyang from Russia.¹⁷ The complicated procurement and shipping network that illegally imported these luxury vehicles under the international community's nose is the same system that procures nuclear-related technology. The Kim regime is not only good at making money; it can smuggle in high-profile contraband at will. Pyongyang uses several other methods for circumventing sanctions, with some of the biggest earners highlighted in the following sections.



(Source: Edward Wong and Christoph Koettl, "How North Korea's Leader Gets His Luxury Cars," *New York Times*, 16 July 2019, <https://www.nytimes.com/2019/07/16/world/asia/north-korea-luxury>)

Figure 1. Shipment path of luxury cars from Rotterdam to the DPRK

The Pyongyang Fall Fashion Show

North Korea celebrated the seventy-fifth anniversary of the founding of the Worker's Party of Korea, kicking off with a massive parade at midnight on October 10, 2020. The uncharacteristic night parade was just the beginning of surprises as lines of new vehicles, missiles, and equipment filed past the viewing platform. All eyes were on the new, 11-axle transporter erector launcher and its massive intercontinental ballistic missile (ICBM) as it lumbered through the bright lights in Kim Il-sung Square early in the morning. However, many observers seemed to care little about the sea of marching uniforms and equipment in all patterns and colors, reminiscent of Milan's most fashionable runways, all on display for sale to finance the new ICBMs. Brian Davis, a seasoned intelligence professional with decades of experience in South Korea, likened the parade to a fashion show.¹⁸ The only items missing were the price tags. The overhead drone footage, sweeping camera shots, and cameras mounted on radio-controlled cars made for entertaining television. The world was watching, and Kim Jong-un was busy showing his wares for sale to interested global buyers. Countries in the Middle East or the Horn of Africa in the market for cheap, dependable equipment need only turn on the television to view a catalog of the newest merchandise on display. Under strict sanctions, a country must fund its missile and nuclear programs somehow, and the DPRK has shown a proclivity for the illicit arms trade.

The DPRK's trade in arms is well documented. In the 1980s and early 1990s, North Korea gained notoriety as an exporter of ballistic missiles and conventional arms to a range of countries and terrorist groups.¹⁹ Recently, due to increased sanctions, the nation has shifted from missile systems to small arms and munitions, evidenced by the US seizure of 30,000 rocket-propelled grenades destined for Egypt in 2017.²⁰ Further, since 2017, Numidia has contracted the Korea Mining Development Trading Corporation to build a munitions factory in that country²¹; the Presidential Guard of the Democratic Republic of the Congo bought DPRK weapons and training²²; and Syria received more than 40 shipments of materials to make chemical weapons.²³ These examples are just a few that member states have identified and reported to the UN Security Council. It is difficult to estimate the total income generated by the DPRK's arms trade given the lack of price and sales data. However, Dr. Larry M. Wortzel, senior fellow in Asian security at the American Foreign Policy Council, estimated that Pyongyang had earned \$560 million in sales in 2001.²⁴ Though dated, few interdictions of DPRK arms shipments have occurred, providing the Kim regime unimpeded access to global arms buyers.

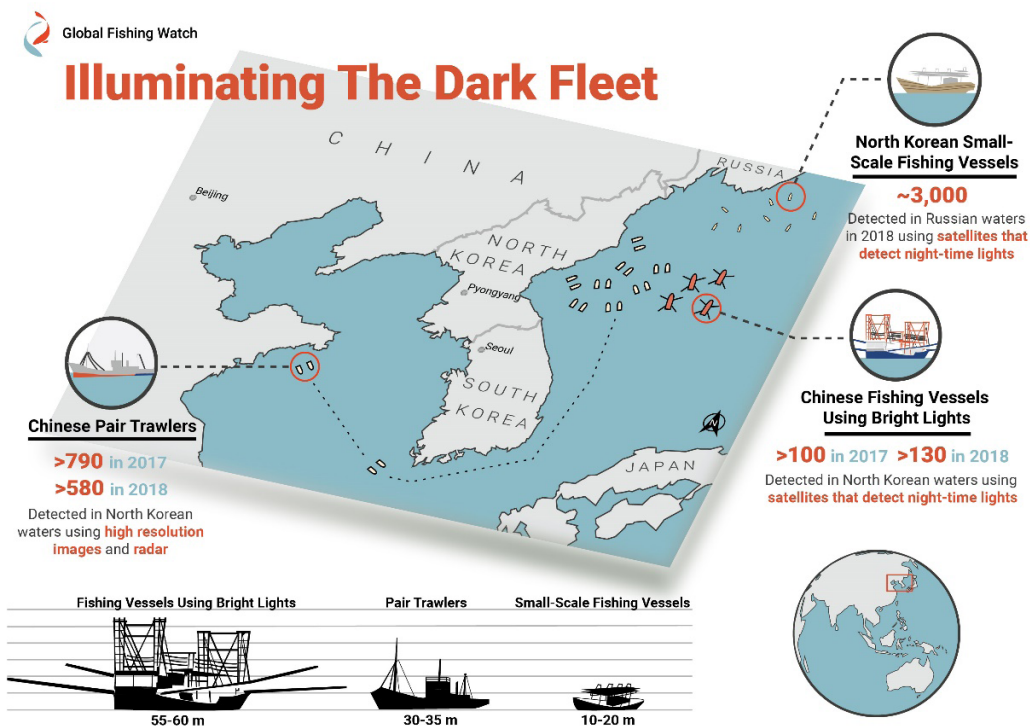
Forced Overseas Labor

The US Department of State assesses that as many as 100,000 DPRK citizens work overseas,²⁵ and “some estimates suggest that North Korean laborers may generate as much as \$1.2 to \$2.3 billion per year for the Kim regime.”²⁶ These workers are sent abroad by the government and overseen by handlers who often force them to work 12- to 16-hour days with only one or two days off per month. They earn little, and out of that portion, a large percentage is taken for the Kim regime, upward of 70–90 percent.²⁷ DPRK laborers raise two concerns. First, this is a humanitarian issue that often involves individuals trafficked to another country and forced to work for almost no pay, often in poor conditions. Second, these workers generate hard currency for the Kim regime that most likely gets funneled into the WMD program. The UN enacted several security resolutions in response to these issues beginning in April 2017. Initially, the resolutions capped the number of laborers in overseas countries but expanded later to include a ban on new DPRK contracts. Following the Hwasong-15 ICBM test launch in November 2017, the UN responded with resolutions that ban DPRK migrant workers abroad²⁸ and “prohibit the opening, maintenance, and operation of all joint ventures or cooperative entities, new and existing, with DPRK entities or individuals.”²⁹ However, DPRK migrants continue working abroad, especially in Russia and China, and the international community can do little to prove their existence or enforce their expulsion.

Chinese “Dark Fleets”

Seafood—particularly flying squid and crab—was once one of the DPRK’s primary exports, generating roughly \$300 million profit per year.³⁰ The fishing industry has long been a staple of the DPRK economy, providing a robust domestic food source and lucrative exports. Historically, the DPRK has also sold fishing rights to the Chinese but controlled the number of permits so they did not impede the domestic catch. However, DPRK fishermen have faced difficulty after the UN levied sanctions against the entire industry in 2017. Those sanctions prohibited buying seafood from the DPRK, entering a business venture without UN approval, and selling DPRK fishing rights.³¹ Some exports continue illegally, but the industry has not succeeded as in years past, prompting the Kim regime to consider alternatives to make up the lost revenue. In response, Kim began selling more fishing rights to the Chinese. The UN found that “the price of a fishing permit for three months was approximately 400,000 yuan totaling close to \$120 million in revenue in 2018.”³² The sale of fishing permits has ballooned, and entire fleets of Chinese vessels—traveling “dark” with transponders turned off—have

choked the DPRK economic exclusion zone, forcing DPRK fishermen into Japanese waters while the Chinese threaten overfishing. These so-called dark fleets (see figure 2) provide revenue to replace legitimate seafood trade lost to sanctions but at the cost of overfishing and DPRK fishermen's livelihoods lost at sea.³³ Alarming, since 2018, 383 DPRK fishing vessels have washed up on the west coast of Japan,³⁴ many empty, some carrying remains, and others carrying hungry survivors. The competition of dark fleets caused some DPRK fishermen to give up their trade. However, the industry continues to bring in hard currency for the regime by a practice difficult to police.³⁵



(Source: Jaeyoon Park et al., "Illuminating Dark Fishing Fleets in North Korea," *Science Advances* 6, no. 30 (2020))

Figure 2. Chinese dark fleet activity off the DPRK's eastern coast, 2017–18

Cryptocurrency, Wire Transfers, and Sputtering ATMs

The DPRK uses an intracountry version of the internet so that the Kim regime can control its citizens' information consumption. However, that does not mean the Kim regime forbids foreign internet usage altogether. On the contrary, the

DPRK possesses a robust cabal of hackers spread throughout the world who target finance, with the UN acknowledging the DPRK “is becoming increasingly sophisticated in terms of its attack vectors against both financial institutions and cryptocurrency exchanges.”³⁶ Moreover, the DPRK uses its forced labor practices to send its information technology workers to fill jobs worldwide, with as many as 1,000 active in 2019. The UN estimates that these individuals earned close to \$20.4 million per year for the state.³⁷ To further diversify this income, the DPRK has begun hacking banks in a campaign the US Cybersecurity and Infrastructure Security Agency dubbed “Fast Cash,” whereby hackers send fraudulent wire transfers and cause ATMs to spit out cash.³⁸ These activities account for just a portion of the DPRK revenue through cyberattacks.

The most significant threat posed by the DPRK is cybercrime, especially robberies of financial institutions and cryptocurrency exchanges. The BeagleBoyz, a hacker group connected to the Kim regime, has attempted to steal nearly \$2 billion from global banks since 2016.³⁹ One of its most successful attacks occurred in late 2016, when the BeagleBoyz stole \$81 million from the Bank of Bangladesh.⁴⁰ Additionally, at a cryptocurrency conference held in April 2019 in Pyongyang, organizers told attendees they should embrace “[the] potential money laundering and sanction evasion applications of cryptocurrency and blockchain technology.”⁴¹ That sentiment follows a 2018 DPRK-sponsored cyberhack into a digital currency exchange from which hackers stole nearly \$250 million worth of digital currency.⁴² These events in cyberspace demonstrate how the Kim regime is prioritizing activities to generate revenue for the state, and the hackers have been reasonably successful with few repercussions. Such illicit activity poses a significant challenge to the international community and provides a generous income source for the DPRK nuclear program.

The Untenable Policy of Forced Denuclearization

The unveiling of the new mobile ICBM during the October 10 parade, and the DPRK nuclear program’s continued funding through illicit trade during times of severe economic hardship, confirm that the Kim regime is adamant about continuing its *byungjin* policy. During the Eighth Congress of the Workers’ Party of Korea, held in January 2021, Kim stated that the United States was the DPRK’s “biggest, main enemy.”⁴³ An article in the state newspaper *Rodong Sinmun* magnified his sentiment:

Reality shows that, in order to deter U.S. military threats and achieve peace and prosperity on the Korean Peninsula, we should strengthen our national defense capabilities without stopping for even a moment. . . . [N]o matter who is in

power in the U.S., the true nature of the U.S. and its policy towards North Korea never changes. We should heighten nuclear technology and improve nuclear weapons to be smaller and lighter ... and continue producing super-large nuclear warheads.⁴⁴

Following that speech, plans were declared to develop a solid-propellant ICBM with a range of 15,000 kilometers capable of carrying multiple reentry vehicles (MRVs). Kim also mentioned the desire to add tactical nuclear warheads to his arsenal.⁴⁵ It has never been more evident that the DPRK has no intention of denuclearization and that the rhetoric from the regime and state-run media has not changed. Kim is determined to protect his power through nuclear deterrence and has made several moves since the failed Hanoi summit in 2019 to confirm that. The DPRK attaining tactical nuclear capability would exponentially complicate denuclearization talks and counterproliferation. Kim's message is unmistakable: he continues to go to great lengths and costs to develop a host of nuclear weapons to ensure regime survival.

What Are the Options?

As previously highlighted in a *Rodong Sinmun* report, the DPRK believes that, no matter who is sitting in the Oval Office, the US position toward the Kim regime never changes. "Kim Jong Un views nuclear weapons as a security guarantee to ensure state survival, which is at odds with US policy that demands the DPRK relinquish its nuclear weapons, making a full denuclearization agreement improbable."⁴⁶ Therefore, the current US foreign policy toward the DPRK is unsustainable. Furthermore, international sanctions have not curtailed nuclear development or procurement and may have further steeled Kim's resolve to continue his nuclear program unabated. Markus Garlauskas, the former senior intelligence official on the DPRK, argues that the United States should abandon any assumption that it can force Kim to give up his nuclear program in return for economic benefits.⁴⁷ A new strategy is necessary that prevents flight-testing, delays nuclear advancement (MRVs, tactical nukes, etc.), and provides Joe Biden's administration with options to offer incremental, tangible incentives to reduce enrichment and storage capacity. Full denuclearization should still be the long-term goal, but it cannot be achieved while the DPRK fully embraces Kim's *byungjin* policy. Kim requires a security guarantee to reconsider *byungjin*, which is achievable only through a multilateral peace declaration guaranteed by all parties to end belligerent acts in exchange for verifiable denuclearization steps.

Mini-deals, Moratoriums, and Tangible Incentives

Dr. Victor Cha, professor at Georgetown University and a North Korea expert, recommends that the United States consider seeking “mini-deals” rather than pushing for one big deal to begin negotiations. Mini-deals “consist of incremental and calibrated steps on each side” for verifiable concessions such as “a freeze of nuclear operations at the main nuclear complex at Yongbyon in return for partial sanctions relief.”⁴⁸ These quid pro quo or action-for-action deals suggested by Dr. Cha can help build mutual trust and jump-start negotiations toward more realistic near-term goals. For example, the United States used a similar approach early in Kim Jong-un’s rule when on February 29, 2012, the DPRK agreed to implement moratoriums on nuclear and long-range missile tests. In return, the United States provided 240,000 metric tons of food aid.⁴⁹ Given the current economic strife in the DPRK, a mini-deal of this type has merit if the United States provides tangible incentives, unlike in its previous summits.

After the failed Hanoi summit, a nuclear testing moratorium would be a remarkable diplomatic achievement and would provide a successful deal to build on. Most important, the moratorium would delay the advancement of MRVs and tactical nuclear warheads, two technologies that must not be operationalized. Garlauskas contends that MRVs alone would “increase Pyongyang’s ability to challenge U.S. missile defenses”⁵⁰ and represent a credible threat to the US homeland. Production freezes, test moratoriums, and pauses in DPRK provocations will likely have support from the ROK, Japan, and even China while providing the United States the opportunity to build new relations with the Kim regime for further talks.

Normalizing Relations through Political Transformation

Some past negotiations with the DPRK over denuclearization attempted to normalize relations with the ruling regime but fell short. In the so-called Agreed Framework, Bill Clinton’s administration pledged to “move toward normalizing economic and political relations, including by reducing barriers to investment, opening liaison offices, and ultimately exchanging ambassadors.”⁵¹ That framework ultimately failed because both sides did not uphold the agreed-on terms. The most recent Singapore and Hanoi summits show that any serious talks about nuclear technology will not be successful without normalizing relations first. Dr. Cha contends that, “without a fundamental change in bilateral relations, nuclear negotiations will remain mired in the tit-for-tat deals of the past that will eventually fail.”⁵²

Once the United States achieves a testing moratorium or fissile production freeze, the Biden administration should shift its negotiations to normalizing relations with the DPRK. China, the ROK, and Japan have a mutual interest aligned with the United States for a stable, peaceful DPRK; therefore, a credible peace declaration—supported by a multilateral security guarantee—would signal to Kim that *byungjin* is no longer necessary for state survival. Leveraging sanctions relief, economic investment, and the facilitation of trade with the DPRK's neighbors in exchange for an end to nuclear procurement and proliferation would unbind Kim from China and allow the DPRK to be more self-reliant. Those incentives and verifiable results open the door for closer ties, thereby leading to talks on improving human rights and on economic reform.

Economic Reform and Investment

For the DPRK to be truly self-reliant and for Kim to remain in power, the regime must consider economic reform. A quasi-market system already exists within the DPRK, what Dr. Andrei Lankov and colleagues refer to as “Pseudo-state Enterprises” (PSEs).⁵³ PSEs are “state-run and owned on paper but in practice [are] controlled by private interests to which much of the profits accrued.”⁵⁴ These businesses evolved out of necessity at the end of the Arduous March Famine of 1996–99 so that farmers and others could make a living. This marketization has been allowed under the Kim regime but is closely monitored and supervised by the state. Remarks made by Kim at the Eighth Party Congress point to a crackdown on nonsocialist activity, which could mean targeting PSEs. Still, there is recent precedent for Kim's desire to integrate with the global economy. In 2018, he expressed interest in joining the World Bank and the International Monetary Fund, which would provide “access to a huge pool of expertise, technical assistance, and funds.”⁵⁵ The incentive of integrating into the global economy cannot be underestimated and would provide significant leverage for nuclear talks.

International investment in the DPRK led by the United States and the ROK should follow and “include economic projects in a package on a nuclear deal with North Korea. We can select three of four concrete projects” such as hydroelectric plants and tourism infrastructure “and offer them to North Korea in negotiations.”⁵⁶ These incentives would come with comparable DPRK nuclear concessions. Dr. Victor Cha provides an excellent example:

The parties would seek to cap and contain the most dangerous elements of North Korea's weapons programs in order to stop their growth and minimize chances of inadvertent use, proliferation, and leakage. The countries would open a nuclear deterrence dialogue to avoid nuclear miscalculation, cooperate on nuclear safety

(avoiding meltdowns and loose nukes), and limit the range and payload of missiles.⁵⁷

The goal is to provide tangible incentives to prove to Pyongyang that there is credible peace through multilateral security guarantees. Kim must realize that *byungjin* is not the only way to guarantee his state's security and economic growth and that his multilateral partners in the region are crucial to his country's development and legitimacy on the global stage. Only then can complete denuclearization become a possibility.

Conclusion

The surprise sighting of a Rolls-Royce Phantom limousine in 2018 exemplified the grand failure of international sanctions to cripple the DPRK's ability to import illegal goods, offering further proof that the country can easily procure nuclear materials and technology. The status quo strategy of attempting to strong-arm King Jong-un into denuclearization in exchange for sanctions relief is untenable and has failed to achieve measurable results. Kim presides over a vast illicit network that the international community has yet to demolish. As long as the network exists, funds for the nuclear program will continue to flow into North Korea. The Biden administration cannot continue with this strategy if it hopes to negotiate with the DPRK successfully; nor can it default to Barack Obama's policy of strategic patience or Donald Trump's policy of all-or-nothing concessions. Washington must enlist its regional allies along with China and Russia to form multilateral talks to restrain North Korea's nuclear program and then work toward a mutual peace declaration. Although policy makers will likely call for full denuclearization and balk at anything less, that policy has proved counterproductive and continually fails. The Biden administration must act, and it must do so under an incremental agreement-driven strategy. Failure to act would allow the DPRK time to develop MRVs and tactical nuclear warheads, complicating matters exponentially and placing denuclearization further out of reach. There is no perfect solution, but the approach proffered here is an option that would satisfy regional neighbors and allies, garner domestic support in the United States, and provide Kim Jong-un substantial incentives in return for cooperation. ★

CPT Michael J. Brodka, USA

Captain Brodka is a military intelligence officer assigned to Special Operations Command Korea and possesses more than 13 years of defense and international security experience, including a combat deployment to Iraq and two operational deployments to Kuwait and the Republic of Korea. He is a researcher with the *Journal of Indo-Pacific Affairs*' Consortium of Indo-Pacific Researchers, an associate researcher at the Korea Chapter of the Foreign Area Officer Association, and a member of the International Institute for Security Studies. Captain Brodka holds a mas-

ter's of professional studies in security and safety leadership from George Washington University and is a master's of professional studies in applied intelligence candidate at Georgetown University.

Notes

1. United Nations Security Council Resolution 1718, S/RES/1718 (14 October 2006), <https://www.undocs.org>.
2. Joshua Berlinger, "Kim Jong Un appears to have a new Rolls-Royce," CNN, 9 October 2018, <https://edition.cnn.com>.
3. Edward Wong and Christoph Koettl, "How North Korea's Leader Gets His Luxury Cars," *New York Times*, 2019, <https://www.nytimes.com>.
4. Deirdre Shesgreen, "Limos, Vodka and Nukes: How a Sanctions' Sleuth Traces North Korea's Illicit Transactions," *USA Today*, 2019, <https://www.usatoday.com>.
5. Yong Suk Lee, "International Isolation and Regional Inequality: Evidence from Sanctions on North Korea," *Journal of Urban Economics*, no. 103 (2018): 34–51.
6. Jiuen Kim, "Vegetable Shortages in North Korea Cancel Traditional Kimchi-Making Season," Radio Free Asia, 2020, <https://www.rfa.org>.
7. Kim Jong-un, "Report of the Fifth Plenary Meeting of the 7th Central Committee of the WPK," National Committee on North Korea, 2020, <https://www.ncnk.org>.
8. Stephan Haggard and Marcus Noland, *Hard Target: Sanction, Inducements, and the Case of North Korea* (Stanford: Stanford University Press, 2017), 6.
9. Risa Brooks, "Sanctions and Regime Type: What Works, and When?" *Security Studies* 11, no. 4 (2002): 1–50.
10. Benjamin Katzeff Silberstein, "The North Korean Economy: Growing Resource Scarcity May Accelerate State Control Over Markets," 38 North, 2020, <https://www.38north.org>.
11. "N. Korea-China Trade Hits All-Time Low in Oct. Amid Pandemic," Yonhap News Agency, December 2020, <https://en.yna.co.kr>.
12. United Nations, Report of the Panel of Experts Established Pursuant to Resolution 2515, S/2020/840 (28 August 2020), <https://undocs.org>.
13. Katie Benner, "North Koreans Accused of Laundering \$2.5 Billion for Nuclear Program," *New York Times*, May 2020, <https://www.nytimes.com>.
14. Wong and Koettl, "How North Korea's Leader Gets His Luxury Cars."
15. Lucas Kuo and Jason Arterburn, "Lux and Loaded: Exposing North Korea's Strategic Procurement Networks," Center for Advanced Defense Studies, 2019, <https://www.c4reports.org>.
16. Elizabeth Shim, "Three North Korea Aircraft to Fly to Vladivostok," 2018, UPI, www.upi.com; Kuo and Arterburn, "Lux and Loaded," 34.
17. Kuo and Arterburn, "Lux and Loaded," 34.
18. Brian Davis (intelligence professional) in discussion with the author, October 2020.
19. Joseph Bermudez, *The Armed Forces of North Korea* (London: I. B. Tauris, 2001).
20. David Choi, "North Korea Reportedly Tried to Smuggle 30,000 Rocket Launchers to Egypt," *Business Insider*, 3 October 2017, <https://www.businessinsider.com>.
21. Byrne and Somerville, "Our Man in Malaysia," 10.
22. United Nations, Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009), S/2020/151.

23. "N Korea 'Providing Materials for Syria Chemical Weapons,'" BBC News, 28 February 2018, <https://www.bbc.com>.
24. Larry Wortzel, "North Korea's Connection to International Trade in Drugs, Counterfeiting, and Arms," Heritage Foundation, 20 May 2003, <https://www.heritage.org>.
25. "2020 Trafficking in Persons Report: North Korea," US Department of State, 2020, <https://www.state.gov>.
26. Jason Arterburn, "Dispatched: Mapping Overseas Forced Labor in North Korea's Proliferation Finance System," Center for Advanced Defense Studies, 2018, <https://www.c4reports.org>.
27. Arterburn, "Dispatched," 7.
28. Arterburn, "Dispatched," 9.
29. United Nations Security Council Resolution 2375, S/RES/2375 (11 September 2017), <https://www.undocs.org>.
30. Matt Rivers and Yuli Yang, "North Korean Crabs in China Show Challenge Facing Trump," CNN Online, 11 October 2017, <https://money.cnn.com>.
31. Jaeyoon Park et al., "Illuminating Dark Fishing Fleets in North Korea," *Science Advances* 6, no. 30 (2020).
32. United Nations, Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009), S/2020/151.
33. Jaeyoon Park et al., "Illuminating Dark Fishing Fleets," 1.
34. "Keep an Eye on North Korean Ships, the First Surveillance Unit in Japan," Neikki, 7 December 2019, <https://www.nikkei.com>.
35. Choe Hang-sung, "Defying U.N. Ban, Chinese Ships Pay North Korea to Fish in Its Waters," *New York Times*, 22 July 2020, <https://www.nytimes.com>.
36. United Nations, Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009), S/2020/151.
37. United Nations, Report of the Panel of Experts Established Pursuant to Resolution 2464 (2019), S/2019/151.
38. Christopher Bing, "North Korean Hackers Ramp Up Bank Heists: U.S. Government Cyber Alert," Reuters, 27 August 2020, <https://www.reuters.com>.
39. "FASTCash 2.0: North Korea's BeagleBoyz Robbing Banks," CISA Alert (AA20-239A), 26 August 2020, <https://us-cert.cisa.gov>.
40. "FASTCash 2.0."
41. United Nations, Report of the Panel of Experts Established Pursuant to Resolution 2464 (2019), S/2019/151.
42. US Department of the Treasury, "Guidance on the North Korean Cyber Threat," DPRK Cyber Threat Advisory, 15 April 2020, <https://home.treasury.gov>.
43. Jeongmin Kim and Kelly Kasulis, "North Korea Calls The US Its 'Biggest Enemy' and Vows to Keep Developing Nukes," NK News, 2021, <https://www.nknews.org>.
44. Kim and Kasulis, "North Korea Calls the US Its 'Biggest Enemy.'"
45. Ankit Panda, "What Biden Should Know about North Korea's New Nuclear Plans," Carnegie Endowment for International Peace, 15 January 2021, <https://carnegieendowment.org>.
46. Michael Brodka, "Restarting Negotiations with the DPRK: A Timely Opportunity for Multilateral Diplomacy," *Joint Communiqué* 2, no. 1 (2021): 6–7, <http://faoa.org>.
47. Markus Garlauskas, "Fast Thinking: What We're Watching in North Korea," Atlantic Council, 13 January 2021, <https://www.atlanticcouncil.org>.

48. Victor Cha, "Denuclearizing North Korea: Six Options for Biden," War on the Rocks, 22 December 2020, <https://warontherocks.com>.
49. Kelsey Davenport, "Chronology of U.S.-North Korean Nuclear and Missile Diplomacy," Arms Control Association, July 2020, <https://www.armscontrol.org>.
50. Markus Garlauskas, "Fast Thinking."
51. Kelsey Davenport, "The U.S.-North Korean Agreed Framework at a Glance," Arms Control Association, July 2018, <https://www.armscontrol.org>.
52. Cha, "Denuclearizing North Korea."
53. Andrei Lankov, Peter Ward, Ho-yeol Yoo, and Ji-young Kim, "Making Money in the State: North Korea's Pseudo-State Enterprises in the Early 2000s," *Journal of East Asian Studies* 17 (2017): 51–67.
54. Lankov et al., "Making Money in the State," 51.
55. Ana Nicolaci da Costa, "What Would It Take for North Korea to Join the IMF?" BBC News, 12 October 2018, <https://www.bbc.com>.
56. Byung-Yeon Kim, "Future Scenarios for North Korea's Economy: Challenges and Opportunities," Center for Strategic and International Studies, 1 December 2020, <https://www.csis.org>.
57. Victor Cha, "Engaging North Korea Anew: A Bold Political Strategy Should Accompany Nuclear Negotiations," *Foreign Affairs*, 17 November 2020, <https://www.foreignaffairs.com>.