

REPORT 1 - BEYOND THE HEAD LINES

US-NORTH KOREA RELATIONS AND PROSPECTS FOR HUMANITARIAN ASSISTANCE

by

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The optimism of Clinton Administration North Korea Policy Coordinator Perry and Ambassador Kartman in September has proven to be premature. US-DPRK relations are at an impasse that many observers in Washington now believe could persist for some time, possibly until after the year 2000 US presidential campaign. This is certain to intensify bipartisan squabbling in Washington as Republicans seek to discredit the Democrats' handling of foreign policy. The Clinton Administration's handling of food aid, the monitoring of food aid and related programs could come under close Congressional scrutiny. Government and public support for humanitarian assistance for North Korea could consequently be eroded.

At the same time, Pyongyang's efforts to improve relations with other parts of the world, particularly South Korea, the European Union, Australia and possibly even Japan, might encourage greater public support of NGO humanitarian efforts directed toward North Korea.

THE VIEW FROM WASHINGTON

A candid, off the record discussion of US-DPRK relations was held at the Brookings Institute in Washington, D.C. on December 15. A panel of three people initiated the discussion. They included a senior ranking staff aide from the House International Relations Committee, a State Department official who has been deeply involved in the implementation of the US-DPRK Agreed Framework of 1994, and a former official from the Korea Peninsula Energy Development Organization (KEDO). Some thirty foreign policy experts from the US, Japan, China, Canada, and Europe, both from government and the private sector, attended. The meeting was strictly off the record. Participants were asked not to associate individuals with any of the views expressed.

The panel agreed that progress in US-North Korea relations has stalled, but there was disagreement over how soon the progress might resume. The State

Department view was most optimistic. A visit to Washington by North Korea's First Vice Minister of Foreign Affairs was envisioned as early as February 2000, but nothing has been agreed upon. The Congressional staffer suggested progress probably would not resume until the US had elected a new president. The KEDO official was similarly pessimistic.

The Clinton Administration Faulted

All three panelists, with the concurrence of many of the participants, faulted the Clinton Administration for perceived inept implementation of US policy toward the DPRK. The highest level of the Administration was accused of ignoring pending issues in Northeast Asia. President Clinton, Secretary of State Albright and National Security Adviser Berger were said to have avoided comment on North Korea policy issues. Instead, they had relinquished the initiative to former Defense Secretary Perry. But his policy recommendations have been largely ignored by the White House. Actually, from the Congressional point of view, Perry's recommendations undercut US State Department negotiator Einhorn's efforts to forge an agreement with North Korea to end its production and export of ballistic missiles.

The Nuclear Issue

KEDO's efforts are also faltering, the panel agreed. US credibility in Pyongyang's eyes has been severely eroded as a consequence. The annual purchase and shipment of 500,000 metric tons of heavy fuel oil to the DPRK continues to be plagued by a serious shortage of money. Even more serious is the fact that construction of the light water nuclear reactors in North Korea is about 3-5 years behind schedule.

Additionally, the US Congress, South Korean government and KEDO share the same concerns regarding realization of the US-DPRK Agreed Framework's ultimate goal - full transparency of North Korea's nuclear program. According to the agreement, the core components of the nuclear reactors cannot be shipped to the DPRK until it has complied fully with the International Atomic Energy Agency's (IAEA) efforts to verify the accuracy and completeness of North Korea's inventory of weapons grade plutonium. North Korea's refusal to cooperate with the IAEA's efforts in this regard led to the Korean nuclear crisis of 1992-94. The IAEA has informed KEDO that it needs two years to determine whether North Korea's inventory of fissile material (plutonium) is accurate. North Korea has responded

that the IAEA cannot begin its collection of evidence in the DPRK until the first phase of the nuclear reactor's constructions is completed, two to three years hence. The US, on the other hand, refuses to permit KEDO to begin the project's final construction phase until the IAEA has completed its assessment of the DPRK's prior nuclear activities. This means that all construction at the nuclear reactor project must be suspended for two years from the time phase one has been completed until the IAEA is satisfied that the DPRK's claims are comprehensive and accurate, a process expected to take two years.

The project's prime contractor, South Korea's KEPCO or Korea Electric Power Company, asked KEDO who would pay the additional cost of maintaining the construction project in a state of suspended animation for two years. The US government pointed the finger at the South Korean government. Seoul declined the offer since it is already covering about 80% of the bill. Nevertheless, the two governments just this past week signed an agreement regarding the final construction phase. There hope is to convince North Korea that any tension between Seoul and Washington over the reactor construction project is minor and temporary. Actually, however, the agreement could be signed only because the core issue of payment for the additional two year period was extracted and further discuss deferred for an unspecified future date. Meanwhile, Pyongyang is wondering out loud whether KEDO and its member nations are really earnest in fulfilling the terms of the Agreed Framework. Also, North Korea has quietly indicated to the IAEA that it is reluctant to allow it unrestricted access to the DPRK's nuclear records and facilities.

Y2K Campaign Issue

The bottom line, at least for Washington and the Republican dominated Congress, is that the Clinton Administration's handling of policy toward North Korea seems destined to become an even more contentious and visible bipartisan issue because of the upcoming presidential campaign issue in 2000. The Congressional staffer was most confident that his committee will thoroughly examine all aspects of the Clinton Administration's dealings with North Korea, ranging from the faltering efforts to bring a ranking North Korean official to Washington and to deal with the missile issue, and efforts to monitor the distribution of heavy fuel oil and food aid in North Korea. Related areas of concern in Congress are: KEDO's struggle to press forward with construction of the nuclear reactors in North Korea, and the IAEA's determined effort to bring full transparency to North Korea's past nuclear activities. In the process, the Republican staffer emphasized,

Republican members of Congress aim to expose the Democratic Clinton Administration's inept handling of a crucial aspect of foreign policy - the North Korea problem.

The Berlin Missile Talks - Train Wreck?

Quietly, slowly the word has circulated in Washington that the last round of US-DPRK missile talks was a figurative train wreck, a State Department label given to negotiations that have not just encountered an impasse but have been derailed. Pyongyang will not send a ranking official to Washington until Washington initiates the lifting of sanctions. Washington will not initiate the lifting of sanctions under the 1918 Trading With the Enemy Act until Pyongyang agrees to join the international Missile Technology Control Regime (MTCR) which limits nations to developing ballistic missile to less than 300 kilometer range and bars trading in missile technology and components. The US attempted to soften its position with the offer of more bilateral food aid. Pyongyang insisted it wanted Washington to drop all barriers to the normalization of bilateral financial transactions to include US investment in the DPRK. Washington said no, primarily because of strong pressure from the Defense Department.

September's so-called "agreement" concerning missiles was largely a "unilateral" agreement defined by the US side. The aim was both to halt Pyongyang's missile tests while at the same time having something to show Congress that the negotiations were making steady, albeit slow progress. In short, the US promised to lift a significant array of sanctions if North Korea did nothing, i.e. not test another long range Taepo-dong ballistic missile. To bolster the US position, Japan announced it would ease sanctions on the DPRK. This is more posturing than substance since Japan never shut down the flow of money from Japan to North Korea. Instead it had merely reaffirmed that it would not send government food aid to North Korea and would not allow charter flights between the two countries. In September, Japan dropped the barrier to charter flights but maintained sanctions on the sending of government food aid. Private food aid, however, could continue to flow to North Korea.

US-DPRK POW/MIA Talks - Another Train Wreck

The annual round of Defense Department talks with the North Korean People's Army also ended in a train wreck on December 16 in Berlin. The talks

aimed to finalize details for six missions by US Army recovery teams to North Korea in the summer of 2000 to search for and recover the remains of US military personnel died and were left behind in North Korea during the Korean War. At the December 1999 round of talks, the third since the joint endeavor began in July 1996, North Korea asked that the US Army continue to compensate the DPRK for operational expenses (approximately \$120,000 for each of six missions anticipated in the year 2000) plus construct a clothing factory in the DPRK. The factory was to have an annual production capacity of fabricating cloth and clothing for 5 million children. Apparently the KPA insisted the factory be equipped with several large capacity diesel generators in the event normal electricity was disrupted. Despite the US side's repeated efforts to deflect the demand, the Korean People's Army remained adamant. The US delegation broke off the talks and left Berlin. This is a very significant set back for US-DPRK relations. US Veterans groups are expected to lobby Congress to take a firmer stand vis a vis North Korea, possibly to include questioning the wisdom of continuing to send food aid to the DPRK. Congressional attitudes toward North Korea are certain to become increasingly negative as a consequence of the rupture in US-DPRK POW/MIA talks. The talks could resume in a few weeks, but severe damage has been done nonetheless.

PYONGYANG TAKES THE DIPLOMATIC OFFENSIVE

Pyongyang responded to the "train wreck" in Berlin in November by initiating a diplomatic offensive. First Pyongyang in a formal statement by the Foreign Ministry announced that it was disengaging from further negotiations with Washington to reassess whether such talks were of any value. Immediately after the announcement, Pyongyang sent positive signals to Tokyo, Seoul, Australia and the European Union. North Korea, after numerous false starts, invited former Japanese Prime Minister and Socialist Party head Murayama for a quasi official visit. A vice minister level DPRK official will visit Seoul the week of December 20, the first such visit since the summer of 1992. DPRK-Australian talks have been upgraded to the ambassadorial level in Bangkok and selected EU capitals have been invited to send missions to Pyongyang.

JAPAN

Former Prime Minister Murayama was accompanied to Pyongyang by fourteen other members of Japan's National Diet. They had highly visible, constructive discussions with Kim Young Sun, Korean Workers Party Secretary for

International Affairs (not a formal government position). The two politicians reached a "political" agreement between their respective political parties, but not between their governments. Essentially, Murayama agreed to press incumbent Prime Minister Obuchi to resume government to government discussions. Obuchi agreed. Prospects for progress in the Japan-DPRK talks, stalled since 1992, remain bleak, however, because of the large number of complex and sensitive issues that separate the two governments.

Security Issues

North Korea continues to press Japan to cease its trilateral diplomatic cooperation with the US and South Korea, and to discontinue military cooperation with South Korea. Pyongyang is highly suspicious of the US-Japan Defense Guidelines, a comprehensive set of bilateral military to military agreements focused on Japan's military role in the event of hostilities on the Korean Peninsula. The guidelines were finalized between the US and Japan in 1997, and significantly increase Japan's defense role in Northeast Asia. Japan's parliament approved the US-Japan agreement in July, 1999.

Japan supports the US and South Korea's insistence that North Korea cease its development, production and export of ballistic missiles. To counter North Korea's ballistic missile program, Japan has publicly committed financial and technical support for the US Theater Missile Defense (TMD) program. TMD's aim is to equip the US and Japan with the ability to use ballistic missiles to counter any ballistic missile attack from North Korea or China.

Commercial Relations

Japan remains an important trade partner for North Korea, but commercial relations remain troubled. The Japanese government in 1986 stopped insuring Japanese investment in North Korea. At the time, North Korea owed Japanese firms more than \$600 million. Trade declined further over the subsequent decade as North Korea's economy collapsed because of lost access to cheap oil from China and large grants and other aid from the former Soviet Union.

Japan is no longer a source of large sums of private money for North Korea. The Kobe earthquake of January 1996 affected the largest concentration of Korean-Japanese resident in Japan. The Korean-Japanese community's economic

vitality sustained severe damage. The usually large flow of money from this community to North Korea was diverted to rebuilding the Korean-Japanese community. Subsequently, deterioration of Japan-DPRK relations and the aging of the Korean-Japanese population in Japan has reduced the flow of money to North Korea. South Korea's President Kim Dae-jung then opened the way for Korean-Japanese to visit South Korea. Approximately 80 percent of Koreans in Japan trace their ancestry to South Korea. President Kim's benevolent act shifted the allegiance of many Korean-Japanese residents away from Pyongyang and toward Seoul.

Prospects for growth in Japan-North Korea are dim. China remains North Korea's primary trade partner (\$656.3 million in 1997), accounting for 30 percent of North Korea's entire trade. Japan ranks second with 22.5 percent of total trade worth \$489.3 million. South Korea comes next with \$308 million, both direct North-South trade and trade between the two halves of Korea via third countries. But in 1997, North Korea's trade gap with Japan worsened significantly. North Korean exports to Japan declined from \$3 million while imports from Japan increased \$5 million. (Source: *A Handbook on North Korea*. Seoul: Naewoe Press, 1998. p. 33).

The shrinking Korean-Japanese business community involved in this trade is determined to reverse these trends and restore previous levels of trade. Many political observers in Japan believe these businessmen, aided by profits from Pachinko gambling parlors, have put up the large sums of money to induce prominent politicians like Prime Minister Murayama and fourteen other members of the Diet to visit Pyongyang in late November 1999. This highly visible delegation struck a party to party deal with Korean Workers Party Secretary for International Affairs Kim Yong Sun that promises a resumption of bilateral government to government talks. This is all well and good, particularly for the Japanese politicians who are certain to have reaped significant financial support from the Korean-Japanese business community for traveling to Pyongyang. Numerous divisive issues remain to be resolved, however, before there can be any significant progress toward the normalization of Japan-DPRK relations.

Economic Sanctions

Japan's economic sanctions on North Korea are mostly symbolic. When North Korea fired a Taepo-dong ballistic missile over Japan in September 1998, the Japanese government halted all charter flights between the two countries. This affected nine weekly cargo flights and 14 passenger flights scheduled to carry Korean-Japanese residents to festivities commemorating Kim Jong Il's formal

recognition as North Korea's leader. The passenger flights were canceled but both kinds of charter flights were allowed to resume in September 1999 in support of President Clinton's announcement that the US would begin to phase out economic sanctions imposed during the Korean War under the Trading With the Enemy Act of 1918.

Other Japanese government sanctioned imposed in September 1998 included: suspension of support for the Korea Peninsula Energy Development Organization's (KEDO) construction of light water nuclear reactors in North Korea, government food aid and bilateral diplomatic talks. Suspension of support for KEDO affected the US and South Korea more than North Korea, and this sanction was quietly allowed to evaporate at the end of October 1998. Japanese government funded food aid had been halted in 1996 at the request of the South Korean government so there was no food aid scheduled to go to North Korea when this sanction was announced in September 1998. Private food aid funded by non-governmental organizations was allowed to continue. As for the diplomatic talks, these had been previously suspended and have yet to resume. (Source: *ABC News.com* as reported by the Associated Press, "Japan Ends Flights to North Korea," September 2, 1998.)

Normalization Talks

Bilateral Japan-DPRK efforts to normalize relations broke off in 1992 because of mounting concern about North Korea's nuclear program and Pyongyang's refusal to discuss the alleged kidnaping of Japanese citizens by North Korean agents (see below). These talks could resume, but prospects for progress remain bleak because there has not been any progress toward resolution of numerous unresolved issues.

Kidnaped Japanese Citizens

The Japanese government has considerable evidence that North Korea between 1977 and 1980 kidnaped about ten Japanese citizens ranging in age from 13 to 52. Another three Japanese citizens are believed to have been abducted by North Korean agents in Europe and sent to North Korea between 1980 and 1982. Japan wants North Korea to cooperate fully in an investigation of what happened to several Japanese citizens kidnaped twenty years ago and believed to have been taken to North Korea.

Evidence of North Korea's involvement in these disappearances continues to

mount. In 1977, a North Korean living in Japan confessed to police that he had abducted a Japanese security guard and turned him over to the crew of a North Korean submarine. Similar stories have appeared in the Japanese press. One of the most famous cases involves one of the two North Korean agents, Kim Hyon Hui, who bombed a South Korean jetliner in 1987. Ms. Kim, who was carrying a Japanese passport when arrested in Bangkok, told Japanese authorities that she had learned the Japanese language and customs from a Pyongyang resident named Li Un Hye. The Japanese police eventually identified Ms. Li as Yaeko Taguchi of Tokyo who had disappeared in 1979.

North Korea has adamantly and repeatedly refused to discuss these abductions with Japanese authorities, much to the keen displeasure of Japanese politicians and the general public. (Source: *The Japan Times*. Tokyo, June 9, 1998, p. 3.)

Korean Comfort Women Issue

The Japanese Imperial Armed Forces during World War II "drafted" upwards of 250,000 women from Korea, the Philippines and Taiwan to serve as "comfort women" or prostitutes for Japanese military personnel. Many of these women have long sought apologies compensation from the Japanese government. The 54th Session of the UN Commission on Human Rights held in Geneva March 16-April 24, 1997 condemned Japan's past actions and urged the Japanese government to respond compassionately to the former "comfort women's" grievances. The Japanese government refused to do so. On April 28, 1998, a Japanese District Court in Yamaguchi Prefecture ordered the central government to make an official apology and to pay compensation to ten former "comfort women" from South Korea. The Japanese government has refused to apply the ruling to all the former comfort women. The North Korean government is adamant that the Japanese government must compensate the comfort women residing in North Korea before bilateral relations can improve. So far the Japanese government has rejected this and all other claims. (Source: *The People's Korea*. Tokyo, June 6, 1998).

Japanese Spouses in North Korea

The health and welfare of some 6,637 Japanese women married to Korean men and residing in North Korea remains a divisive issue. Between 1959 and 1982, about 93,000 Koreans resident in Japan emigrated to North Korea. Most made the move between 1960 and 1966. About 6,637 Japanese women accompanied their Korean husbands to North Korea. Of this number, 1,828 retained Japanese

citizenship as of the early 1990's. Pyongyang had promised that the women could visit Japan every two or three years, but this was never allowed. In November 1998, the Japanese Red Cross was finally able to arrange the visit to Japan of a small group of the women who had retained their Japanese citizenship. The results were mixed. Some of the women had tearful reunions with aging parents. Others, however, were rejected by their kinsmen after they had made pro-North Korean comments to journalists upon their arrival in Japan. No further visits are envisioned. (Library of Congress, *North Korea: A country Study*. Washington, D.C., U.S. Government Printing Office, 1993).

SOUTH KOREA

Quietly but steadily, relations between the two Koreas have improved. North-South trade in 1999 returned to a bilateral level of about \$400 million, mostly prefabricated materials sent to North Korea for assembly. At least 130 small and medium South Korean businesses have established a presence in Nampo, the port city west of North Korea's capital of Pyongyang. South Korea's multinational giant Hyundai is preparing to build a large export zone near Nampo. Hyundai's tourist cruises from South to North Korea continue uninterrupted. Several dozen South Korean NGO's have access to North Korea.

This positive activity has continued and intensified despite the continuing inability of the two Korean governments to sustain substantive dialogue. Prospects for a resumption of official talks seem to be improving. Particularly promising is North Korea's acceptance of an invitation to send a policy level official to meet with government representatives in Seoul. Any government to government detente is certain to be fragile, yet most certainly welcomed by President Kim Dae Jung whose so-called "Sunshine Diplomacy" has been in need of concrete evidence that it is worth continuing.

AUSTRALIA AND THE EU

Pyongyang's efforts to cultivate better ties with Australia and the EU continue to achieve mixed results, but recently North Korea has intensified these efforts. In October, Pyongyang invited an academic delegation from the Australian National University (ANU). ANU professors visited the Ministries of Foreign Affairs, Trade and Finance. North Korea agreed to send a second group of students (four from the Ministry of Trade) to Canberra for a one year program in international business. This will be the second group from North Korea to enroll at ANU. Pyongyang is

eager to garner investment in agriculture, mining and light industry from Australia while expanding its international market for stainless diner ware produced in North Korea. Blocking the normalization of relations, however, its North Korea's continuing refusal to pay for the large amounts of Australian wheat purchased more than a decade ago. Australia also supports US economic sanctions on the DPRK, and its efforts to end North Korea's ballistic missile program. Prospects remain uncertain regarding when relations between the two nations might improve.

The same can be same regarding North Korea's relations with selected European Union nations. North Korea has sent a hand full of officials to study in Sweden and the Netherlands, and there is a trickle of trade. German-DPRK relations, like Italian-DPRK relations, remain strained because of large debts Pyongyang owes to these nations. These EU members, plus Britain, Spain and Portugal remain very cautious in their dealings with North Korea, primarily at the urging of the US and South Korea.