

OPINION

# Iran Follows in North Korea's Nuclear Shoes

By CLAUDIA ROSETT

U.S. Secretary of State John Kerry emerged from the latest round of Iran nuclear talks in Geneva earlier this month to say that negotiators are "clearly further down the road in understanding what the remaining challenges are." Yet with talks due to resume Wednesday, Mr. Kerry and his team have yet to address one of the biggest challenges: the example set by North Korea, which over the past two decades has shown the world—Iran, not least—how a rogue state can exploit over-eager western diplomacy to haggle and cheat its way to the nuclear bomb.

Since 1994, North Korea has cut a series of nuclear freeze deals, collecting security guarantees, diplomatic concessions and material benefits along the way. North Korea has cheated and reneged on every deal. Today, the Kim regime has uranium enrichment facilities, has restarted (again) its plutonium-producing nuclear reactor at Yongbyon, has conducted a series of increasingly successful long-range missile tests, and has carried out three nuclear tests, in 2006, 2009 and 2013.

Recent commercial satellite imagery of North Korea's Punggye-ri underground nuclear test site shows two freshly dug tunnel entrances and continuing excavation, according to a recent report from the U.S.-Korea Institute at Johns Hopkins School of Advanced International Studies. If past activity is any guide, these signs augur the next nuclear test.

To understand the scale of Korean nuclear perfidy, one needs to trace the history of the three grand bargains struck in 1994, 2005 and 2007, not to mention a spate of lesser deals. Under the 1994 Agreed Framework reached under former President Bill Clinton, North Korea agreed to freeze and ultimately dismantle its nuclear weapons program, including its main reactor at Yongbyon. In return, the U.S. would move toward normalizing relations with Pyongyang, lead a consortium to finance and build two lightwater reactors on North Korea's east coast, and, pending their completion, provide North Korea with 500,000 tons annually of heavy fuel oil.

The idea, similar to the step-by-step approach the U.S. is now pursuing with Iran, was that the deal would unfold in phases, each replete with verification and rewards, leading to a more friendly and benign North Korea. Instead, North Korea carried on with mis-



Iran's nuclear reactor near the city of Bushehr.

sile proliferation not directly covered in the Agreed Framework. The Kim regime shut down its Yongbyon reactor, but began to cheat and renege on other aspects of the deal, blocking inspectors and doing business with Pakistan's A.Q. Khan nuclear network. In 1999, a congressional panel called the North Korea Advisory Group reported that in the five years since the signing of the Agreed Framework, the threat of North Korea's proliferation activities, had "advanced considerably."

Nonetheless, the Clinton administration tried to negotiate a further deal, this one to halt its missile program. As part of that effort, in October 2000, Mr. Clinton hosted a senior North Korean military official for some 40 minutes of presidential face time at the White House. Later that month,

Over 24 years, Pyongyang has shown Tehran how to cheat its way to a nuclear bomb.

Secretary of State Madeleine Albright visited Pyongyang. Kim entertained her with a mass games performance in which the crowd flipped picture cards to simulate the launch of a nuclear-capable Taepo Dong-1 long-range missile.

The Clinton administration's policy coordinator for North Korea, Wendy Sherman, is now the Obama administration's lead negotiator for the Iran nuclear talks. In a 2001 New York Times op-ed, Ms. Sherman urged President Bush to cut a deal, writing that Kim Jong Il "appears ready to make landmark commitments" because to "ensure the survival of his regime, he has to improve the country's disastrous economy by reducing the burden of a vast missile program and opening the doors to trade."

As it turned out, Kim was more interested in ensuring his regime's survival by expanding his nuclear ventures. In late 2002, the Bush administration confronted North Korea over its uranium enrichment program. North Korea reportedly admitted to the uranium program, then denied it. Meanwhile, North Korea began reprocessing plutonium for bombs from the spent fuel rods the Agreed Framework had failed to remove from Kim's turf.

By the following year, however, the U.S. and other world powers began another round of talks with North Korea, the Six-Party Talks. Out of that came a Joint Statement

in 2005. It entailed more phased steps, "commitment for commitment." That was followed just over a year later by North Korea's first nuclear test, in October 2006.

In February 2007, via negotiations led by Ambassador Chris Hill, the Bush administration announced the next big nuclear freeze deal. That fell apart, commitment by commitment, over the next 22 months, as North Korea delayed, demanded and balked over viable terms of verification.

By the time that Six-Party deal collapsed, at the end of 2008, North Korea had obtained yet more free fuel, the return of \$25 million in allegedly tainted money frozen at the U.S.-sanctioned Banco Delta Asia in Macau, and removal from America's list of terrorist-sponsoring states. North Korea greeted President Obama with a ballistic missile test and a nuclear test in 2009, and in 2010 unveiled an apparently well-advanced uranium enrichment program it had previously denied having.

In 2011, Kim Jong Il died, and in early 2012 the U.S. reached a deal with Kim's son and heir, Kim Jong Un. There was to be a North Korean moratorium on missile and nuclear tests, in exchange for massive food aid. North Korea shrugged off that deal to launch two long-range missiles later that year, and in February this year conducted its third nuclear test.

For Iran's regime, now heading into its third round of nuclear talks since the Rouhani charm offensive replaced President Mahmoud Ahmadinejad's apocalyptic antics, North Korea is no distant example. Tehran and Pyongyang have a long-standing business partnership based on Iran's oil and North Korea's weapons programs, and the two rogue states have close diplomatic ties.

Iran's Supreme Leader Ali Khamenei traveled to North Korea in 1989, in his earlier incarnation as Iran's president. There, according to reports at the time by Tehran Radio, he expressed to North Korea's founding dictator Kim Il Sung his admiration that "You have proved in Korea that you have the power to confront America." Twenty-four years and three nuclear tests later, North Korea has provided Khamenei with quite a display of how that's done. It does not bode well for the Iran nuclear talks in Geneva.

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# From 'Four Score' To 'Yes We Can!'

[ Global View ]

By BRET STEPHENS



Seven score and 10 years ago, Abraham Lincoln delivered his sacred speech on the meaning of free government. Edward Everett, a former secretary of state and the principal speaker for the consecration of the Gettysburg cemetery, instantly recognized the power of the president's 272 words.

"I should be glad, if I could flatter myself," Everett wrote to Lincoln the next day, "that I came as near to the central idea of the occasion, in two hours, as you did in two minutes."

Barack Obama is not scheduled to be present at Gettysburg on Tuesday to commemorate the 150th anniversary of the address. Maybe he figured that the world would little note, nor long remember, what he said there. Maybe he thought the comparisons with the original were bound to be invidious, and rightly so.

If that's the case, it would be the beginning of wisdom for this presidency. Better late than never. Mr. Obama's political career has always and naturally inspired thoughts about the 16th president: the lawyer from Illinois, blazing a sudden trail from obscurity to eminence; the first black president, redeeming the deep promise of the new birth of freedom. The associations create a reservoir of pride in the 44th president even among his political opponents.

But, then, has there ever been a president who so completely oversalted his own brand as Barack Obama? "I never compare myself to Lincoln," the president told NBC's David Gregory last year. Except that he announced his presidential candidacy from the Old State Capitol building in Springfield, Ill. And that he traveled by train to Washington from Philadelphia for his first inauguration along the same route Lincoln took in the spring of 1861. And that he twice swore his oaths of office on the Lincoln Bible.

"Lincoln—they used to talk about him almost as bad as they talk about me," he said in Iowa in 2011. No, this has not been a president who has ever shied away from grandiose historical comparisons. If George W. Bush reveled in being underestimated, Mr. Obama aims to be selfhyperadulated. "I would put our legislative and foreign policy accomplishments in our first two years against any president—with the possible exceptions of Johnson, FDR, and Lincoln," the president told "60 Minutes" in 2011. Note the word possible.

But now that has started to change. The president has been humbled; he's pleading incompetence against charges of dishonesty; the media, mainstream as well as alternative, smell blood in the water.

And his problems on that score are just beginning: ObamaCare is really a political self-punching machine, slugging itself with every botched rollout, missed deadline, postponed mandate, the deductible, canceled insurance policies and



In Lincoln's larger shadow.

jury-rigged administrative fix. John Roberts, we hardly knew you: Your ObamaCare swing vote last year may yet turn out to be best gift Republicans have had in a decade.

All this will force even liberals to reappraise the Obama presidency. Lincoln's political reputation went from being "the original gorilla" (as Edwin Stanton, his future secretary of war, once called him) to being celebrated, in the words of Ulysses Grant, as "incontestably the greatest man I have ever known." Obama's political trajectory, and reputation, are headed in the opposite direction: from Candidate Cool to President Callow.

That reappraisal is going to take many forms, not least in the international goodwill Mr. Obama's presidency was supposed to have brought us. But since the occasion of this column is the Gettysburg sesquicentennial, it's worth turning to the question of the president's once-celebrated prose.

Abraham Lincoln spoke greatly because he read wisely and thought deeply. He turned to Shakespeare, he once said, "perhaps as frequently as any unprofessional reader." "It matters not to me whether Shakespeare be well or ill acted," he added. "With him the thought suffices."

Maybe Mr. Obama has similar literary tastes. It doesn't show. "An economy built to last," the refrain from his 2012 State of the Union, borrows from an ad slogan once used to sell the Ford Edsel. "Nation-building at home," another favorite presidential trope, was born in a Tom Friedman column. "Virtues are the ones we have been waiting for" is the title of a volume of essays by Alice Walker. "The caducity of hope" is adapted from a Jeremiah Wright sermon. "Yes We Can!" is the anthem from Bob the Builder, a TV cartoon aimed at 3-year-olds.

There is a common view that good policy and good rhetoric have little intrinsic connection. Not so. President Obama's stupendously shallow rhetoric betrays a remarkable superficial mind. Superficial minds designed ObamaCare. Superficial minds are now astounded by its elementary failures, and will continue to be astounded by the failures to come.

Is there a remedy? Probably not. Then again, the president's no-show at Gettysburg suggests he might be trying to follow Old Abe's counsel in a fruitful way: "Better to remain silent and be thought a fool," the Great Emancipator is reported to have said, "than to speak and to remove all doubt."

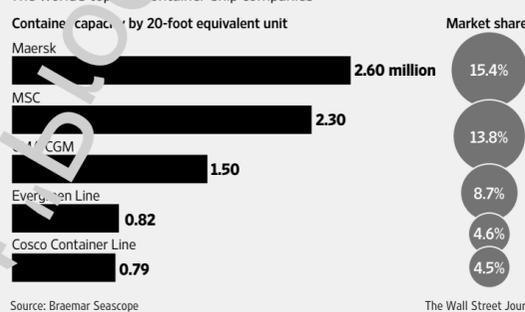
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# Shipping Deal Sparks Call for Global Review

By COSTAS PARIS

## Bulking Up

The world's top five container-ship companies



The U.S. Federal Maritime Commission has called for an unusual meeting with its European and Chinese counterparts to scrutinize the proposed alliance of the world's three biggest container-ship operators, amid concerns by global competitors that it might unfairly squeeze smaller shippers.

The proposed tie-up between A.P. Moller-Maersk A/S of Denmark, CMA CGM of France and Mediterranean Shipping Co. of Switzerland would give the three European companies joint control of more than 40% of total seaborne capacity in some of the world's busiest trade routes. The three companies announced the tie-up in June, but it must be approved by U.S. European and Chinese regulators.

"There is a lot of concern by carriers and the shipping community about the impact of such an alliance," said Mark Corrojo, the chairman of the F.M.C., the U.S. regulator. "That's why I called for a summit with our fellow regulators to see where they stand."

Mr. Corrojo said the meeting could be scheduled for as soon as mid-December. He said it would be the first time the three regulators would meet at such a senior level to examine shipping alliance.

A spokesman for Joaquin Almunia, the European Union's competition commissioner, said the EU would participate in the meeting. Officials at China's Ministry for Transport weren't immediately available for comment.

Critics of the deal say the so-called P3 alliance would control an estimated 43% of Asia-to-Europe container shipping, 41% of the transatlantic market and about 24% of the trans-Pacific market.

"We have an open mind on the P3 alliance, but the single operating entity they've proposed coupled with the magnitude of this undertaking, both in the number of ships and the number of container slots, raises concerns," said Bruce Carlton, president of the National Industrial Transportation League, which lobbies on transportation matters for U.S. companies.

The alliance is slated to go into effect in the second quarter of next year, if approved.

Maersk Chief Executive Nils Andersen said the company is confi-

dent that the pact would gain approval from regulators. The threat to competition in the industry has to be kept in perspective, he said.

"It's very difficult for small alliances with 2% market share to really compete effectively in the large trade lanes. P3 or no P3, small companies must seriously consider their position," Mr. Andersen said.

CMA CGM declined to comment. A spokesman for MSC said only that the company is in confidential talks with regulators.

For the three shipping companies, the pact's logic rests on sharing ships and port facilities from Shanghai to Rotterdam, New York and the U.S. West Coast as slack global economic growth, stubbornly low freight rates and high fuel costs erode their profit margins.

# Daimler Is Receptive To BAIC Investment

By CARLOS TEJADA

BEIJING—Daimler AG is open to selling a stake to its Chinese partner, though the two don't have plans for a deal.

Daimler Chief Executive Dieter Zetsche said the company "would welcome" an agreement in which it would sell a stake to state-controlled Beijing Automotive Group Co., which is known as BAIC. But there is "no decision or specific intention" to strike a deal, he said.

"We did express our openness to any move of that kind, and our partner expressed their general interest, but nothing specific has come on the table yet," Mr. Zetsche told reporters Tuesday.

Speculation about a deal spread on Monday, when BAIC Chairman Xu Heyi praised the ties between the companies. "With shareholder rights, we will not be far apart from each other," he told reporters. Mr. Xu said any investment would depend on market conditions.

Mr. Zetsche said further talk would likely wait until BAIC's passenger-car unit, BAIC Motor, conducted an initial public offering of stock. "The IPO is very much on the mind of our partner," he said. "After that, they will have more room to think about other aspects."

Chinese auto makers have expressed interest in foreign investments previously. Among the most prominent was Zhejiang Geely Holding Group Co.'s 2010 purchase of Sweden-based Volvo Car Corp. The interest is part of an industry push to create brands that can com-

pete globally instead of just in China.

Mr. Zetsche spoke after Daimler completed a deal to take a 12% stake in BAIC Motor for €625 million (\$844 million). Under the deal, Daimler will cede control of their manufacturing joint venture, with BAIC Motor raising its stake to 51% from 50%. Daimler, meanwhile, will increase its stake in the venture's sales operation to 51% from 50%.

Mr. Zetsche said ceding control of production would help BAIC pursue its IPO by allowing the Chinese company to consolidate the operations on its books. "We are supportive of this IPO and we want to further grow our partnership," he said. "For practical reasons, we don't see changes either on the production side or on the sales side being driven by this one percentage point in each company."

The deal ties the German auto maker more tightly to its Chinese partner as Daimler's Mercedes-Benz brand strives to close the gap with BMW AG and Volkswagen AG's Audi in China's fast-growing luxury-car market. Foreign auto makers can make cars in China through alliances with domestic partners.

"In order to accomplish our 2020 target we have to get closer to the levels of BMW and Audi within China," Mr. Zetsche said. "There is a significant gap, but we are seeing momentum building."

Mercedes-Benz held nearly 16% of China's luxury market in the first half, according to research firm IHS Automotive. Audi held 31% and BMW, 25%.

# U.S. to Probe Tesla Car Fires

By MIKE RAMSEY

The U.S. National Highway Traffic Safety Administration said it would launch a formal investigation into recent fires that destroyed two Tesla Motors Inc. Model S electric cars that had run over metal debris.

The probe would determine whether the vehicle has a defect that makes it dangerous and could result in a recall and remedy.

Over a five-week period, two Model S sedans burned after hitting large pieces of metal on the highway in the U.S. Neither driver was injured. NHTSA declined to open an investigation after the first incident. There was a third fire in Mexico reported after a high-speed crash.

The Palo Alto, Calif., auto maker's shares rose 5.4% to \$128.18 in midday trading on Tuesday. The company's stock has taken a beating since it hit a record high on Sept. 30 of \$194.50.

The share-price decline may have been connected to Tesla's third-

quarter earnings report, which included a forecast that wasn't as good as some analysts had expected.

Tesla Chief Executive Elon Musk disclosed Tesla would now cover fire damage as part of its vehicle warranty, even if an accident was the driver's fault. Tesla plans software updates that will adjust the height of the Model S at highway speeds so it is less likely to be damaged when running over roadway debris. "To be clear, this is about reducing the chances of underbody impact damage, not improving safety," Mr. Musk said.

He hit at what he described as "an onslaught of popular and financial media seeking to make a sensation out of something that a simple Google search would reveal to be false" regarding Model S safety relative to gasoline-fueled vehicles.

The safety agency said its probe wasn't in response to Tesla. "NHTSA's decision to open any formal investigation is an independent process."

# Emirates: Build 777X in U.S.

By RORY JONES

DUBAI—Emirates Airline urged Boeing Co. to build its 777X family of aircraft in the U.S., and rule out producing major parts in Europe or Japan, to avoid the kind of problems that beset the 787 Dreamliner program.

Tim Clark, president of Emirates, said Boeing should assemble the 777X family in its own facilities to better manage the process and deliver the aircraft on time in 2020. Emirates is the biggest customer for the 777X family of two long-range jets capable of handling about 350 to 400 passengers and costing about \$350 million to \$377 million at list prices.

The head of Boeing said Monday that the aerospace group will decide where to build its new 777X jetliner in "two to three months," evaluating potential alternatives to its Puget Sound base near Seattle after workers there rejected a new labor contract.

The Dreamliner's debut was delayed by more than three years, in part because of difficulties in building part of the 787 Dreamliner in Japan and Italy, and in using suppliers that weren't directly owned by Boeing. About a third of the 787 Dreamliner is produced in Japan, according to Boeing. All of the final assembly is done in the U.S., but major parts are also produced in Italy and other countries.

"All we said to [Boeing] was, 'Please don't do to 777X what you



Emirates Airline President Tim Clark

did to the [787]," Mr. Clark said in an interview on the sidelines of the Dubai Airshow, adding that outsourcing the manufacture-and-build process to companies in Asia or Europe might mean Boeing loses quality and control of assembly. "Don't do that to us," he said.

Qatar Airways Chief Executive Akbar Al Baker similarly expressed a desire that Boeing assemble the 777X at a single U.S. facility. "Frankly, we would rather everything was built in one place, and I think Boeing from the 787 experience have learned a lesson," he said in an interview Tuesday.

Jim McNerney, Boeing's chairman and chief executive, said Monday that Boeing would release "very specific plans" for building the long-range jet in two to three months.

Emirates this week placed a \$76 billion order at the air show for 150 777X planes, helping make it the biggest jetliner launch in history. The airline, which is the world's largest international airline by capacity, said it had purchase rights for a further 50 777Xs, and would buy 50 more Airbus A380 aircraft.

Emirates joined Etihad Airways and Qatar Airways on Sunday in purchasing the 777X, with those airlines taking orders for 25 and 50 versions of the aircraft, respectively.

Mr. Clark said that the growing reliance of Boeing and Airbus on the carriers from the Persian Gulf was a function of other airlines currently sitting on their hands, as much as it was his own airline and Qatar Airways and Etihad being overactive.

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