Follow the Money: DPRK Style

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Well, it's back to the drawing board.

After a stalemate of slightly over three years, diplomats are resuscitating the Six Party Talks – negotiations started in 2008 between the United States, North Korea, South Korea, Japan, Russia, and China in an effort to denuclearize North Korea, officially the Democratic People's Republic of Korea (DPRK), and mitigate the brinkmanship of the Kim Jong Il regime.

North and South Korea held high-level talks in Indonesia this past week for the first time since fruitless nuclear disarmament talks in 2008. U.S. Secretary of State Hillary Clinton also invited North Korea's Vice Foreign Minister Kim Kye Gwan, to New York for an "explanatory meeting" this week regarding the future of the North's nuclear program, an optimistic gesture from a still cynical Obama administration.

Nevertheless, Pyongyang's nuclear program is just one of many troubles that will plague renewed negotiations; numerous obstacles lie below the surface of the DPRK's relations with the international community, especially those with Washington. A significant issue that is overshadowed by the North's nuclear program is the global network of criminal markets that Pyongyang has cleverly promoted since the late 1970s. Illicit activity on the part of the Kim regime has metastasized into a sophisticated system of – among many activities – drug trafficking, counterfeiting of currency, and smuggling of sanctioned items, such as conflict diamonds.

Negotiations concerning the North's nuclear program should include recognition and discussion of Pyongyang's promotion of extensive illicit networks – which allegedly earn Pyongyang's senior leadership around $1 billion a year in profits – since these networks buttress the North's nuclear and military ambitions – including latent proliferation of nuclear material – and help sustain the Kim regime.

International criminal activity has gradually become a convenient, critical pillar supporting the national economic strategy and foreign policy of North Korea. Kim Jong Il, the authoritative son of North Korea's founder, Kim Il Sung, is responsible for engineering the majority of Pyongyang's criminal operations. Kim Jong Il has innovatively extended the state's tentacles into a variety of enterprises, namely the production and trafficking of illicit drugs – including opiates (heroin), synthetic drugs (methamphetamine), and counterfeit pharmaceutical drugs; counterfeit currency and cigarettes; human trafficking; and weapon sales. The sale of weapons, especially ballistic missiles, provides a significant source of revenue for the regime – Iran and Syria reportedly rank as top customers.

Illicit activities – sponsored and executed by the central leadership – are a necessary survival mechanism for the regime. These activities bring in revenue that allows the leadership to operate as independently as possible from the international community. As early as the 1970s, the Kim regime realized that through the implementation of worldwide criminal networks, it could call the shots in an otherwise severely restricted playing field. Illicit networks are North Korea's competitive, tactical advantage in the global marketplace and are a symptom of Kim Jong Il's need to keep his top military and security officials happy, maintain his grip on power, and resist pressure to reform North Korea's defective, Stalinist economy.

The North Korean leadership has created and maintained interdependent, mutually advantageous relationships with

other pariah regimes, exploiting its sovereignty in order to conduct criminal acts. For example, the delivery of domestically produced narcotics to foreign markets is possible through the use of DPRK diplomats, DPRK ocean-going vessels (often operated by North Korean Special Operations Forces), and organized criminal groups, notably the Yakuza from Japan and the Russian Mafia.

Efforts on the part of the U.S. government to curtail North Korean illicit activity have largely been fragmented and piecemeal at best, but have provided valuable lessons for the future. For instance, the Illicit Activities Initiative (IAI) was a 2002-2006 U.S. government-led initiative that sought to impede the illicit activities and finances of the Kim regime. This initiative involved numerous U.S. government departments and agencies, foreign government partners, policy officials, intelligence analysts, and law enforcement officers worldwide. While it was not sustained long enough to produce a successful outcome, the IAI demonstrated that law enforcement is an effective tool of national power and when combined with other facets of coercive diplomacy, such as economic sanctions, positive results may ensue.

Certainly, while the North's nuclear program will maintain center-stage in upcoming negotiations, an issue that should be discussed – or at least recognized by Washington as one bargaining chip to coerce Pyongyang towards denuclearization – is dismantling the Kim regime's successful network of illicit syndicates. As the two programs are closely intertwined, focusing on dismantling the DPRK's illicit networks is one avenue to gain leverage and a bargaining position during and following nuclear negotiations. Targeted initiatives involving domestic and international law enforcement agencies provide one approach to limit the financial resources of Pyongyang, and ultimately damage the Kim regime's ability to bankroll its military and nuclear objectives.

As with most criminal activity, it's simply a question of following the money.

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