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**DPR KOREA: THE NORTH KOREAN CRISIS:
A SITUATION UPDATE**

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Executive Summary

This report focuses on current tensions in and around the Korean peninsula. After a brief Introduction, **Chapter 2 outlines the new and ongoing North Korean nuclear crisis:** analyzing the impact of the Iraq war, and the shifting stances of the main protagonists. Besides the DPRK and the US, these include the ROK (South Korea), Japan, China, Russia, and the EU.

After the Iraq war, Kim Jong-il may actively seek to keep a nuclear deterrent. The Bush administration, which has yet to devise a clear North Korea policy, now seems likelier to try to isolate the DPRK than to engage or attack it. The new ROK government, caught in the middle, may take a harder line than expected; so will Japan. China, hitherto passive, will actively press the DPRK to disarm, and has more influence than most others (such as Russia or the EU).

Against this backdrop, **Chapter 3 looks at the DPRK's internal situation.** The refugee situation currently appears stable, but two contrasting recent studies highlight the dilemmas of insider versus outsider stances in dealing with North Korea. Food security remains aid-dependent, with a growing risk of political conditions being attached to aid. Economic reform is scant and ambiguous, with no chance of major ROK investment while nuclear concerns persist.

Chapter 4 lays out four possible scenarios. The implications of each scenario for refugee/IDP flows are considered.

- A **soft landing** is still optimal, but its moment may have passed.
- The **status quo**, or a prolonged standoff, might continue for some time, but is ultimately not viable.
- **Collapse of the DPRK** and German-style absorption, though unwelcome to the ROK, will become more likely if North Korea fails to reform and if the US moves to isolate it or seek regime change.
- **War** would be so catastrophic for both Korean states that it will probably be avoided – unless by accident.

In conclusion, the current situation on the Korean peninsula is both risky and unprecedentedly fluid. Anything could happen. With no appetite for war, but also fading prospects and inadequate political will to pursue a comprehensive package deal, present trends, if unchecked, point towards the DPRK's isolation and ultimate collapse. While the risk and cost of this might prompt all parties to return to negotiation, the gap is wide.

1 Introduction

This is WriteNet's sixth report for UNHCR on refugee and related issues pertaining to the Democratic People's Republic of Korea (hereafter DPRK or North Korea).¹ Each has been somewhat different in focus; taken together, they constitute a thorough exploration of various facets of this complex and developing situation.² All these remain relevant, and are recommended for a fuller picture of the overall position and specific aspects than is feasible here.

The present report provides an overview and situation update as at May 2003, in the context of a new ongoing North Korean nuclear crisis. It considers first this grave international dimension, examining the positions of the main powers involved, and the implications of the war in Iraq. This is followed by an analysis of North Korea's internal situation, looking both at the specific humanitarian issues – refugees, IDPs, and food insecurity – and the wider DPRK political economy. On this basis, a diverse range of possible outcomes is laid out. At the present juncture, with many unknowns, it is even harder than usual to predict North Korea's future; but it is difficult to maintain that prospects for a “soft landing” are improving over time.

2 The Current International Situation

2.1 The Nuclear Crisis

Since October 2002 the political atmosphere around North Korea has deteriorated due to a second nuclear crisis, which in some ways echoes the first one of 1993-1994.³ Space forbids a detailed account, but in effect the wary détente of the past decade has all but unravelled, perhaps permanently.⁴ As of May 2003 the DPRK has strongly hinted that it possesses or is working on nuclear weapons. US government sources say they were directly told this twice: in October 2002 in Pyongyang, and in April 2003 in Beijing.⁵

This crisis was triggered when the US accused North Korea of secretly pursuing a new nuclear programme (allegedly helped by Pakistan), using highly enriched uranium (HEU), as distinct from the plutonium-producing facilities at Yongbyon, was closed under the October 1994 US-DPRK Agreed Framework (AF). To the US surprise, the DPRK first denied but

¹ Likewise, the terms South Korea and ROK (Republic of Korea) are used interchangeably here, as are China and PRC (People's Republic of China)

² Lohman, D., *North Korea: A Potential Refugee Crisis?* WriteNet for UNHCR/CDR, October 1996; Foster-Carter, A., *North Korea: Prospects, Scenarios, and Implications*, WriteNet for UNHCR/CDR, March 1999; Foster-Carter, A., *The Prospects for North Korea: Implications for Refugee Flows*, WriteNet for UNHCR/CDR, September 2000; Foster-Carter, A., *DPR Korea: North Korean Refugees – An Escalating Crisis?* WriteNet for UNHCR/CDR, September/October 2001; Foster-Carter, A., *DPR Korea: North Korean Refugees: Categories at Risk and Resttlement Prospects*, WriteNet for UNHCR/ESS, July 2002

³ For an account of this, see Oberdorfer, D., *The Two Koreas: A Contemporary History*, 2 ed., New York: Basic Books, 2001, Ch. 12 and 13

⁴ A full and excellent analysis of the new nuclear crisis (up to the end of March 2003) and its background is Pollack, J.D., *The United States, North Korea, and the End of the Agreed Framework*, *Naval War College Review*, Vol. 56, No. 3, Summer 2003, fc. Also available online from the Nautilus Institute at http://www.nautilus.org/pub/ftp/napsnet/special_reports/Pollack-AgreedFramework.txt (accessed May 2003)

⁵ Gertz, B., *North Korea May Export Nukes*, *Washington Times*, 7 May 2003

then defiantly admitted this. In response, the board of KEDO (Korean Peninsula Energy Development Organization), the consortium set up under the AF to build two new light water reactors (LWRs) for North Korea, and meanwhile supply 500,000 tonnes of heavy fuel oil (HFO) annually, suspended HFO shipments from December. North Korea reacted in short order by saying it would restart Yongbyon, expelling the International Atomic Energy Agency (IAEA)'s two resident monitors, and leaving the Nuclear Non-Proliferation Treaty (NPT): the first of the 170 signatory states ever to do so. In February 2003 the Yongbyon reactor was switched on, but not (it seems) the reprocessing plant, thought to be able to produce enough plutonium for several bombs in a few months. North Korea also test-fired two short-range sea-to-air missiles, and four DPRK jets buzzed a US spyplane in an apparent bid to force it to land in North Korea. Such incidents tailed off after the start of hostilities in Iraq.⁶

Efforts to defuse the crisis by negotiation foundered on North Korea's demand to talk only to the US, which was equally insistent on a multilateral forum, and reluctant to be distracted from Iraq. The eventual compromise was three-way talks in Beijing in April, with China as a newly active facilitator. Here again the DPRK allegedly told the US that it has nuclear weapons, and may test or sell them. Before the meeting it had claimed to have nearly finished reprocessing, but this wording was later amended, and US intelligence sources are unsure what the real position is (latest reports claim some evidence that reprocessing is indeed under way).⁷ In Beijing the DPRK also offered a package deal: details were not disclosed, but the US dismissed it as totally unacceptable. As of early May it was unclear if there would be further meetings, and if so, who would participate: South Korea, Japan, and Russia all have a claim.⁸

Clearly this situation is alarming, on several levels. North Korea is presumed to be pursuing two nuclear programmes, unchecked. It may already have nuclear weapons, and will soon have more. A nuclear-armed DPRK poses new risks: it weakens the NPT, and may spark off a regional nuclear arms race. For the US, the proliferation threat (the possibility of North Korea selling plutonium to Al-Qaeda, for instance) is even more troubling. Finding ways to dissuade the DPRK from this path is therefore as urgent as it is problematic.⁹

What makes this harder is the posturing and propaganda from both North Korea and the US, which are locked into a dangerous game of brinkmanship.¹⁰ If it is hard to fathom the DPRK's aims, then the same applies to the US. Adding to the uncertainty is a new and untried government in South Korea, whose own position is rapidly evolving. Other concerned powers, notably China, are also shifting their stances. All this makes for a situation more fluid than any on the peninsula in this writer's 30 years of experience. Anything could happen. It is still possible that cataclysm will be avoided, but the chances of a "soft landing" are receding, unless the DPRK radically changes its posture.

⁶ For more detail on all of this, see Pollack

⁷ Gertz; see also Sanger, D. E., U.S. Suspects North Korea Moved Ahead on Weapons, *New York Times*, 7 May 2003

⁸ For these and other ramifications, useful media websites with ongoing and cumulative pages on the DPRK nuclear and related issues include those of the *Los Angeles Times*, <http://www.latimes.com/news/nationworld>, and the *Financial Times*: <http://news.ft.com>

⁹ Efron, S., U.S. Officials in a Quandary over North Korea, *Los Angeles Times*, 8 May 2003

¹⁰ On the political use and abuse of intelligence data, see Pollack; and Hersh, S. M., The Cold Test, *The New Yorker*, 27 January 2003

2.2 Powers and Perspectives

2.2.1 *The USA*

Whereas under President Clinton the US sought to engage the DPRK, the Bush administration after two years has yet to exhibit any clear or consistent North Korea policy. Here as elsewhere, the Secretary of State, Colin Powell, supports engagement, but others – Vice-President Cheney, or Defence Secretary Rumsfeld – seem opposed to this, and may wish to see the Kim Jong-il regime, or the DPRK as such, collapse. George W. Bush admits to deep-seated hostility towards Kim Jong-il.¹¹ Despite the US's professed preference for diplomacy, the DPRK may well read its actions differently. These include ending missile talks begun by Clinton, declaring North Korea part of an “axis of evil”, and a new doctrine of preemption which explicitly mentions the DPRK. The Iraq war has added a further layer of anxiety and uncertainty, as discussed below.

Currently, in the latest of many vague policy initiatives, the US is reportedly contemplating a twin-track policy involving both negotiation and pressure.¹² It remains to be seen if this is more lasting or successful than earlier watchwords like “tailored containment”. On the one hand the Bush administration never had any real appetite for engagement, and the nuclear stand-off rules this out: the US insists it will not reward misbehaviour. At the other extreme, a military strike is unlikely: due to its extreme risk and because the “war party” in Washington is more concerned to reshape west than east Asia¹³ – a task which may preoccupy and tie down the US for a long time. So the general drift is towards isolating North Korea, with or without formal sanctions.

2.2.2 *South Korea*

South Korea, understandably, is deeply uneasy at rising tension between North Korea and the US – which is already weighing on its economy,¹⁴ apart from military risk as such. Many South Koreans accuse the Bush administration's hard line of undermining Kim Dae-jung's “sunshine” policy, which had held out hope of better North-South relations. Such sentiment, and outrage over an accident where a US tank crushed two Korean girls, swung last December's presidential election against the conservative favourite. The narrow winner, a favourite of the young, was Roh Moo-hyun: of the same party as Kim Dae-jung, pledged to continue the sunshine policy, and a provincial populist outsider who has never visited the US and had once called for its troops to go home. Some of Roh's statements suggested he saw the ROK as caught in the middle between the DPRK and US, rather than the ally of one supposedly protecting it from the other. There were fears that rising animosity could even rupture the US-ROK alliance.¹⁵

¹¹ Hersh quotes an unnamed US official: “Bush and Cheney want his [Kim Jong-il's] head on a platter ... They are going to get this guy after Iraq. He's their version of Hitler”.

¹² Kessler, G., Plan for N. Korea Will Mix Diplomacy and Pressure, *Washington Post*, 7 May 2003

¹³ This is the view of George Friedman, founder and chairman of the US think-tank Stratfor (Strategic Forecasting LLC). See e.g. *The American Empire*, n.d. [early 2003], <http://www.stratfor.biz/IStory.neo> (accessed May 2003). For an explicit argument that the DPRK is not a US target, see Cossa, R. A., *Diplomacy Fails with Iraq, Is North Korea Next?* *Comparative Connections*, Vol. 5, No. 1, 2003, <http://www.csis.org/pacfor/cc/0301Qoverview.html> (accessed May 2003)

¹⁴ Brooke, J., Unwanted Attention for Korea, *New York Times*, 15 April 2003

¹⁵ Cossa, R. A., US-Korea Relations: Trials, Tribulations, Threats, and Charades, *Comparative Connections*, Vol. 4, No. 4, 2002, http://www.csis.org/pacfor/cc/0204Qus_skorea.html (accessed May 2003). On the wider new currents in ROK politics behind Roh's victory, see Foster-Carter, A., *Left Turn in South Korea?* *NIASnytt* No. 1, 2003, http://www.nias.ku.dk/activities/publications/niasnytt/default.htm#Left_turn (accessed May 2003)

Such worries have eased since Roh took office in February. In a move unpopular at home, he backed the US in Iraq. Whereas initially he seemed inclined to continue or even expand aid to North Korea, as the nuclear crisis has worn on a new insistence on conditionality and reciprocity is creeping in.¹⁶ Domestic politics are one reason: the conservative opposition Grand National Party (GNP) controls the national assembly, and criticizes the sunshine policy as appeasement. Charges, currently being investigated, that the June 2000 Pyongyang summit involved a US\$500 million bribe have left a bitter taste.¹⁷

With parliamentary elections due in April 2004, there are few votes now in being nice to North Korea – especially if Pyongyang resorts to further provocations. Yet there is also mistrust of Bush, and a worrying precedent. Before opting for engagement, in 1994 Bill Clinton considered bombing Yongbyon. South Korea was hardly consulted, despite the horrific consequences had such an act unleashed a second Korean War.¹⁸

In sum Roh may turn out less radical than expected. Yet his first meeting with President Bush, due on 15 May, is bound to be delicate. Roh will still insist on ruling out any military solution. Though the US will not give that commitment explicitly, as argued above the message is likely to be heeded. But coordinating stances will remain hard. Roh received much criticism from the GNP over the ROK's absence from the Beijing talks, yet it is not clear if North Korea will agree to discuss nuclear issues with the South, even though the two had signed a bilateral nuclear accord pact in 1991.¹⁹

2.2.3 Japan

In Tokyo too, attitudes are hardening after the failure of a rare bold initiative last year. Hitherto Japan had tended to follow its allies on North Korea, so last September's one day visit by Junichiro Koizumi – the first ever by a Japanese premier to Pyongyang – caused some wariness in Washington and Seoul. Remarkably, after decades of denial Kim Jong-il admitted that North Korea had kidnapped thirteen Japanese, and apologized. But with eight of the thirteen dead (supposedly all by accident), public anger dashed hopes of a diplomatic breakthrough. The five survivors returned to Japan, but North Korea will not let their children go, so the issue rumbles on. The net result was a backlash both for Koizumi and Kim. Hopes of opening diplomatic relations, which could bring the DPRK an aid package worth US\$10 billion, now look more remote than ever.²⁰

¹⁶ Korea Information Service, Gov't Ties Rice Aid to Nuke Issue, 6 May 2003, <http://www.reliefweb.int> (accessed May 2003)

¹⁷ Foster-Carter, A., A Bumpy Road Ahead?, *Comparative Connections*, Vol. 5, No. 1, 2003, http://www.csis.org/pacfor/cc/0301Qnk_sk.html (accessed May 2003). On the deep fissures over policy towards the North in the ROK, see Levin, N. D., and Han, Y.-S., *Sunshine in Korea*, Santa Monica CA: Rand Corporation, 2002

¹⁸ Pentagon estimates in 1994 were of 490,000 ROK military casualties in the first 90 days of a war, plus civilians. Oberdorfer, p. 315

¹⁹ Oberdorfer, pp. 260-265

²⁰ For more detail, see Victor Cha's successive quarterly surveys of Japan-Korean relations in *Comparative Connections*: Mr Koizumi Goes to Pyongyang, Vol. 4, No. 3, 2002, http://www.csis.org/pacfor/cc/0203Qjapan_skorea.html; The Sweet, the Sour, and the Bittersweet, Vol. 4, No. 4, 2002, http://www.csis.org/pacfor/cc/0204Qjapan_skorea.html; and Contemplating Sanctions, Vol. 5, No. 1, 2003, http://www.csis.org/pacfor/cc/0301Qjapan_skorea.html (all accessed May 2003)

The growing nuclear crisis has tipped the scales further, especially as Japan is within range of North Korean missiles. Unusually robust comments, including on Japan's right of preemption, have stiffened the mood; while the seizure in April 2003 of a DPRK ship by Australia for suspected drug trafficking highlights a problem which Japan has long experienced with its neighbour.²¹ Not only will no food aid be forthcoming from Tokyo, at best a reluctant donor, while the nuclear standoff persists, but Japan is now contemplating sanctions against the DPRK over the abduction issue.²² Moreover, Koizumi could be challenged for the premiership. If, as some speculate, he were to be succeeded by the governor of Tokyo, Shintaro Ishihara, whose rhetoric on the DPRK matches Pyongyang's in bellicosity,²³ then DPRK-Japan ties could deteriorate even further.

2.2.4 China

China's role is crucial. It shares a long land border with North Korea, and since 1991 (when the USSR collapsed) has been the DPRK's main donor and guarantor. At the same time China has forged close ties with South Korea: it has overtaken the US as the ROK's largest export market. Staying friendly with both Koreas – easier since the “sunshine” policy – serves Beijing's hope of in time displacing the US to regain its old role as the peninsula's hegemon. The Bush administration's hard line has helped China project itself, in contrast, as a peace-loving friend to both Korean states.²⁴

Much as China may resent propping up the DPRK, it has two strong reasons to do so. One is fear of chaos on its borders. Existing refugees already trouble Beijing, but are as nothing to the potential flows were North Korea to collapse in anarchy or fighting. Also, if collapse leads to reunification by absorption as in Germany, the unwelcome prospect looms of US forces in Korea potentially at China's very gates. On both counts, therefore, it has suited Beijing to preserve the DPRK as a buffer state.

Yet that balance of judgment may not be permanent. The past year has seen distinct shifts in Beijing's stance, in growing irritation at North Korea's behaviour. Last September China prevented the establishment of a proposed special economic zone at Sinuiju, near the western end of the PRC-DPRK border, by arresting Yang Bin, the Chinese billionaire picked to run it. Astonishingly, it appears that Kim Jong-il had not consulted China about either the zone in general, or Yang in particular (who has been charged with various financial offences).²⁵

The far more serious nuclear issue has deepened Beijing's concern that its maverick protégé is out of control. It fears that a nuclear North Korea could lead Japan, South Korea, or (worst)

²¹ On preemption, see Japan 'Can Seek Pre-emptive Strike', *Japan Times*, 25 January 2003. On drug trafficking, see Boyd, A., North Korea: Hand in the Cookie Jar, *Asia Times Online*, 29 April 2003 <http://www.atimes.com/atimes/Korea/ED29Dg01.html> (accessed 9 May 2003)

²² Takahashi, J., Japan Considers North Korea Sanctions, *Japan Times*, 9 May 2003, <http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20030509a1.htm> (accessed 9 May 2003)

²³ I Would Start A War, *Newsweek*, 10 June 2002

²⁴ Here again, *Comparative Connections* is a convenient and comprehensive resource for following China's ties with both North and South Korea. See Scott Snyder's quarterly surveys, the most recent being Regime Change and Another Nuclear Crisis, Vol. 5, No. 1, 2003, http://www.csis.org/pacfor/cc/0301Qchina_skorea.html (accessed 9 May 2003)

²⁵ Snyder, S., Beijing in the Driver's Seat? China's Rising Influence on the Two Koreas, *Comparative Connections*, Vol. 4, No. 4, 2002, http://www.csis.org/pacfor/cc/0204Qchina_skorea.html (accessed 9 May 2003)

Taiwan to follow suit. Initially criticized for not joining the rush to mediate, as the ROK and Russia did, China recently made a policy U-turn, assuming a much higher profile in agreeing to host, facilitate, and participate in last month's talks in Beijing. Reports suggest that North Korea's behaviour there deeply angered China. Even before this, China had reportedly suspended oil flows for a few days. Criticism of North Korea, albeit still rare and muted, has begun to appear in PRC media.²⁶

Also, under a new and younger leadership the last vestiges of the old PRC-DPRK solidarity dating from the Korean War are eroding. The question now is at what point might North Korea's behaviour make it more of a liability than an asset. If sufficiently provoked, China alone has the power to enforce effective economic sanctions. The old presumption that it would never do so may no longer be true. Hitherto far-fetched possibilities, like a DPRK regime change short of collapse, also now need to be taken into consideration. A pliant, pro-reform North Korea would suit China well. Equally, there must be those in Pyongyang who fear their leaders' present course is leading to the abyss, but have no wish to see their country absorbed Germany-style by the ROK. While all this is speculative, it seems certain that China will henceforth take a more visible role in pressing Kim Jong-il to end his nuclear defiance.

2.2.5 Russia

Of the four powers involved with Korea by geography and/or history, Russia now has the least clout. The Gorbachev and Yeltsin governments' U-turn to embrace the ROK lost Moscow its influence in Pyongyang, while gaining little in Seoul. President Putin has sought to win back a footing, meeting Kim Jong-il three times in as many years. Thus in January the North Korean leader spent six hours listening to a Russian peace plan, whereas a delegation from Seoul was told he was out of town. Yet this formal respect is unmatched by substance: there was no DPRK response to the Russian proposal, and the same emissary – deputy foreign minister Alexander Losyukov – warned in April that a nuclear North Korea would prompt Moscow to revise its position and consider sanctions. Nonetheless, Russia will keep arguing for dialogue and against closing the options for North Korea.²⁷

2.2.6 The European Union

The EU deserves a brief mention. In recent years both the EU as such and most current member states (except France and Ireland) have moved to recognize the DPRK and deal actively with it.²⁸ A major reason for this was to counter the Bush administration's boycott and display the merits of engagement. North Korea's nuclear recalcitrance has undermined this approach, and may limit EU aid to humanitarian only, instead of the broad programme that had been planned.²⁹ For its part, the DPRK was angered when EU states sponsored the first ever critical resolution on North Korean human rights abuses in the UN Commission on Human Rights in March 2003, even though the European determination to pursue this issue

²⁶ Kessler, G. and Pomfret, J., North Korea's Threats a Dilemma for China, *Washington Post*, 26 April 2003

²⁷ Russian Envoy Says Kim Jong Il Poised for Dialogue, *Chosun Ilbo* [Seoul] 23 January 2003, and, by contrast, Wines, M., Warning to North Korea on Nuclear Arms, *New York Times*, 12 April 2003. On the rebuff to the ROK, see, A Rebuffed Envoy, *Chosun Ilbo* [Seoul], 30 January 2003

²⁸ Foster-Carter, *DPR Korea: North Korean Refugees...*, Section 3.7

²⁹ European Commission, *The EC – Democratic People's Republic of Korea (DPRK): Country Strategy Paper 2001-2004*, Brussels,[2001], envisages EUaid e.g. for capacity building and transport, http://europa.eu.int/comm/external_relations/north_korea/csp/01_04_en.pdf (accessed 9 May 2003). See also a very useful survey of EU-DPRK intercourse in Frank, R., EU-North Korean Relations: No Effort Without Reason, *International Journal of Korean Unification Studies*, Vol. 11, No. 2, 2002, pp. 87-119

had been made clear from the outset.³⁰ While contacts will continue – a DPRK embassy in London opened on 30 April – North Korea has been left in no doubt that substantive relations cannot develop unless the nuclear issue is settled.³¹

2.2.7 North Korea

The key unknown, of course, is what North Korea itself wants. Beneath the smokescreen of bellicose rhetoric, this may be changing. Regime survival is Kim Jong-il's consistent goal, but there may well be debate over what means will best secure that end. Despite the professed goal of a non-aggression pact with the US, mistrust of Bush (Clinton already gave such an undertaking) runs so deep – and is so fully reciprocated – that it is unclear what weight this could carry. Nor does the DPRK seem ready to move far or fast enough on the steps required for this, i.e. full and verified nuclear disarmament.

A related question is what part, if any, of North Korea's vast arsenal is tradeable. It has said its missile activity can be bought off, though even the Clinton administration balked at paying US\$1 billion to do so. The AF implied that the nuclear programme was similarly negotiable. But Republicans never liked the AF, and the HEU revelation has added to US resolve not to attempt to reactivate it.³²

More generally, DPRK tactics, though risky, had hitherto often seemed cunning, for instance in challenging the US at a time when it was busy with Iraq. But the ultimate game plan is less clear. Kim Jong-il seems not to grasp that what worked with Clinton may not be successful with Bush, especially after the September 11 attacks (though no DPRK link to Al-Qaeda has been alleged). Recent relations with China, over Sinuiju and the nuclear issue, suggest an incompetence and insouciance bordering on recklessness, casting doubt on Kim Jong-il's ability to judge accurately how much he can get away with. Maybe the DPRK has come to believe its own propaganda about self-reliance; or the leader is in thrall to his benighted generals, who view any concession as surrender; or the behavioural patterns of half a century are simply too hard to break.

2.3 The Impact of Iraq

Against this presumption of irrationality, however, there is one important argument. While there was no prior connection between Iraq and North Korea (one reason why the "axis of evil" tag was unhelpful), latterly they have become joined by the palpable differences of US policy towards them – and also by the former's impact on the latter.

While Iraq as such is beyond the concern of this paper, the reasons for differential US policy response are important in trying to tease out the Bush administration's motives. On the Iraq side, there is oil, and (in the eyes of critics) US determination to unseat Saddam Hussein on any pretext. Once Iraq was a target, North Korea became a distraction, indeed an embarrassment, since its weapons of mass destruction (WMD) are certainly more formidable than any yet found in Iraq. One of the more convincing US ripostes regarding this contrast

³⁰ United Nations High Commissioner for Human Rights, Situation of Human Rights in the Democratic People's Republic of Korea, E.CN.4.RES.2003.10, 16 April 2003

³¹ Having attended seminars in Brussels in October 2002 – when the first nuclear revelations broke – and in London in May 2003, with a senior DPRK delegation including a vice foreign minister, the present writer can confirm personally that this was the unmistakable message from the EU side.

³² See Pollack

was that the DPRK shows why WMD must be nipped in the bud; because once acquired, any military response becomes that much more perilous.

But another key issue is what impact the invasion of Iraq will have had on the DPRK. Kim Jong-il, who quite often vanishes from view, did so for the second longest period ever; perhaps he feared for his life.³³ Despite fond hopes that “shock and awe” would scare North Korea to sue for peace, it may have drawn quite the opposite lesson. DPRK media were not slow to conclude that Iraq’s fate proves that letting inspectors in leads to disaster, and that only a powerful deterrent can avert US aggression. If there had been a chance before that Kim Jong-il would trade his nuclear weapons for guarantees of peace, the course of events in Iraq may have changed his mind.³⁴

3 The DPRK’s Internal Situation

3.1 Refugees and IDPs

The remit of this report leaves relatively little space to review refugee issues in depth. While this is regrettable, these were rehearsed at some length less than a year ago in WriteNet’s last report.³⁵ Broadly, there has been little change in the overall situation since last year, and in general the pattern seems stable. (One fresh twist is a report of DPRK nuclear scientists being spirited to the US via China and the Pacific island-state of Nauru, but this is unconfirmed.³⁶) In general, relatively small cross-border flows continue into China, mainly from North Hamgyong province in the north-east. China’s continuing crackdown has not ended these flows, but it must have limited their numbers, and certainly curtails the ability of either local Korean-Chinese or activist groups to help them, on pain of heavy fines, arrest, or expulsion.³⁷ Several leading activists have been arrested, and a bid to take a boatload of North Koreans from China to South Korea was foiled by Chinese authorities.³⁸ There have been no recent publicized embassy invasions of the kind prominent in early 2002, but it appears that North Koreans who manage to gain access to ROK diplomatic missions in Beijing are still able later to leave quietly for Seoul, via third countries. The most recent such group consists of twelve women, aged 16 to 46, who all entered the ROK embassy in Beijing individually between October 2002 and February 2003. Their arrival in South Korea, via Manila, takes this year’s total past 300. The South Korean newspaper report cited refers to them as “asylum seekers”, rather than the usual tendentious term “defectors”.³⁹ For a few others, the long and arduous trek via “fourth countries” – usually south-east Asia or Mongolia – continues. Reports of a camp in Mongolia nearing completion may raise the profile of this route.⁴⁰ Currently the SARS epidemic must be a further impediment or added risk to illicit movement, to or within

³³ Kim Jong-il Ends 49-Day Absence From Public Eye, *North Korea This Week*, No. 237, 10 April 2003

³⁴ Among several similar pieces, see, Korean Central News Agency [Pyongyang], DPRK Will Not Make Any Concession or Compromise, [31] March 2003, <http://www.kcna.co.jp> (accessed 9 May 2003)

³⁵ Foster-Carter, *DPR Korea: North Korean Refugees...*

³⁶ Stuart, S. and Chulov, M., The Nauru Solution: Operation Weasel, *The Australian*, 19 April 2003

³⁷ This is the assessment of a leading activist in the field. Personal communication, May 2003

³⁸ See, What Happened in China: Basic Facts, 10 February 2003, and other posts on the activist website www.nkrefugee.org, http://pnan.org/technote/read.cgi?board=basicinfo&y_number=1&nnew=2 (accessed 9 May 2003)

³⁹ 12 N.K. Women Arrive in Seoul from Beijing, *Korea Herald*, 10 May 2003.

⁴⁰ On Mongolia, see N. K. Resettlement Camp Nears Completion, *Korea Herald*, 5 May 2003

China. (For legitimate travel the DPRK has introduced draconian quarantine measures, impeding both border trade with China and the ability of resident NGOs to bring in aid and rotate staff.⁴¹)

Besides a decreasing number of journalistic reports and accounts,⁴² two overviews which have appeared since our last report deserve mention. Both are thorough and valuable studies, based on recent fieldwork in the border area; yet their analytical and evaluative stances diverge in a way that exemplifies an endemic divide on North Korea. For Human Rights Watch, as an externally based NGO, the situation is one of clear, grave and manifold abuses; both the DPRK and the Chinese governments are roundly criticized.⁴³ By contrast, Hazel Smith of Warwick University takes a more nuanced view: noting the data gaps and the methodological problems encountered in trying to fill them (*inter alia* querying the much cited figure of 300,000 refugees) and offering concrete policy advice, which recognizes the need to work with the governments concerned.⁴⁴ Having worked for UN agencies within the DPRK, she also detects political bias in the tendency of US Congressional committees to seek testimony from hostile outside activists, such as the well-known Norbert Vollertsen, rather than the many NGOs – including faith-based charities – who continue to work inside the DPRK.⁴⁵

An ironic example of the rift between insider and outsider approaches concerns IDPs (internally displaced persons). Despite reports that the number of *kotchebis* – literally, fluttering sparrows, the Korean term for juveniles on the move and fending for themselves – is again on the rise,⁴⁶ it seems that agencies based in Pyongyang are not allowed to address such issues, suggestive as they are of a disorder which the regime remains reluctant to admit. Instead, both international agencies (UN, Red Cross etc) and NGOs are confined to working with specific groups, assumed to be stable and static, in defined areas approved by the government. Many try to contest such restrictions, and a few NGOs have in the past withdrawn. This dilemma will continue.⁴⁷

⁴¹ On NGOs, see, SARS Crackdown Isolates Foreigners Visiting N.K., *Korea Herald*, 10 May 2003; on the effect on trade, see, Korea Trade-Investment Promotion Agency (KOTRA), North Korea Tightens Border Against Chinese Traders, 2 May 2003, http://crm.kotra.or.kr/main/common_bbs/notice_read.php3?board_id=21&pnum=899833&cnum=0 (accessed 9 May 2003)

⁴² For an account from the border that links this to the wider political and security context, see Kynge, J. and Ward, A., The Despair Pushing North Korea to the Brink, *Financial Times*, 18 April 2003. Also worth singling out is a fine portrait of young North Koreans trying to resettle in the ROK, Paterniti, M., The Flight of the Fluttering Swallows, *New York Times*, 27 April 2003

⁴³ Human Rights Watch, *The Invisible Exodus: North Koreans in the People's Republic of China*, New York, November 2002

⁴⁴ Smith, H., North Koreans in China: Defining the Problem and Offering Some Solutions, in Akaha, T., ed., *Human Flows Across National Borders in Northeast Asia*, Tokyo: United Nations University, November 2002, pp. 115-134

⁴⁵ Smith, p 118. A year at the United States Institute of Peace (USIP), which funded her research on North Koreans in China, also gave Dr Smith first-hand experience of Washington politics. See, too, her *Overcoming Humanitarian Dilemmas in the DPRK*, Washington: USIP, July 2002. A book on the same theme is in preparation. See also, on NGOs in North Korea and the challenges they face, Flake, L. G., and Snyder, S. (eds), *Paved with Good Intentions: The NGO Experience in North Korea*, New York: Praeger, fc 2003

⁴⁶ Kang Chol-hwan, 'Fluttering Sparrows' on Sharp Rise Again, *Chosun Ilbo* [Seoul], 6 March 2003

⁴⁷ Schloms, M., The European NGO Experience in North Korea, in Flake and Snyder (eds), especially pp 73-5. Similar issues arise throughout this very valuable collection.

It is also of course politically charged, pitting those who see Kim Jong-il's regime as incorrigible against those prepared to cooperate with it. UN bodies, of course, have no choice but to work with the legal government of a member state. In this context, the wider politics of the nuclear issue may play a part. If the US shifts to isolating the DPRK, with at least an implicit bias towards regime change, this might mean more official support and resources for refugee and other human rights campaigns, a cause already popular in some Republican circles. Conversely, if serious negotiations on nuclear or other WMD issues resume, then the US will prioritize security concerns and downplay human rights issues. But there is also the China factor. Even if China seeks to pressure North Korea into nuclear compliance, it is unlikely to be kinder to refugees, for fear of instability. Relatedly, since the US is keen to see China take an active role on the nuclear issue, it will not risk antagonizing Beijing by prioritizing refugee or human rights issues, both seen by the PRC as a destabilizing threat.

3.2 Food Insecurity

A key determinant of refugee flows is, of course, the food situation. Eight years into the food crisis triggered by the floods of 1995 (although shortages were endemic from at least the late 1980s), North Korea remains chronically unable to feed itself, and as such dependent on the largesse of others.⁴⁸ Hitherto the UN World Food Programme (WFP), whose North Korea operation was its largest ever anywhere before Afghanistan, has seen its annual appeals largely fulfilled. But with donor fatigue evident across the board and new crises elsewhere, in 2002 it received only 70% of its target, and since September it has been forced to drop 2.9 million people from its rolls. This year's prospects had seemed worse, but have eased a little: earlier warnings of a significant crisis this spring appear to have been headed off by new donations. But in May WFP warned of an expected shortfall of 125,000 tons during May-December unless new contributions arrive.⁴⁹ Improvements in children's weight and height, shown by a nutritional survey undertaken in cooperation between the DPRK government, WFP and UNICEF in November 2002, may thus remain fragile.⁵⁰

An obvious issue now is whether donors will make food aid conditional on nuclear compliance. The US, in the past a major donor, continues to give on a smaller scale, but now links any larger donation to better monitoring of food distribution.⁵¹ While a future linkage to the nuclear issue cannot be ruled out, the head of USAID, Andrew Natsios, as the author of the first book on the North Korean famine, criticized the placing of such political conditions on humanitarian aid.⁵² Significantly, the new South Korean administration, which at first had seemed ready to continue unconditional food aid – in part to ease a rice glut which is depressing prices – may now link further provision of rice to political concessions on the

⁴⁸ A detailed study of US and other aid to the DPRK is Manyin, M. E. and Jun., R., *U.S. Assistance to North Korea*, Washington DC: Congressional Research Service, March 2003, available at <http://www.nautilus.org/fora/CRS--USaidtoNorthKoreaRL317852003-3-17.pdf>. See also the appendices and detailed chronology in Flake and Snyder (eds)

⁴⁹ World Food Programme, Korea (DPR), *Emergency Report*, No. 18, 2 May 2003, http://www.wfp.org/newsroom/subsections/specific_report.asp?id=124&country=408 (accessed 9 May 2003)

⁵⁰ For a summary, see UNICEF, *DPRK Nutrition Assessment 2002*, 20 February 2003, available at <http://www.reliefweb.int> (accessed 9 May 2003)

⁵¹ Manyin, pp. 17-18

⁵² Natsios, A. S., *The Great North Korean Famine: Famine, Politics, and Foreign Policy*, Washington DC: USIP Press, 2001, pp. 143-8

nuclear issue, although it will send 200,000 tons of fertilizer to North Korea, as agreed and as it has done in the past.⁵³ China, which hitherto has given substantial food and other aid, may also now withhold or reduce this as a political gesture, at least temporarily. Of other past donors, Japan will not give, on account of the abduction and nuclear issues; on the other hand, the EU will continue food and medical aid. Overall prospects are thus unclear. While this year humanitarian and stability concerns will probably ensure sufficient food aid to avoid the worst and to sustain the status quo, in future, should US policy shift to regime change, the temptation to use food aid as a political weapon may well grow.

3.3 The Wider Economy

Any recovery in North Korea's own farm sector depends on wider economic changes. Having long resisted all pressures for market reforms, in July 2002 the DPRK took its first steps – belated and one-sided, but drastic – on this path. Most prices were sharply raised in line with those prevailing on the black market, and the DPRK won was devalued from 2.2 to 150 to the US dollar. Wages rose too, but unevenly and not to the same extent.⁵⁴

Characteristically, none of this was ever formally promulgated, rendering it difficult to assess either the measures *per se*, or their effects. Such secrecy itself bespeaks a continued reluctance to reform more widely. This year's budget report, contained not a single real number, only percentages: presumably due to problems in reconciling pre- and post-July 2002 figures.⁵⁵ As to impact, reports confirm predictions that such demand-side steps alone, in the absence of corresponding supply-side reforms that might boost output, could produce little except inflation.⁵⁶ While the DPRK's already fragile welfare net has apparently not been completely abolished, aid agencies fear that these changes may worsen the situation of already vulnerable sections of the population.⁵⁷ It remains to be seen if further reform will be either forthcoming or effective. Hints that the new market economy which has sprung up in recent years will at last get official support are encouraging, but reports of the reality on the ground are variable.⁵⁸

Here too, inevitably, there is a nuclear linkage. The fitful progress of inter-Korean ties has included what in happier times would have been hailed as a historic breakthrough: the limited opening in February of two temporary roads across the Demilitarized Zone (DMZ). Rail links and motorways are due to follow. The western corridor, north of Seoul, gives access to Kaesong, where a large export-industrial zone is planned just north of the DMZ. In theory this could be like Shenzhen vis-à-vis Hong Kong: a growth pole both for its own hinterland

⁵³ Contrast Kim, K.-T., Seoul to Offer 1.3 Mill, Tons of Rice to NK over 3 Years, *Korea Times*, 15 March 2003 with Reuters, S. Korea to Give North Fertilizer, But Not Rice Yet, 30 April 2003

⁵⁴ For an assessment (more positive than the present writer's) linking these reforms to current security debates, see Frank, R., North Korea: 'Gigantic Change' and a Gigantic Chance, *Nautilus Institute Policy Forum Online*, 03-31, 9 May 2003, http://www.nautilus.org/fora/security/0331_Frank.html (accessed 9 May 2003)

⁵⁵ Korean Central News Agency, Finance Minister on State Budget for 2003, 26 March 2003, available at <http://www.kcna.co.jp> (accessed 9 May 2003)

⁵⁶ On the current state of the DPRK economy, see Kynge, J. and Ward, A., Trouble in Paradise, *Financial Times*, 22 April 2003

⁵⁷ See, Caritas, Emergency Appeal for the Ongoing Food and Health Crisis in DPRK for the Period 1 Apr 2003 to 31 Mar 2004, Hongkong, April 2003; and, International Federation of the Red Cross, *DPR Korea Appeal No. 01.38/2002 Annual Report [Summary]*, 8 May 2003; both available at <http://reliefweb.int>

⁵⁸ Kang Chol-hwan, North Korean Marketplaces Revitalized, *Chosun Ilbo* [Seoul], 19 December 2002, <http://english.chosun.com/w21data/html/news/200212/200212190002.html> (accessed 9 May 2003)

and cross-border, transforming North Korea's economic prospects.⁵⁹ In practice after long delays this so far remains a bare site, and it may now fall foul of the nuclear issue. The ROK can hardly put vast new investments in the DPRK while the nuclear threat persists; or even were it so minded, the US would look askance. Conversely, if the nuclear issue is resolved as part of a comprehensive package deal, South Korean aid and investment could begin to mend the North's derelict economy and gradually ameliorate the conditions which, at present, generate refugee flows. This would require targeted aid to the DPRK's north-east, at the other end of the country: the main source of refugees, where the old industrial base has virtually collapsed.⁶⁰

4 Conclusion: Possible Outcomes and Scenarios

What outcomes are possible in North Korea and the wider peninsula? Our 1999 report laid out four basic scenarios, in more detail than is feasible here.⁶¹ These remain valid – the inherent logic of the situation has not changed – and the order of desirability is still the same. But the relative probabilities have altered as events have moved on.

4.1 Soft Landing

From any viewpoint, the best outcome is for North Korea to end its isolation by embracing reform at home and peace abroad. The “sunshine policy”, or any strategy of engagement, are premised on this hope. Since it is less risky and costly than any other scenario, this is still well worth pursuing. Unfortunately it now looks less attainable than two or three years ago, when Kim Dae-jung and Bill Clinton agreed on this approach. Not only have Washington and the world turned more hostile, but the DPRK simply did not move far or fast enough in response, even before the nuclear crisis. This window of opportunity may not recur. Disillusion has now set in, and support in any quarter for giving Kim Jong-il the benefit of the doubt would be very difficult to generate.

Yet this outcome remains highly desirable, not only for North Korea, so further movements in this direction should not be ruled out. The DPRK might change its approach – or at least pretend to – or make a gesture. It is still in the interest of all parties to persuade Pyongyang to disarm, but this will not happen without guarantees and incentives. Given the sheer range of concerns surrounding North Korea – nuclear weapons, missiles, chemical and biological warfare, a vast standing army, also refugees, abductions, human rights abuses, smuggling, counterfeiting, and so on⁶² – any solution may seem remote and unrealistically complicated. But if this scenario could be attained, refugee flows would be eased *pari passu* with the conditions which generate them, and possibly some North Koreans in China would return home.

⁵⁹ Foster-Carter, *A Bumpy Road...*; on the Kaesong project, see Kim Sam-sik, *Designation and Prospects for the Gaesung Industrial Complex*, KOTRA, 10 February 2003, http://crm.kotra.or.kr/main/common_bbs/bbs_list.php3?board_id=24 (accessed 9 May 2003)

⁶⁰ As advocated by Hazel Smith, p. 129

⁶¹ Foster-Carter, *North Korea: Prospects ...*, Chapter 4, and references therein

⁶² For a round-up, see Foster-Carter, A., *A Rogue By Any Other Name: North Korea's Many Causes of Concern*, in Aasen, H. S., Kim, U., and Helgesen, G. (eds), *Democracy, Human Rights, and Peace in Korea*, Seoul: Kyoyook-Kwahak-Sa, 2001, pp. 195-221

4.2 Status Quo

A second possibility, at least in the short and perhaps medium term, is that nothing much will change. The DPRK will continue to alternate hints of reform with episodes of belligerency, as has been its pattern for the past 30 years. In that case the main task will remain containment – now with a new nuclear twist – rather than any great hope of change. The North Korean regime has shown remarkable resilience hitherto despite forecasts of its demise, and may continue in troubled existence for a few more years yet. In that case, the refugee situation will also continue with little change from its present scale and scope.

There are some signs that the US may now revert to cold-shouldering North Korea, as it did for 40 years till the early 1990s. Japan may do the same, while China and South Korea might continue to give minimal aid, for life-support but not recovery. On such a basis, both the nuclear stand-off and the continued existence of North Korea could be prolonged. Yet it is hard to see this enduring indefinitely. Rather than merely ignoring it, the US might seek to isolate the DPRK: through UN Security Council sanctions, or else directly by blocking key sources of foreign exchange like missile exports and drug smuggling.⁶³ With or without such outside pressure, elite and/or grassroots elements within North Korea could eventually be goaded or emboldened to revolt, as they have not yet done.

4.3 Collapse

Such external and/or internal pressure could lead into a third scenario: the collapse of the Kim Jong-il regime, probably leading to the end of the DPRK as a state and thus to a Germany-style reunification by absorption into the ROK. The transitional chaos of such a process, which is unlikely to be so peaceful as in Germany, makes it likely that refugee flows and internal displacement will grow, perhaps dramatically, particularly if many North Koreans try to make a break for China and/or South Korea. Naturally, this is a nightmare that the ROK seeks to avoid: with its high risk of political and security turbulence, followed by the certainty of a monumental task of social integration with huge economic costs. No ROK government will encourage the US to actively seek the DPRK's collapse. (In February, South Korea's soon-to-be foreign minister shocked a Washington dinner party by allegedly opining that a nuclear North Korea was preferable to its collapse.⁶⁴) Yet it would be short-sighted for South Koreans not to plan against this eventuality. Current trends, unless checked, are rendering collapse more rather than less likely.

4.4 Conflict

But a DPRK collapse is not South Korea's worst nightmare, which is a second Korean War. The main factor inhibiting a US military strike on Yongbyon, in 1994 as now, is the risk that the Korean People's Army (KPA) would respond by raining artillery and missiles on the ROK capital, Seoul, whose 11 million people live uncomfortably close to the DMZ. All prognoses estimate that even a few days' bombardment could cause cataclysmic human and economic casualties. The DPRK would be defeated, but at an intolerable cost; and then not just the North but the whole peninsula would need rebuilding, as after 1953. As with the lesser evil of collapse, any ROK government for obvious reasons will do its utmost to head

⁶³ See, Hiebert, M, Decision Time Looms over North Korea, *Far Eastern Economic Review*, 15 May 2003, and related articles in the same issue

⁶⁴ Ralph Cossa, of the Pacific Forum Centre for Strategic and International Studies, who was there, backs Yoon Young-kwan's claim to be reporting a view held in Seoul, not his own. See note in Foster-Carter, A Bumpy Road...

off such an armageddon. Fortunately it is hard to imagine even the wilder hawks in Washington taking such a risk – including the risk to the US-ROK alliance as such. Nor, rhetoric aside, does the DPRK follow Al-Qaeda in promoting suicide as a vocation. The risk, rather, is of a prolonged or worsening stand-off increasing the chance of provocations and incidents that might escalate, perhaps unintendedly, into full-scale conflict. This scenario would generate refugees and IDPs on both sides of the DMZ; although today's ROK is so urbanized and densely peopled that flight south, as in 1950, may produce gridlock (and be irrelevant, since the threat this time would be airborne – missiles and bombs – rather than from a land invasion).

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North Korea's isolated dictators have long believed that nuclear weapons will ensure regime survival against U.S. military power, enabling it to unite the Korean Peninsula on its terms. Successive U.S. Administrations have tried various strategies to thwart the dangerous trajectory of the regime. There are, no doubt, problems and even crises in the world that go away on their own. The North Korean nuclear issue is not one of them. The growing number of tests in recent years, including two nuclear explosions in 2016 alone, suggests that North Korea has made development, deployment and the capability to deliver nuclear weapons a national aspiration. For more than 30 years, the world's response to North Korea's nuclear program has combined condemnation with procrastination. Pyongyang's reckless conduct is deplored. Warnings are issued that its evolution toward weaponization will prove unacceptable. Yet its nuclear program has only accelerated. The Aug. 5 sanctions resolution passed unanimously by the United Nations Security Council marked a major step forward. Still, an agreed objective remains to be established. But the North Korean success in testing a prototype intercontinental To Read the Full Story. Subscribe Sign In. North Korea has an active currency black-market where reliable North Korean won-U.S. dollar (KPW/USD) rates are regularly reported. And that's not all. There is also a black market for rice—the most important staple in North Korea. Black-market rice prices are regularly reported, too. In 2009, the North Korean government attempted to address runaway inflation by implementing a phony currency “reform” program, which it promptly bungled. The so-called reform was actually just a currency redenomination program, which arbitrarily lopped two zeros off of every won note. North Koreans were given less than two weeks to exchange all of their won for new notes. And, the government set limits on the quantity of won a family could exchange for new won.