

Part II

Regional Outlook

Chapter 5

The Korean Peninsula

The inter-Korean summit held in June 2000 helped the two Koreas take the first step toward peaceful coexistence though it has left a number of elements of uncertainty unresolved. The Kim Jong Il regime was strengthened in North Korea. It continued efforts to rehabilitate its economy, which has turned somewhat for the better thanks in part to sustained international aid. After the summit, North Korea has been vigorously pursuing diplomatic activities not just with South Korea but with many other countries in an effort to enhance its international standing. It sought to improve its relations with the United States, among others. In South Korea, it became clear that while the people strongly supported the policy of President Kim Dae Jung to improve its relations with North Korea, they were strongly discontented with the tardy reform of its domestic economy. In the general election held in April 2000, the ruling party led by Kim failed to win a majority in the National Assembly.

While the inter-Korean relations have improved, there have emerged worrisome developments that could undermine the stability of the region. In North Korea, signs of tightening the regimentation of its people in anticipation of contacts with the outside world have emerged. And its government sought to improve its military readiness by conducting large-scale military maneuvers. In addition, it sought to restrain the United States actions as to the development of the theater missile defense (TMD) system and the national missile defense (NMD) system by criticizing it in concert with China and Russia. Meanwhile, South Korea has continuously sought to improve its relations with North Korea through coordinated efforts with Japan and the United States. However, perhaps under the influence of a thawing mood evoked by the inter-Korean summit, debate about the U.S. armed forces stationed in South Korea, such as the Status of Forces Agreement, has become increasingly animated.

1. North Korea: Tougher Regimentation of the People for Economic Rehabilitation, and International Cooperation

(1) Continuing Efforts at Economic Rehabilitation

North Korea (DPRK) in 2000, as it did in the previous year, continued to direct major thrusts of its policy efforts toward rehabilitating its economy by emphasizing science and technology while maintaining the strong military. For all its efforts, however, the economy remains depressed. At the same time, North Korea has been tightening security measures to maintain domestic stability and order in anticipation of unfavorable side effects that may arise from active contact with the outside world.

Gross domestic product (GDP) of North Korea had registered negative growth for nine consecutive years since 1990. Thanks to an increase in food production and aid from the international community, its GDP turned upward and registered 6.2 percent annual growth in 1999. It is believed that while government spending tended to decrease, overall output, notably that of agriculture, forestry, fishery, manufacturing, and construction, has expanded substantially. There have been indications that the food situation has improved. For instance, a joint New Year editorial published by major newspapers of North Korea — *Rodong Sinmun* (the organ

Table 3-1. Aid Given to North Korea by Major Countries and Individuals

		(In thousands of dollars)									
Year	1996	1997	1998	1999	2000						
Ranking											
1	EU	9,100	EU	63,700	USA	173,130	USA	160,700	ROK	71,410	
2	USA	7,170	USA	57,540	EU	45,540	ROK	38,550	Japan	35,230	
3	China	6,270	China	37,680	China	28,000	EU	8,320	USA	29,230	
4	Japan	6,000	Japan	27,000	ROK	27,770	Sweden	4,400	Australia	6,610	
5	ROK	3,400	ROK	25,530	Chung		Canada	3,400	EU	5,000	
				Ju-Yong	11,900						

Source: Compiled on the basis of the data of the United Nations Office for the Coordination of Humanitarian Affairs.

of the Central Committee of the Workers' Party of Korea), *Joson Inmingun* (the organ of the Ministry of the People's Armed Forces) and *Chongnyon Jonwi* (the organ of the Central Committee of the Kim Il Sung Socialist Youth League) gave less importance to agriculture.

North Korea is devoting major efforts continuously to agricultural reform. In January 2000, Kim Jong Il, chairman of the National Defence Commission (NDC), personally gave on-the-spot guidance in North Pyong-An province at the site of a land leveling and rezoning project designed to develop grain or vegetable patches into large units to mechanize farming. He thus demonstrated the importance of mechanization of agriculture. In May, North Korean news media urged farming villages to follow the instructions of Kim Jong Il that they work the land on their own instead of relying on outside help. The media also stressed the creativity of farm workers.

According to the Ministry of Unification of South Korea, North Korea started work of restructuring its industry after an amendment to its Constitution in September 1998, and has been carrying out the work most intensively since December 1999. It also attaches importance to the development of science and technology with particular emphasis on computer technology. In November 1999, North Korea established a Ministry of Electronic Industry. In July 2000, the *Rodong Sinmun*, carried a joint editorial stressing the necessity of giving a top priority to the development of science and technology, and urged the nation to "actively learn and boldly accept" the science and technology developed by other countries of the world. In addition, the newspaper carried an article portraying Kim Jong Il as an acknowledged authority on computers. It is reported that an up-to-date computer center was established in Haeju and a school of computer technology in Pyongyang.

However, overall economic difficulties have not eased even after the turn of the century: in fact the joint New Year editorial admitted "our economic conditions are still critical." Despite large fiscal

investment it had made in 1999 to construct power stations and increase the production of coal, steel and machinery, and the railroad transportation capacity, power supply appears to be woefully inadequate. In response to a question put to him, Vice Premier Jo Chang Dok stated that “the serious shortage of electricity keeps us from meeting the growing needs in all sectors of the economy, greatly hampering production and construction.” Some observe that the modest recovery North Korea had achieved in 1999 was largely the result of an increase in output made by the construction sector exploiting an idling labor force, and that it did not mean that the sagging economy had really begun to pick up. The Ministry of Unification of South Korea estimates that for all the efforts it had made, North Korea had a shortage of about 2.4 million tons of food grains in 2000 partly due to a drought.

As the foregoing suggests, North Korea still heavily depends on aid from the international community. According to statistics of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), North Korea received a total of \$178.88 million in humanitarian aid from the international community — about \$71.41 million from South Korea, about \$35.23 million from Japan and about \$29.23 million from the United States. This foreign aid notwithstanding, however, *Rodong Sinmun* and *Kulloja* appealed to the people in their joint editorial dated April 22 to face up to the economic difficulties in the spirit of self-reliance and self-sufficiency, instead of relying on foreign capital. It may be said that whether North Korea adopts realistic policies for the recovery of its economy, as the South Korean government hopes, is unclear.

(2) Preparation for Dealing with Side Effects of an Open-Door Policy

Since early 2000, North Korea had actively sought to improve its relations with South Korea and other countries. At the same time, it fears that increased contacts with the outside world may have side effects destabilizing the domestic order. Thus, the authorities

have been trying to strengthen domestic stability and order by continuously stressing the importance of maintaining purity of thought and the role played by the military. The North Korean government is obviously trying to prevent public agitation that may be caused by foreign influence by tightening regimentation of the people and troops, and show its will to fight foreign pressure by flexing its military muscle.

The joint New Year editorial described the year 1999 as “a historic year of a great turning-point in the building of a powerful nation.” It characterized 2000 as “a year of general advance to effect a significant stride forward in building a powerful nation under the leadership of the great Workers’ Party of Korea.” It called to the people “Glorify this year greeting the 55th anniversary of the founding of the party as a year of proud victory in the flame of great *Chollima* upsurge” as a slogan of 2000, and appealed to the people that they should “firmly maintain the line of giving great importance to ideology, arms, and science and technology” as the three major pillars for building a powerful nation.

In the field of ideology, North Korean news media gave conspicuous coverage of warning against the inflow of capitalistic ideas, and this tendency continued even after the inter-Korean summit of June 2000. A case in point is a signed article carried by *Rodong Sinmun* in January 2000 under the title “Relentless struggle against class enemies urged.” The writer said that in the former Soviet Union and East European countries, “activists and party members who had worked for the party, state, security and defense agencies in the socialist era have become without exception the primary targets for oppression.” He continued, “the peoples of these countries have blunted the blades of the swords of class struggle, and are now regretting their actions that had abandoned socialism.” Having said that, he warned the people that “We must not forget even for a moment that there always exist the class enemies who are working hard to destroy the socialist system (from within),” and stressed that “the moves of the class enemies to dissemi-

nate unsound ideas among the people of socialist society must be thoroughly frustrated.” Even as early as two weeks after the inter-Korean summit, *Rodong Sinmum* carried a signed article that rejected the Western ways by declaring that “acceptance of Western ways that means the mode of politics, economy and culture, and ‘human rights’ standards” would “lead to national ruin and death.” As late as August 2000, *Minju Joson* (Democratic Korea), the organ of the North Korean government, charged that “Globalization is aimed at forcing the world to accept Western ways and the imperialist view of value to bring all the countries and nations under their domination and assimilate their people to them.”

In the area of the military, North Korea stresses that the maintenance and bolstering of its military strength is essential to the pursuit of its internal and external policies. In January 2000, *Rodong Sinmum* quoted Kim Jong Il as saying to the effect that only when North Korea attaches importance to “guns” (the military), can it maintain the superiority of ideology, build economic strength and afford its people a democratic, creative and happy life, and that it can survive without an ideology but not without “guns.” The government organ said that in 1996 Kim Jong Il had pointed out that “when viewed from a strategic standpoint, the military takes precedence over the working class. That I give the people’s army on-site guidance now is because we are faced with a serious problem of whether we can defend socialism or not. The key to solving this serious problem lies in building up our armed strength.” In July 2000, *Rodong Sinmum* quoted Kim Jong Il as saying one day after the inter-Korean summit that “it is the military-first policy that has turned things favorable to our revolution.” And shortly before the 55th anniversary of the founding of the Workers’ Party of Korea, Kim Jong Il issued an order as supreme commander of the Korean People’s Army promoting 44 of its officers.

(3) Active Diplomacy to Join the International Community

By capitalizing on the opportunity opened by the engagement policy of South Korea for normalizing relations with other countries, North Korea has been actively carrying out diplomatic activities through bilateral and multilateral talks in an effort to improve the overall diplomatic environment. The further strengthening of its relations with China and Russia continuously from 1999 helped North Korea secure an important foothold for improving relations with South Korea and normalizing diplomatic relations with Japan and the United States. And the strengthening of its relations with China and Russia was designed to curb the strong influence of the United States on the international community.

As the months rolled on into 2000, North Korea has normalized relations with one country after another. It established or resumed diplomatic relations with Italy in January, with Australia in May and with the Philippines in July. The normalization of relations with these countries has not exactly translated into economic assistance as yet. But it helped North Korea end its isolation from the international community and achieve a more important result — the creation of an advantageous diplomatic environment for North Korea in improving its relations with the United States and Japan. On the other hand, those countries that had accommodated the wishes of North Korea to normalize relations did so not because they attached importance to their relations with North Korea but because they wanted to support indirectly the engagement policy of South Korea.

Relations between China and North Korea that had exhibited signs of improvement in 1999 improved markedly in 2000. Characteristics of development of closer relations between the two countries in recent months are that talks took place at the summit level and that it is linked to the overall process of improvement in North Korea's external relations.

Kim Jong Il visited China toward the end of May for the first time in 17 years and met President Jiang Zemin, Chairman Li

Peng of the Standing Committee of the National People's Congress and Premier Zhu Rongji. That was two weeks prior to the inter-Korean summit. In talks with Jiang Zemin, Kim Jong Il congratulated him on "the great success the Communist Party of China has achieved in the socialist modernization drive with Chinese characteristics by pursuing a policy of reform and opening to suit the specific conditions of the country," according to a KCNA article. Kim expressed his gratitude for the "fraternal assistance" (grants aid) the Chinese Communist Party had given to the Korean people." While in Beijing, he showed a keen interest in the economic policy of China by paying a visit to a computer manufacturing plant. These facts serve to show the interest he takes in the economic development model of China.

Top DPRK defense officials have established personal contacts with their Chinese counterparts. On the heels of Kim Jong Il's visit to China and the inter-Korean summit, Kim Il Chol, vice chairman of the National Defence Commission and minister of the People's Armed Forces (defense minister) of the DPRK, visited Beijing on June 17, 2000, and had talks with Chi Haotian, minister of national defense of China. During the talks, Chi Haotian offered his congratulations to Kim Il Chol on the success of the inter-Korean summit, and it is believed that one of the purposes of Kim's visit was to report the outcome of the summit. In October, a military mission of China headed by Chi Haotian paid a return visit to North Korea. At a meeting of defense ministers, Chi Haotian said that the purpose of his visit to North Korea was to "carry out the agreement reached between the leaders of our two countries and further strengthen and improve the friendly and cooperative relations between the two countries."

While China and North Korea are on good terms politically, their economic relations are not very close. Although China provided North Korea with food and coke in grants in 1999, bilateral trade between the two countries has decreased to a 10-year low of \$370.37 million since 1990, down 10.3 percent from the year before.

Particularly, North Korea's grain imports have decreased sharply. On the other hand, its imports of arms from China have increased a sharp 8.6-fold over a year ago to about \$16.92 million.

Meanwhile, there have emerged signs indicating that North Korea is pursuing, if on a limited scale, a common interest with Russia that is seeking to enhance its voice in world affairs under the leadership of its new president, Vladimir Putin. In February 2000, Foreign Minister Paek Nam Sun of North Korea and his Russian counterpart, Igor Ivanov, signed in Pyongyang a DPRK-Russia Treaty of Friendship, Good Neighborliness and Cooperation. The treaty states that the two countries will cooperate not only in improving their trade and economic relations, and in developing science and technology, but also in the fields of national defense and security. The so-called "automatic military intervention" clause contained in the old treaty was not adopted in the new one. Instead, it inserted a clause that says: "When a danger of invasion of either country by a foreign power arises, or when a situation threatening peace and order of either country emerges, both countries will immediately contact each other." The foreign ministers of the two countries jointly sought to restrain the strengthening of cooperation among Japan, the United States and South Korea in dealing with North Korea, and the development of the theater missile defense system by expressing "deep concern over the arbitrary and high-handed practices of the United States, ignoring the U.N. Charter and the publicly recognized international laws, the projected 'tripartite military alliance' of the United States, Japan and the South Korean authorities that jeopardizes peace and security on the Korean Peninsula, in Northeast Asia and the rest of the world, and the U.S. and Japan's efforts to set up a 'theater missile defense' system."

In July 2000, President Putin visited North Korea for the first time as the head of the Russian state and held talks with Kim Jong Il. After the talks, they signed a joint declaration, which was aimed primarily at developing closer relations between the two countries

and jointly resisting the influence of the United States, though it did not name names. It states, in part, that North Korea and Russia “call for . . . further reducing factors of use of force in international relations.” Paradoxically, this suggests that these two countries tacitly acknowledge the supremacy of the U.S. power. Wary of the possibility of other countries using military force in the name of humanitarian intervention in their countries, they “opposed interference in other states’ internal affairs perpetrated under the pretext of humanitarian intervention.” In addition, the two countries expressed opposition to the amendment to the Anti-Ballistic Missile (ABM) Treaty and the deployment of TMD system proposed or planned by the United States by using the missile threat of North Korea as a pretext.

Russia-North Korea relations have thus been strengthened, but little has been accomplished in the way of economic cooperation. While thus vowing to actively pursue cooperation in the fields of trade, economy, science and technology between the two countries, the joint declaration pointed out that the obligation to strengthen these relations was reciprocal. This suggests that Russia is in no hurry to unilaterally come to the aid of North Korea.

Meanwhile, North Korea has been actively carrying out diplomatic activities with other countries. Foreign Minister Paek Nam Sun made a tour of China, Laos and Vietnam in March 2000, and attended the Conference of Foreign Ministers of Nonaligned Countries held in Culombia in April. Kim Yong Nam, president of the Presidium of the Supreme People’s Assembly (SPA), went to Cuba for a formal visit in April and attended the Nam summit held under the sponsorship of the group of 77. And in July, thanks in part to spurring by South Korea, North Korea attended the ASEAN Regional Forum Foreign Ministerial Meeting, the first ever. On this meeting, North Korean news media reported that “(delegates attending the meeting) expressed serious concern that the TMD system and the NMD system proposed by the United States, in particular, run counter to the current of the times. Not only do they

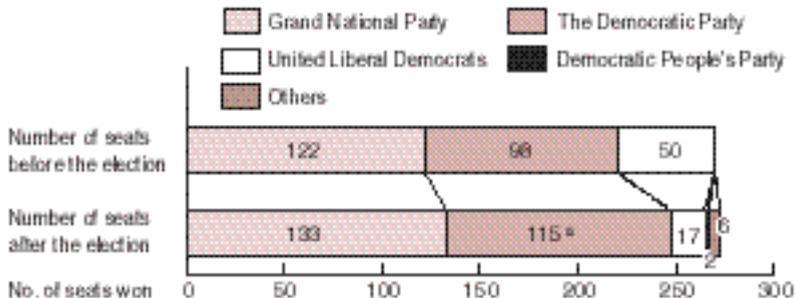
impede the efforts to build confidence among the countries of the region but they are an act destabilizing the situation of the region.” While he was in Bangkok, Foreign Minister Paek had talks with the foreign minister of Japan and the secretary of state of the United States for the first time, and met his counterparts from Thailand, China, Russia, France, Australia and New Zealand.

2. Domestic Politics and Diplomacy of South Korea Holding Steady on Course

(1) The Kim Dae Jung Administration Midway through Its Term

In August 2000, President Kim Dae Jung of South Korea (ROK) reached the midpoint of his term that ends in February 2003. Thanks to the resolution of the economic crisis and judicious handling of his policy toward North Korea, the approval rating of his administration has been consistently high. However, economic reforms, notably the restructuring of *chaebol* (conglomerates), have yet to be completed, and labor disputes arising from corporate re-

Chart 5-1. Results of the 16th Election of Members of the National Assembly of South Korea



Source: Compiled on the basis of the data drawn from the Web site of the National Assembly, an article carried in the April 18, 2000, issue of *Tong-il Ilbo* (Unification Daily) and the Ministry of Foreign Affairs, "Recent Trends of Domestic Politics of South Korea," September 2000.

*As four independents joined the Democratic Party after the election, the number of assemblymen belonging to it has increased to 119.

structuring are on the rise. His North Korea policy enjoys strong public support, and one has the impression that Kim Dae Jung is taking advantage of the success of his North Korea policy to buttress his leadership. Kim Dae Jung is highly regarded internationally. In October 2000, he was awarded a Nobel Prize for Peace in recognition of the outstanding contribution he had made to the cause of democracy and human rights, and his efforts to bring about peace and reconciliation with North Korea.

In January 2000, Kim Dae Jung appointed Park Tae Joon as prime minister to succeed Kim Jong Pil who had resigned as prime minister to personally run his party in preparation for the forthcoming general election. At the same time, he reshuffled his Cabinet and filled seven key Cabinet posts with new ministers. The reshuffled Cabinet was billed as one that attached importance to rejuvenating the economy. However, it had the characteristic of regionalism, namely, the key portfolios — budget, finance and foreign affairs — were filled with natives of Cholla province from which Kim Dae Jung hailed. In the process, Minister of Foreign Affairs and Trade Hong Soon Young was replaced by Lee Joung Binn. It is thought that Hong Soon Young was relieved of his portfolio because he had failed to solve the problem of North Korean defectors forcibly repatriated to North Korea by China and Russia. (This issue will be discussed later.)

In August 2000, Kim Dae Jung carried out another Cabinet reshuffle and replaced 11 ministers, including those in charge of the management of the economy. As he did not change the director of National Intelligence Service, the minister of unification, the minister of foreign affairs and trade, and the minister of national defense, it was believed that Kim Dae Jung had attached importance to the continuity of his policies toward North Korea, foreign affairs and national security. Meanwhile, the resignation of Park Jie Won as minister of culture and tourism for a suspected loan he had unlawfully received was a blow to the credibility of the Kim Dae Jung administration. Park was a confidant of Kim Dae Jung,

had served as senior secretary for press affairs when Kim took the reins of government, and had played an important role as an emissary in bringing about the inter-Korean summit.

In January 2000, the National Congress for New Politics, the ruling party led by Kim Dae Jung, made a new start as “The Millennium Democratic Party” (Democratic Party for short) with a view to broadening its political base and elevating itself to a national political party. Meanwhile, the United Liberal Democrats, Kim Dae Jung’s coalition partner, received a damaging blow to its reputation on account of a civic group’s campaign against corrupt candidates. Angry with Kim Dae Jung who appeared to side with the civic group, the party broke away from the coalition government and the two parties plunged into the election campaign fighting each other. When Park Tae Joon resigned as prime minister in May after the election, however, Kim Dae Jung appointed Chairman Lee Han Dong of the United Liberal Democrats as Park’s successor. As a result, the coalition between the Democratic Party and the United Liberal Democrats was revived, and the political base of the Kim Dae Jung administration has strengthened somewhat. In addition, the Democratic Party sought to secure a majority in the National Assembly by coaxing four independents into joining the party.

Although the opposition Grand National Party failed to gain a majority in a general election held on April 13, it won 133 seats, the largest among the political parties. Meanwhile, the number of seats won by the Democratic Party increased 17 to 115 but fell short of a majority. The United Liberal Democrats and the Democratic People’s Party lost a large number of seats. As a result, even the coalition of the Democratic Party and the United Liberal Democrats has been outnumbered by a single opposition party (Grand National Party).

The results of the general election showed a change in the role played by the “North Korean factor” in the domestic politics of South Korea. Previously, the government and the ruling party used

to drum up support of conservative voters by using the specter of the North Korean threat. This time around, however, the opposite has happened: the government of President Kim Dae Jung and his ruling party sought to take credit for improving relations with North Korea.

On April 10, three days prior to the general election, the government and the ruling party announced that the government had agreed to hold a summit with the North. The move was criticized by the Grand National Party, which said that the government and the ruling party were using their North Korea policy for partisan purposes. After all, the election results have demonstrated that the announcement of the inter-Korean summit has not had as much impact as the ruling party had hoped on winning votes.

Since the currency and financial crisis of 1997, South Korea has pursued structural adjustment of its economy — reorganization and downscaling of the government, labor market reform, financial system reform and reorganization of *chaebol* (conglomerates). As a result, its gross domestic product (GDP) grew by an estimated 10.7 percent in 1999 and is expected to expand by more than 9 percent in 2000. The unemployment rate dropped sharply to 3.6 percent in June 2000 from its recent peak of 8.6 percent. Its foreign-exchange reserves have increased to about \$89.93 billion as of July 2000.

Meanwhile, the labor movement has become increasingly militant, often driving the Kim Dae Jung administration to difficulties. When the government amended the law governing drugs in June 2000 to prohibit physicians from selling medicine and pharmacists from making prescriptions, medical doctors went on strike throughout the country. In the same month, employees of Hotel Lotte seized the hotel demanding a pay raise. Just when the economy began to falter on account of a delay in putting the final touches to the structural reform of the economy, negative developments occurred — a rise in oil prices, stagnation of the financial markets and the scrapping of a sell-off agreement of Daewoo Motor. Misgivings about the economy spread among the people.

Nevertheless, Kim Dae Jung, now at the midpoint of his term, was highly regarded, and 54.4 percent of the respondents of an opinion poll conducted in August said that “he is doing a good job.”

In pursuing his North Korea policy, Kim Dae Jung has achieved a measure of success in building bipartisan agreement. After the general election, he met with Lee Hoi Chang, president of the Grand National Party in April, who agreed to cooperate with Kim Dae Jung in pursuing the North Korea policy. Subsequently, he also had talks with the leaders of other opposition parties and former President Kim Young Sam. After the summit, Kim Dae Jung had talks with Lee Hoi Chang and Honorary President Kim Jong Pil of the United Liberal Democrats to report what had transpired at the summit. Some members of the opposition parties are strongly critical of President Kim’s North Korea policy. However, he had bipartisan support for the basic direction of his engagement policy.

According to an opinion poll conducted in August, a very high 81.9 percent of the people supported the North Korea and reunification policies of the Kim Dae Jung administration. On the question of economic assistance given to North Korea, 84.6 percent of the respondents said that “it is desirable.” Under such circumstances, the government of President Kim and its ruling party are trying to seize the leadership of domestic politics by exploiting the accomplishments he has achieved in improving relations with North Korea. In response, the opposition Grand National Party is trying to restrain the Kim administration by demanding a close watch on aid projects for the North.

(2) South Korea’s Pragmatic Diplomacy

The South Korean government gives top priority to a foreign policy that it describes as being designed to strengthen diplomatic relations with other countries to end the cold war in the Korean Peninsula. And its diplomatic efforts have been directed to garnering stronger international support for its engagement policy with hopes that the countries friendly to South Korea open relations

with the North in a way to positively influence the North-South dialogue. South Korea has continued efforts to develop closer contacts between its defense officials and their counterparts of other countries: its Defense Minister has met with his counterparts of China and

Kim Jong Il talking with U.S. Secretary of State Madeleine K. Albright in Pyongyang on October 23, 2000 (Reuters-Kyodo Photo)

Russia. Meanwhile, anti-American sentiment is running high in South Korea over a revision of the Status of Forces Agreement (SOFA) and the issue of raising the threshold of South Korean ballistic missile range and payload. In addition, its relations with China and Russia have become strained over the forcible repatriation of North Korean defectors.

South Korea is furthering its North Korea policy on the basis of its engagement policy and the Perry Report in close cooperation with Japan and the United States. Within this framework, the United States and South Korea have conducted bilateral talks on a continuing basis. In March 2000, Lee Joung Binn visited the United States and had talks with Secretary of State Madeleine Albright for the first time as minister of foreign affairs and trade. In the same month, Secretary of Defense William Cohen visited South Korea to discuss the developments in North Korea and the policy the U.S.-South Korea alliance should take. After the inter-Korean summit, Secretary of State Albright visited South Korea to exchange views on the summit and U.S.-South Korean relations. At a U.S.-South Korea summit held in November, the heads of the two countries agreed to maintain and further develop the alliance, and exchanged views on information revolution and economic problems.

Although overall relations between the United States and South Korea are good, there are several issues that cast a cloud over their relationship. One of them is the issue of raising the threshold of South Korea ballistic missile range and payload. At present, South Korea is seeking the development of surface-to-surface missiles with a range of 300 kilometers and the research into missiles with a range of 500 kilometers. However, the United States is taking a negative attitude toward the issue because it runs counter to its policy of nonproliferation of missile-related technology. The two countries have reportedly made some progress on this issue at an informal meeting they held in February on the issue of nonproliferation of missiles, but failed to reach a definitive agreement. In August, the two countries held a meeting on a revision of the SOFA, the first since 1996. At the meeting, the United States agreed to transfer the custody of the accused to the South Korean authorities at the time of indictment, but solutions to other pending issues have been postponed. At another meeting held in October, the two countries agreed to revise the SOFA within the year or early in 2001 at the latest. However, it is reported that the third meeting in November produced no visible progress.

With regard to its relations with Japan, the year 2000 opened in an amicable atmosphere created by a televised exchange of greetings and messages between the heads of the two countries on New Year's Day. While maintaining cooperative relations with the United States on North Korea policy, Japan and South Korea have been striving to institutionalize the good relations between the two countries. Prime Minister Yoshiro Mori of Japan visited South Korea in May, and at a summit with President Kim Dae Jung, they exchanged views on North Korea policy, a Japan-South Korea investment agreement, a free-trade agreement and the trade imbalance of South Korea with Japan. During the conversation, Prime Minister Mori asked President Kim to convey his message to General Secretary Kim Jong Il of the Workers' Party of Korea that Japan is keenly interested in normalizing diplomatic relations with

North Korea. After the inter-Korean summit, a Japan-South Korea summit was held in September in Japan. At the summit, the heads of the two countries agreed to strengthen the friendly and cooperative relations between the two countries, discussed their North Korea policy and signed a statement on a Japan-ROK Information Technology (IT) Cooperation Initiative. At a Japan-South Korea summit in November, the Japanese side pointed out that North Korea was holding fast to its past position on normalizing relations between Japan and North Korea. In response, the South Korean side commented that North Korea is not likely to take such a position indefinitely and stressed that Japan, the United States and South Korea will continuously cooperate with one another in search of improvement in their relations with North Korea.

Security dialogue and mutual visits of defense officials between Japan and South Korea have been taking place steadily along the lines laid down by a Japan-ROK Joint Declaration of 1998: a New Japan-ROK Partnership towards the 21st Century. In March 2000, the chairman of the Joint Staff Council of Japan visited South Korea, and in May the minister of national defense paid a return visit to Japan. At a meeting of defense ministers, South Korea proposed a regular visit to one another's country by the chairman of the Joint Chiefs of Staff (JCS) of South Korea and the chairman of the Joint Staff Council of Japan. Japan agreed to the South Korean proposal. The defense ministers of the two countries agreed to explain one another's defense policy at their annual meetings. In October, four countries — Japan, the United States, South Korea and Singapore — carried out joint training in submarine rescue operations, the first ever. In November, a military transport of the South Korean Air Force carrying members of a military band who were scheduled to participate in a music festival of the Self-Defense Forces landed at an SDF air base for the first time.

China expressed support for South Korea's engagement policy toward North Korea and has been strengthening its overall relations with South Korea while exercising care not to offend North Korea.

In October 2000, Premier Zhu Rongji of China visited South Korea, and in talks with Kim Dae Jung, he agreed to strengthen cooperation with North Korea in all fields of their relations in coming years pursuant to an agreement he had reached with Kim in 1998. During the meeting, South Korea and China also agreed to have their naval vessels visit each other's country, and this was intended to elevate the relations between the two countries from those primarily based on investment and trade to broader relations that embraced military exchanges. In addition, Zhu Rongji explained China's program for an extensive development of its western region and asked South Korea to participate in the program. In a South Korea-China summit held in November, Kim Dae Jung asked Jiang Zemin to visit South Korea to further develop relations between the two countries.

South Korea and China are seeking to step up mutual contacts of defense officials with a view to broadening the relations between the two countries. In January 2001, Chi Haotian paid an official visit to South Korea for the first time in the capacity of the defense minister of China and held the second Defense Ministerial Meeting following the first one held in 1999 when Minister Cho Seong Tae of South Korea visited China. During the meeting, Chi Haotian said that China supported the maintenance of peace and stability in, and the denuclearization of, the Korean Peninsula, and stressed that China will continue to make efforts to realize these objectives in coming years. Toward the end of August, Cho Yung Kil visited China for the first time as chairman of the Joint Chiefs of Staff of South Korea. In addition to a visit to Korea agreed to by the chief of General Staff of the People's Liberation Army, China reacted affirmatively to South Korea's proposal to conduct joint maritime search and rescue exercises, exchange visits by naval vessels and expand the exchange programs between military academies.

The emphasis of South Korea-Russian relations has basically been on investment and trade. Particularly, Russia has been seeking to step up its cooperation with South Korea in the hope that

improvement of North Korea's relations with South Korea and other neighboring countries would accelerate economic cooperation among the countries in the region. A ROK-Russia summit held in September 2000 agreed to hold a meeting of prime ministers to discuss economic cooperation among South Korea, North Korea, Japan and Russia, in linking the region's railroads to the Trans-Siberian Railroad, and the development of gas fields in Irkutsk and a Nakhodka public corporation. At a November summit that followed, the heads of the two countries agreed to further expand economic cooperation between them.

In the area of military affairs, steady progress has been made in practical matters such as mutual visits between defense officials of the two countries. In May 2000, ROK Defense Minister Cho Seong Tae visited Russia and had talks with Defense Minister Igor Sergeyev. The defense ministers of the two countries expressed satisfaction with the emergency contact system established between the South Korean Navy and the Headquarters of the Pacific Fleet of Russia, and agreed to continue the negotiations for an agreement on the prevention of dangerous military activities. In addition, a joint meeting of the committees on military technology, defense industry and munitions of the two countries was held in November.

The relations of South Korea with China and Russia have been good on the whole. However, a serious conflict has occurred between South Korea and the two countries over the handling of defectors who had fled from North Korea to China and Russia. In November 1999, seven North Koreans fled to Russia via China. These seven Koreans sought refuge in South Korea, and South Korea asked Russia to give them humanitarian treatment. In the end, however, these people were sent back to North Korea by Russia and China, which did not want to disturb the amicable relations with North Korea. This incident has developed into an international problem involving North and South Korea, China, Russia and the United Nations High Commissioner for Refugees

(UNHCR). After verifying the fact that these seven refugees had been repatriated to North Korea pursuant to the China-DPRK border agreement, the ROK Ministry of Foreign Affairs and Trade lodged a note of protest with the Chinese government. The incident was a serious blow to the South Korean government that had taken credit for the improvement in its relations with China and Russia. However, South Korea acknowledging the delicate position China and Russia are in relative to North Korea, expressed the view that “quiet diplomacy” should be employed in dealing with the problem.

In October, South Korea hosted the third Asia-Europe Meeting (ASEM). During the meetings, Kim Dae Jung sought to induce increased investment from other countries by raising the credit standing of South Korea, and urged the international community to make positive contribution to ensuring peace in the Korean Peninsula. Thanks to his efforts, the ASEM adopted a Seoul Declaration of Peace in the Korean Peninsula, and the countries participating in the meeting expressed their wish to cooperate in building peace and security in the Korean Peninsula. On the multi-lateral level, also, Kim Dae Jung actively pursued diplomatic activities by visiting Southeast Asian countries in November to attend the 8th summit meeting of the Asia-Pacific Economic Cooperation (APEC), and an ASEAN+3 summit. And during the ASEAN+3 summit, he personally met with the visiting heads of Japan and China, and worked out an agreement with them to strengthen cooperation among the three countries.

South Korea maintains good diplomatic relations with other countries in the Asia-Pacific region and has been developing cooperative relations on security issues through active dialogue. Particularly, in 2000 South Korea exchanged visits of defense ministers with New Zealand, Canada and Mongolia. In April, Vice Minister Park Yong Ok of National Defense visited Vietnam and had talks with its minister and vice minister of national defense.

In addition, as part of its engagement policy, South Korea has promoted the affiliation of North Korea with international organi-

zations. At an annual meeting of the Asian Development Bank (ADB) held in May, the South Korean government officially endorsed the admission of North Korea into the ADB, although it did not materialize on account of the opposition of Japan and the United States. In May, South Korea actively supported North Korea's joining the ASEAN Regional Forum (ARF) and succeeded in winning the support of its member countries.

3. A Military Standoff Continues

(1) North Korea Builds Up Its Military Capability despite Economic Difficulties

Despite its dire economic straits, North Korea has been building up its preparedness and military capability since the first half of 1999. This seems to suggest that North Korea is trying to use its military capability domestically as a lever for tightening regimentation of its people and internationally as a diplomatic bargaining chip. As suggested by his remark that his power stems from military power, attaching importance to military strength by Kim Jong Il conforms to the country's "army-first policy." However, North Korea has been observing the Agreed Framework it had worked out with the United States and is continuing a freeze on flight-tests of ballistic missiles. Thus, it is taking a stance aimed at improving its external relations.

North Korea maintains about a million ground troops, 3,500 tanks, 106,000 tons of naval vessels and about 590 combat aircraft. More importantly, it has deployed forward along the demilitarized zone (DMZ) about two-thirds of its million-men army and long-range artillery such as 240 mm multiple rocket launchers and 170mm guns covering cities and other targets in the northern part of South Korea. The deployment poses a serious security threat to South Korea. Moreover, North Korea is known to have built underground military facilities across the country — a phenomenon unique to the North.

According to testimony given in March 2000 by the commander of the U.S. Forces Korea, North Korea has been actively building up its readiness and military capability during the past year, despite its economic straits. Particularly noteworthy are the emplacement of large numbers of long-range 240mm multiple rocket launcher systems, 170mm self-propelled guns, emplacement of anti-tank barriers in the forward area, and establishment of combat positions along major routes between the DMZ and Pyongyang. In addition, North Korea has repositioned key units, has beefed up coastal defense force in the forward area, has constructed missile support facilities, and has made preparations for extended range missile testing. More recently, deployment of additional anti-aircraft guns has been reported, suggesting that North Korea is trying to strengthen the survivability of its troops against enemy bombing. In addition, it procured about 40 units of MiG-21s from Kazakhstan in 1999.

In an effort to cope with the overwhelming power of the U.S. Air Force that was demonstrated during the Gulf War and the bombing of Yugoslavia, North Korea has modified key facility defenses, has dispersed forces, and has improved its already impressive camouflage, concealment and deception effort. The North Korean Army has been conducting winter training, other training exercises and activities to maintain and strengthen its readiness. More recently, it has stepped up maritime expeditionary training, and its 1999-2000 winter training was at record levels. These serve to show that North Korea is entertaining a lively concern for the maintenance and strengthening of its military capability in the face of serious economic difficulties and food shortages.

It is believed that North Korea has, or continues to develop, weapons of mass destruction. North Korea is supposed to have put a freeze on graphite reactors and related facilities pursuant to the U.S.-North Korea Agreed Framework of 1994. However, the suspicion that North Korea is secretly continuing to develop nuclear weapons has not been completely dispelled. North Korea has a

plural number of facilities capable of producing chemical agents and has a considerable amount of them. It is believed that North Korea has dozens of biological weapons, including anthrax.

In addition, North Korea has more than 500 *Scud* missiles. It has completed the development of *No Dong* missiles that have a range of about 1,300 kilometers, and is highly likely to have deployed them. Like *Scud* missiles, *No Dong* can be moved around aboard a transporter equipped with an erector and launcher. And there are reports that North Korea has procured a number of such transporters. As *No Dong* has a range covering almost the entire territory of Japan, it poses a direct threat to the security of Japan. What is more, North Korea is believed to have developed two-stage *Taepo Dong-1* and *-2* that have a longer range than *No Dong*. *Taepo Dong-1* has an estimated range of more than 1,500 kilometers. If completed, it can reach almost any target in Japan, including Okinawa. *Taepo Dong-2* is supposed to have a longer range of 3,500-6,000 kilometers. According to the Central Intelligence Agency (CIA) of the United States, *Taepo Dong-2* is ready to be test-launched any time. And its analysis shows that *Taepo Dong* equipped with a nuclear warhead might have the capability of reaching the mainland of the United States. It is reported that North Korea has been expanding facilities for testing engines of, and launching, missiles since around mid-1999.

There is a suspicion that inflow of materials, equipment and technology from certain countries has fueled the rapid development of missiles by North Korea. And it was reported that North Korea had imported large quantities of materials, equipment and parts from Chinese companies in 1999. There is a possibility that North Korea has transferred *No Dong* and related technology to Iran and Pakistan, and it is reported that the country is planning to supply Libya with 50 units of *No Dong* and seven launchers. North Korea is giving top priority to developing ballistic missiles to use them to strengthen its military capability and at the same time as a means to earn hard currencies, and as a diplomatic bargaining chip.

When the 1990s are viewed as a whole, however, North Korea's conventional warfighting capabilities have declined for all the efforts it has made. According to the Defense Intelligence Agency (DIA) of the United States, "North Korea's capability to successfully conduct complex, multiechelon, large-scale operations to reunify the Korean Peninsula declined in the 1990s. This was, in large measure, the result of severe resource constraints, including widespread food and energy shortages." On the other hand, the report points out that North Korea's so-called asymmetric military capability — weapons of mass destruction, ballistic missiles and special operation troops — has been maintained and strengthened.

(2) South Korea Pursues Future-Oriented Defense Buildup

A weakness of South Korea in terms of its defense is that about a quarter of its population are concentrated in Seoul, its national capital, lying only 45 kilometers south of the demilitarized zone (DMZ). South Korea defines the DPRK as "the main enemy." It tries to cope with the threat from the North by maintaining its preparedness with about 560,000 ground troops, about 2,130 tanks, a fleet of naval vessels with a total tonnage of 147,000 tons, including eight destroyers and eight submarines. In recent years, South Korea has been pressing ahead with a defense digitalization program to deal with potential threats. Under the program, South Korea has been devoting major efforts to modernizing the navy and air force, in addition to the army, and has introduced multiple launch rocket systems (MLRS), army tactical missile system (AT-ACMS), 4,500 ton-class destroyers (KDX-II) and KF-16 combat aircraft. South Korea had a defense budget of 14,439 billion won in fiscal 2000.

South Korea had planned to break up the Command of the First and the Third Army and create a Ground Operations Command in their place, but the plan has fallen behind schedule. The plan, designed to speed up the command of operations, improve the efficiency of combat operations, and reduce the number of troops and

defense budget, was to have been carried out by December 1, 2000. However, the construction of a C4I (command, control, communication and computer, and intelligence) system, the acquisition of in-depth operations capability, and the building of a logistic support system have fallen behind schedule — with the result that the government has decided to review the feasibility of the plan by the end of the first half of 2001.

With regard to the security environment surrounding South Korea, its government takes the view (1) that potential elements of uncertainty of its security remain because certain country or countries are promoting arms buildup with a view to expanding their influence in the Northeast Asian region, and (2) that there is a possibility of North Korea deliberately carrying out acts of infiltration or provocation, and that the possibility of North Korea mounting a retaliatory provocation to settle an old score (particularly, the defeat it had suffered on the Yellow Sea in June 1999) cannot be ruled out. Although South Korea considers North Korea as a major threat, it has started to pay greater attention to relatively small incidents of provocation, the likes of the exchange of fire on the Yellow Sea the year before, rather than an all-out war. And it is worthy of special mention that South Korea has begun to become aware of not just the threats posed by North Korea but potential future threats. In this connection, the CIA of the United States notes that the attempts of the South Korean government to modernize its air force and navy reflect the fact that it is looking beyond North Korea toward potential future threats.

Reflecting such awareness, the ROK Ministry of National Defense has come up with the following priorities: (1) strengthen the surveillance system and establish a crisis management system that centrally watches signs of provocation in concert with the United States; (2) establish readiness sufficient to respond to any and all types of provocation from North Korea; (3) build a favorable security environment by strengthening the U.S.-ROK security cooperation and by stepping up military diplomacy with neighboring

countries; and (4) selectively enhance projects designed to deal with information warfare and develop potential capability of military technology to improve South Korea's independent defense capability.

Particularly, where its relations with the United States are concerned, the Defense Ministry proposed to promote joint research on the U.S.-ROK military relationship for the 21st century. This proposal was taken up at the 32nd Security Consultative Meeting (SCM) held in September 2000, where the two countries agreed to carry out on a continuing basis research into forward-looking steps to be taken by the two allies in keeping with changes occurring in the security environment of the Korean Peninsula and the region.

According to the figures announced by the South Korean government in October 2000, its defense budget for fiscal 2001 will increase 6.5 percent over a year ago to 15,375.4 billion won. While personnel expenses have increased 16.8 percent, spending on military equipment has decreased 2.4 percent from the levels of the previous year. New projects include an AH-X project to create an attack helicopter battalion, procurement of unmanned aerial vehicles, basic design of an *Aegis* destroyer (KDX-III), procurement of next-generation fighters (F-X) and introduction of next-generation surface-to-air missiles.

In the area of security, also, South Korea is pursuing a policy of international cooperation. South Korean media report that the ROK started toward the end of 1999 work of scrapping several hundred tons of chemical weapons pursuant to the Chemical Weapons Convention (CWC) it had signed in 1997. The reports said that it plans to scrap all of its chemical weapons by 2006. This reflects South Korea's wishes to actively contribute to the maintenance and strengthening of the international regime.

South Korea has dispatched a contingent of troops some 400 strong to serve in the United Nations Peacekeeping Force (PKF) in East Timor. In February 2000, a South Korean brigadier general was appointed as chief of staff of the East Timor PKF. Rumor has

it that Kim Dae Jung actively backed the appointment of a Korean as chief of staff of the PKF. This serves to show that South Korea is trying to enhance its international standing by actively involving itself in the security of the region.

In April 2000, the ROK Army reshuffled a large number of its officers. It is said that the characteristics of the recent reshuffle are that promotions were balanced among the natives of different regions of the country and that they included a large number of experts in the fields of information and science to ready the army for future warfare.

(3) The U.S.-ROK Combined Defense System

The U.S.-ROK Combined Defense System is the linchpin of the national defense of South Korea, under which the U.S. Forces Korea (USFK) play an important role in deterring large-scale armed conflict in the Korean Peninsula. While taking steps to deal with the threats of biological and chemical weapons from North Korea, the USFK are taking confidence-building measures by notifying North Korea in advance of a military exercise. Meanwhile, a number of accidents or incidents involving American soldiers serving in South Korea have occurred, raising questions as to how security cooperation between the United States and South Korea should be carried out. In response, the two countries stressed the multifacetedness of the role played by the USFK, confirmed that the U.S. forces will remain in South Korea even after a reunification of Korea, and agreed to expeditiously solve problems pending between the two countries.

The United States and South Korea jointly run the U.S.-ROK Combined Forces Command (CFC) and have a combined operation plan. The United States deploys approximately 36,000 troops in South Korea — the Second Infantry Division and the Seventh Air Force — under the U.S.-ROK Mutual Defense Treaty. The USFK maintain one division consisting of about 27,000 ground troops, M-1 tanks and about 90 combat aircraft (including 72 F-16 fight-

ers). In December 1999, General Thomas A. Schwartz took his post as commander in chief of the USFK, CFC, and the United Nations Command. The South Korean government is supposed to pay \$391.12 million to the United States in 2000 under the Special Measures Agreement (SMA). One of the most serious threats from North Korea to the security of South Korea is the long-range guns North Korea has deployed along the DMZ, and the USFK have been strengthening a system capable of speedily neutralizing them. According to a report, the U.S. Navy has succeeded in quadrupling the system's effectiveness in neutralizing North Korean guns along the DMZ by linking navy ship-based radar with army land-based counter-battery radar systems near the DMZ. To check special operation troops of North Korea from landing in South Korea, the U.S. Navy is operating under a unified command Apache combat helicopters of the army, AC-130 attack aircraft of the air force and tactical aircraft of the Air Wing of the navy. U.S.-ROK combined exercises and training were carried out in 2000 as in other years. However, activities were somewhat reduced after the inter-Korean summit. The Reception, Staging, Onward — Movement and Integration (RSOI) Exercise carried out in April 2000 was largely intended to train augmentation forces sent from Japan, Guam and the continental United States. Approximately 12,000 men from the armed forces of the United States and South Korea participated in the exercise. Before carrying it out, the United Nations Command in South Korea notified North Korea of the date and objectives of the exercise with a view to enhancing the transparency of its policy and contributing to confidence building.

ULCHI FOCUS LENS Exercise is the most important command post exercise and was carried out for a 12-day period from the end of August with the participation of the South Korean government, the U.S. Embassy in South Korea, the CFC's air, land and sea forces, and augmentation forces from the United States. The exercise was focused on noncombatant evacuation operations (NEO), ballistic missile defense operations, landing operations and opera-

tions in the main battlefield. When the CFC announced the exercise, North Korea issued a warning that if it was carried out, the North-South relations could reach a stalemate. In response, the ROK Defense Ministry decided to carry out the main part of the exercise largely through a computer simulation and curtailed the actual movement of troops. This suggests that in response to such a move of North Korea to restrain U.S.-South Korea relations by using the improving North-South relations as a lever, South Korea had no alternative but to quickly accommodate the wish of North Korea. And such reaction of South Korea was met with criticisms in some quarters of the country.

FOAL EAGLE is a theater-level field training exercise, involving both rear area security operations and force-on-force training at the corps through battalion task force levels. The exercise trains the combined forces to defeat massed North Korea conventional forces and their asymmetric threats. It was conducted in October, and during the exercise two U.S. fighters violated territorial air space of North Korea on October 26, and North Korea charged that the United States "had committed a grave military provocation." In response, the U.S. Forces Headquarters in South Korea explained to North Korea that the infiltration of air space was an accidental, not a designed one.

As a string of accidents and incidents involving members of the USFK had occurred in 2000, and thanks in part to improvements achieved in the relations between North and South Korea, anti-American sentiment mounted in some quarters of South Korea. Among other incidents, fueling such sentiment was the Maehyang-ri incident. In May, an A-10 aircraft of the U.S. Air Force developed engine trouble in flight and acting in accordance with regulations, the aircraft dropped six 500-pound bombs on a bombing range located in Maehyang-ri, Hwasong-gun, Kyonggi-do not far from Seoul, and this triggered the incident. An investigation found no casualties among the inhabitants of the village. However, the inhabitants of the communities neighboring the bombing range

strongly opposed the firing practice carried out by U.S. aircraft. In the end, the United States and South Korea decided to suspend firing practice in the ranges located in the coastal area. What is more, it came to light in July that a base of the USFK located in the central part of Seoul had been discharging formaldehyde, a toxic substance, into the sewer system of the city, and the commander of the U.S. Eighth Army had to apologize. In addition, an American serviceman murdered a Korean woman in February, and an American army officer was fatally stabbed by a Korean in June. And the following month, three American servicemen and military personnel were assaulted in the space of a week in July.

After the inter-Korean summit, debate over the role played by the USFK arose in the United States and South Korea. In response, the governments of the two countries pointed out that the DPRK military threat has not abated. They also stressed the multifacetedness of the role played by the USFK, and reaffirmed their policy of continuously stationing U.S. forces in South Korea even after the threat from North Korea will have faded away. In a statement released after a foreign ministerial meeting held in June 2000 between the two countries, U.S. Secretary of State Madeleine Albright cited “deterrence and stability in the region” as reasons for the presence of the USFK. In response, ROK Foreign Affairs and Trade Minister Lee Jung Binn stated that “the American forces will be needed here even after the establishment of a peace regime on the Korean Peninsula. The American forces will continue to play the role of a guarantor of the balance of power and a stabilizing force in this part of the world.”

4. The Perry Process Has Been a Positive Factor

(1) Improving U.S.-North Korea Relations

Following the visit of William Perry to North Korea in May 1999, the United States government expressed hopes of a visit of a high-ranking North Korean official to the United States. But North

Korea showed no positive signs, creating the impression that the momentum of improving relations between the two countries touched off by the Perry Process might die down. In October 2000, however, their relations came to life. In that month, signs of settling the issue of terrorism, a long-standing one between the United States and North Korea, has emerged. In the same month, acting as a special envoy of Kim Jong Il, Vice Marshal Jo Myong Rok, first vice chairman of the National Defence Commission, who is believed to be the second-most powerful man in North Korea, visited the United States. After creating a favorable environment with neighboring countries — the strengthening of relations with China and Russia, and the improvement in its relations with South Korea, North Korea finally started taking steps to improve its relations with the United States, the most important adversary, along the lines laid down in the Perry Process.

After the question of a suspected underground site in Kumchang-ni was settled and North Korea announced a freeze on the test launching of missiles in 1999, the support of North Korea for international terrorism was yet another obstacle to the improvement of relations between the two countries. The United States characterized North Korea as a state sponsoring terrorism, on the basis of which it has imposed sanctions against North Korea. Unless and until this problem is resolved, a real improvement in the relations between the two countries is out of the question. At a U.S.-DPRK meeting held in March 2000, the United States presented conditions necessary for removing North Korea from the list of state sponsors of terrorism. The United States said at the meeting that it no longer takes the view that North Korea has a strong connection with terrorist organizations, and suggested the possibility of removing North Korea from the list of state sponsors of terrorism if North Korea stopped harboring members of the Japan Red Army who had hijacked the Japan Airlines (JAL) passenger aircraft "Yodo." At a meeting held in October, significant progress was made on this problem. In the Joint U.S.-DPRK Statement on

International Terrorism issued after the talks, North Korea affirmed that it “opposes all forms of terrorism against any country or individuals.” Taking account of North Korea’s opposition to international terrorism, the United States noted that it would work toward removing North Korea from the list of state sponsors of terrorism if North Korea satisfactorily addresses the requirements of U.S. law.

Immediately after progress was made on the terrorism issue, Vice Marshal Jo Myong Rok visited the United States as the special envoy of Kim Jong Il. His visit to Washington, D.C., was the first by a high-ranking leader of North Korea. He met with President Clinton, Secretary of State Albright and Defense Secretary William Cohen. After the meetings, the United States and North Korea issued a joint communique stating that they will take steps to fundamentally improve their bilateral relations, that as a crucial first step, neither government would have hostile intent toward the other, and confirmed that both governments would make every effort in the future to build a new relationship free from past enmity. And the two sides reaffirmed that their relations should be based on the principles of respect for each other’s sovereignty and noninterference in each other’s internal affairs. The United States went along with North Korea on the idea of reaffirming respect of each other’s sovereignty and noninterference in each other’s internal affairs at North Korea’s insistence, and this indicates the strong concern of North Korea over the maintenance of its existing regime. In addition, the two sides touched on four-party talks as a forum for easing tensions and building a peace regime in the Korean Peninsula, and North Korea informed the United States that it will not launch long-range missiles of any kind while talks on the missile issue continue.

On October 22, Madeleine Albright visited North Korea in her official capacity of U.S. secretary of state. Her visit was to personally convey the view of President Clinton to Kim Jong Il and at the same time to feel out the advisability of a visit by President Clinton



Prime Minister Yoshiro Mori having a talk with President Kim Dae Jung at Atami in Japan (September 23, 2000)

to North Korea. Albright met Kim Jong Il on several occasions and discussed U.S.-DPRK relations and the missile issue. According to Albright, Kim Jong Il quipped that the launching of the Taepo Dong missile “was the first satellite launch and it would be the

last.” This may be taken as an indication of North Korea’s wish to settle the missile issue. And at U.S.-DPRK missiles talks held in November, they discussed the issue in greater detail.

Obviously, such developments did not occur out of thin air. Behind the progress made in U.S.-DPRK relations were the recommendations made by William Perry and the engagement policy of South Korea that had begun to take hold. New policy options — improvement of its relations with the United States and Japan — offered to North Korea by the report were the key factors that have enlivened the process of improving the U.S.-DPRK relations. The Perry Report the United States released in September 1999 after consultations with Japan and South Korea stressed that the United States may be compelled to act to “contain the threat” of North Korea if it did not abandon its nuclear and missile development programs. At the same time, the report stated that if North Korea discontinued the development of nuclear weapons and ballistic missiles, the United States would strive to fully normalize its economic and diplomatic relations with North Korea. In sum, the Perry Report offered new policy options to North Korea by suggesting ways in which it can improve relations with the United States and its neighboring countries.

Supporting the Perry Process was the policy cooperation among

Japan, the United States and South Korea. As the Perry Process gathered pace, policy cooperation among these three countries has become increasingly closer, and they took steps to institutionalize it by establishing the Trilateral Coordination and Oversight Group (TCOG) in April 1999. Japan, the United States and South Korea agreed on policy objectives to have North Korea join the international community to ensure peace and stability in the Korean Peninsula, and they pursued a humanitarian policy (e.g., food aid) concurrently. They disagreed, however, on specific issues that they would give importance to in their bilateral talks with North Korea. South Korea give priority to the exchange of visits, economic cooperation, reunification of, and peaceful coexistence with North Korea; the United States to solving the issues of nuclear and ballistic missiles development, and international terrorism; and Japan to solving the problems relating to missiles and the suspected abduction of Japanese nationals. Given the differences, a forum for adjusting policies such as the TCOG has become an essential vehicle. Thanks to this framework, the three countries have been able to take consistent approaches to North Korean problems as recommended by the Perry Process and the engagement policy of South Korea. After her visit to North Korea, Secretary of State Albright had foreign ministerial talks with her Japanese and South Korean counterparts, in which they agreed to strengthen their cooperation in pursuing their North Korea policy. During the talks, Albright revealed that she had raised the issue of the suspected abduction of Japanese nationals with North Korea.

Last but not least, relations between the two Koreas have been improving. The Perry Process and the engagement policy of South Korea are inseparably connected. As the three countries (Japan, the United States and South Korea) have made it amply clear, real improvement of U.S.-DPRK relations cannot be brought about unless relations between the two Koreas improve. In response to a series of messages the three countries had sent, North Korea responded affirmatively. And it culminated in an inter-Korean sum-

COLUMN

A Summary of the Perry Report

- A review of policy options toward North Korea came to the conclusion that none of the conceivable options — (1) the status quo, (2) the overthrow of the North Korean regime, (3) transformation of North Korea, or (4) bribing North Korea into complying with the demand of the three countries — was viable.
- A policy worth adopting consists of two paths: One is a peaceful coexistence based on “a comprehensive and integrated approach.” If North Korea (1) guarantees that it does not have a nuclear weapons development program, (2) will discontinue tests, the production and deployment of missiles in excess of the Missile Technology Control Regime (MTCR) standard, and (3) takes steps to discontinue the export of missiles and their related parts and technology, the United States would, in a step-by-step and reciprocal fashion, move to normalize economic and diplomatic relations with North Korea. Partial relaxation of its economic sanctions against North Korea by the United States, and the freeze of test launching of long-range missiles by North Korea constitute the first step of the Perry Process. The Perry Report hints that if North Korea elects the first path, South Korea and Japan would be prepared, in coordinated but parallel tracks, to improve relations with North Korea.
- In case North Korea rejects the first path, the United States and its allies would have to take other steps to contain the threat they could not eliminate through negotiations. This is the second path. If such a situation comes to pass, it would be impossible for the United States to build new relations with North Korea.
- To implement the North Korea policy, the United States should create in the Department of State an interagency working group on North Korean affairs that would be presided over by an ambassador-level official. In addition, a Trilateral Coordination and Oversight Group (TCOG) should be maintained to ensure close coordination with South Korea and Japan.
- At the same time, an action plan should be approved to provide against provocative acts of North Korea, including the launching of long-range missiles.

mit. Indeed, it was because of improvements in North-South relations that the United States began to take a friendly attitude toward North Korea. It was on June 16, the last day of the inter-Korean summit, that the United States announced that it would ship 50,000 tons of wheat to North Korea through the World Food Programme (WFP). Hot on the heels of the announcement, the

United States issued a statement that it would take additional measures to ease the sanctions it had imposed against North Korea. The following day, the DPRK Ministry of Foreign Affairs expressed its appreciation and announced that it would put a continuous freeze on missile launching. And by taking the opportunity of the ARF meeting that North Korea had attended in July at the urging of South Korea, its Foreign Minister Paek Nam Sun met U.S. Secretary of State Albright.

One may have the impression that U.S.-DPRK relations had suddenly took a turn for the better, but one should not forget that it came about in the course of the Perry Process that had begun in 1998. The three countries had proposed options for normalization of relations to North Korea with a view to persuading it to join the international community, and U.S.-DPRK relations have been developing along the lines of the path to normalization recommended by the Perry Process.

(2) Pending Matters — Normalization of Relations between Japan and North Korea

The primary objectives of the engagement policy of South Korea and the Perry Process are to help North Korea accelerate economic rehabilitation and integrate the economies of North and South Korea by improving relations between them to bring peace in the Korean Peninsula, to improve U.S.-North Korea relations through a solution to the nuclear and missile problem, and to normalize diplomatic relations between Japan and North Korea. According to an estimate by the Samsung Economic Research Institute, rehabilitation of the social infrastructure — railroads, roads and electric power plants — of North Korea would cost \$10 billion, and the linking of the Seoul-Shinuiju Railway (that runs between Seoul, South Korea and Shinuiju, a city bordering upon China) alone would cost about \$140 million. South Korea is actively promoting economic cooperation with North Korea. However, it is in the throes of recovery from the economic crisis of 1997. Given the situation, Japan is

just about the only country that can provide large sums of money to finance North Korea's economic rehabilitation.

Japan wants to end the abnormal relations with North Korea that have persisted since the end of World War II and contribute to the peace and stability in the Korean Peninsula, and to the stability and prosperity in the Asia-Pacific region. With these in mind, Japan has been seeking to normalize its relations with North Korea. Acknowledging that improvement in Japan-North Korea relations is consistent with its engagement policy and the Perry Process, South Korea has expressed its support of Japan's such efforts.

Amid such developments, efforts to improve the relations between the two countries have continued into 2000. In March, the Japanese government announced that it would ship about 100,000 tons of rice in aid to North Korea. At a meeting held in Beijing a few days later between the Red Cross of Japan and its North Korean counterpart, the DPRK Red Cross reported that its government agency had started investigating the whereabouts of "missing Japanese." And in April, the ninth plenary session of Japan-DPRK normalization negotiations took place in Pyongyang after a nine-year hiatus since 1992.

However, the meeting made the Japanese delegates painfully aware of the large gap between the positions of the two countries. The DPRK insisted that the final settlement should include (1) apologies, (2) compensation for human and material losses, (3) return of cultural treasures and compensation for them, and (4) improvement of the legal status of Korean nationals residing in Japan. The DPRK delegation insisted that the "issue of Japan's liquidation of its past" should be settled ahead of all others. In response, Japan requested North Korea to take forward-looking steps with respect to the question of suspected abductions of Japanese nationals and the missile problem. The Japanese government takes the position that at least seven cases of abduction of Japanese nationals by DPRK agents have occurred and that 10 Japanese na-

tionals are missing. Japan also believes that there is a strong possibility that North Korea has deployed *No Dong* missiles that have a range covering almost all areas of Japan.

Subsequently, during his inter-Korean summit, President Kim Dae Jung delivered to Kim Jong Il a personal letter from Prime Minister Yoshiro Mori that indicated his strong wish to improve Japan's relations with North Korea. Kim Jong Il was quoted as saying in response that "Please tell (Prime Minister Mori) that I acknowledged his letter with thanks." In August, the 10th plenary session of normalization negotiations between Japan and North Korea was held in Tokyo. At that meeting, the Japanese proposed an economic assistance formula as a way to redress its past.

When President Kim Dae Jung visited Japan in September 2000, he stated that an improvement in Japan-DPRK relations would greatly contribute to the national interest, safety and development of South Korea, and that he hopes it would happen at the earliest possible date. Prime Minister Mori said in response that Japan may cooperate with North Korea in constructing its infrastructure in the future, but that as there is fear that economic assistance might be used to build up its military power, it is difficult to win the understanding and support of the Japanese people. His remark clarified Japan's position to the ROK that hopes to get financing from Japan projects to advance North-South relations. Japan's position is that improvement in the security environment of the region is essential for Japan to provide economic assistance.

In October, the Japanese government announced its plan to ship 500,000 tons of rice in food aid to North Korea. However, at the 11th plenary session of Japan-DPRK normalization negotiations held late in November, North Korea stuck to its position and no progress has been achieved. Subsequently, an article of *Rodong Sinmum* refused in unmistakable terms "the economic assistance formula" proposed by the Japanese.

South Korea has been urging Japan to normalize relations with North Korea, and some quarters in Japan warn that Japan should

not too stubbornly insist on an early solution to the issue of missiles and the cases of suspected abduction of Japanese nationals. However, the general public in Japan is seriously concerned about the Japanese who were allegedly abducted by DPRK agents. Moreover, as the *No Dong* missiles pose a direct threat to the security of Japan, normalization of relations with North Korea without solving these issues would be difficult.