

~~SECRET~~



~~SECRET~~

(b) (1)
(b) (3)

~~Secret~~

APPROVED FOR RELEASE
DATE: JUL 2006

TIER
6/14

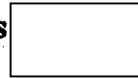


Intelligence Report

Office of Asian Pacific and Latin American Analysis

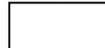
12 June 2000

North Korea: Expanding Diplomatic Horizons



Summary

The inter-Korean summit this week caps North Korea's yearlong effort to construct a new framework for dealing with the outside world. Kim Chong-il visited Beijing last month, the North recently normalized relations with Australia and Italy, and North Korean diplomats are holding talks with other US allies. P'yongyang is emphasizing practical cooperation over ideological solidarity while showing a new ability to orchestrate several diplomatic tracks at once.

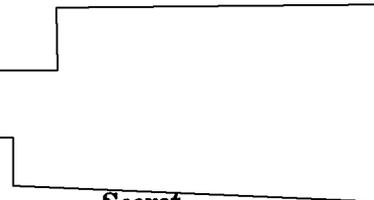


At the same time, the foot-dragging in US relations suggests the North is rethinking its decade-long emphasis on improving relations with the United States. Statements by its diplomats indicate P'yongyang is particularly frustrated by what it sees as delays and preconditions by Washington, while other countries—especially South Korea—seem to promise greater assistance with fewer conditions. It knows from experience that US allies are still influenced by US-North Korean engagement, however, suggesting it will maintain a dialogue and avoid a breakdown. (S NF)

The success of P'yongyang's global outreach is possible partly because many countries view North Korea as less of a threat to regional stability than it was a few years ago. That change coincides with the leadership's conclusion that P'yongyang can only address the country's long-term economic needs by massive foreign assistance. It is less clear whether the North's more aggressive foreign policy marks a fundamental shift in Kim Chong-il's strategic thinking or is a continuation of efforts to acquire assistance without meaningful engagement. In that regard his handling of inter-Korean relations after the summit will be a key indicator of his adherence to a more flexible, less confrontational foreign policy.



Kim Chong-il's patience for what will be a complex and slowly developing process is the key variable. He may disengage if expanded diplomacy fails to deliver the scope and pace of economic benefits needed to reverse the North's economic decline or if he concludes Washington is controlling its allies' dealings with P'yongyang.



CIAAPLA IR 2000-40102

~~Secret~~





Reenergizing Global Diplomacy 

Two key developments—the summit between Kim Chong-il and South Korean President Kim Dae-jung in P'yongyang this week and Kim Chong-il's sudden trip to Beijing last month—punctuate what has been a dramatic expansion of the North's diplomatic horizons in the past year. North Korea is simultaneously revitalizing ties to former allies China and Russia, reopening normalization talks with Japan, and exploring relations with Western Europe and other US allies. To be sure, the North was never as isolated as its "Hermit Kingdom" moniker suggests; during the Cold War it maintained extensive contacts with the Soviet Union, Eastern Europe, and developing countries. There are elements, however, that set this latest diplomatic effort apart:

- One is the North's emphasis on practical exchanges, such as acquiring food aid and cultivating trade opportunities, over ideological solidarity. In Europe, for example, the North has refocused its attention from marginal Communist groups to the mainstream ruling parties.
- Another factor is the North's ability to orchestrate several diplomatic tracks at once, a departure from the preceding decade's pattern of engaging on only one substantive track at a time.



Reaching Out to Former Allies . . .

The North's most substantive effort at engagement has been trying to repair ties with China, which hit bottom in the late 1990s in part because of differences over economic policies and strained personal ties between the North Korean and Chinese leaders. Kim's trip to Beijing last month capped a series of reciprocal visits by senior officials since early 1999, including a visit to Beijing by North Korean Foreign Minister Paek Nam-sun in late March; Kim Chong-il's highly publicized call on the outgoing Chinese Ambassador in P'yongyang; Chinese Foreign Minister Tang



[Redacted]

Jiaxuan's trip to the North in October 1999 to mark the 50th anniversary of bilateral relations; and the visit in June 1999 of a high-level delegation led by North Korean Presidium President Kim Yong-nam. [Redacted]



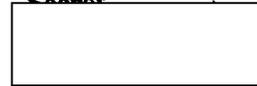
North Korean-Russian relations are also showing signs of improvement. Press reports indicate President Putin may meet Kim Chong-il in P'yongyang as soon as next month. He would be following Foreign Minister Ivanov's visit in February, during which the two sides signed a new friendship and cooperation treaty and proclaimed a new chapter in bilateral relations. To be sure, there are practical limits: the North's estimated \$5 billion debt to Russia is a hurdle to future aid or investment, and Moscow has neither the desire nor the wherewithal to underwrite North Korea.



... Old Enemies ...

After years of stalling, North Korea has also held official and Red Cross talks with Japan, including on such previously taboo subjects as the North's alleged kidnapping of Japanese citizens. At stake ultimately are several billion dollars in war reparations from Tokyo if relations are normalized, but in the interim P'yongyang almost





certainly wants Japan to provide food aid and other assistance as incentives for continued talks.

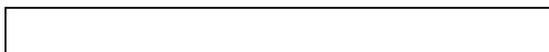
- North Korea and Japan in April resumed official normalization talks—suspended in 1992—in return for which Japan delivered 100,000 tons of grain. The two sides may meet again this summer, after the Korea summit.
- North Korean and Japanese Red Cross delegations late last year hammered out an agreement on humanitarian issues—particularly the kidnapping allegations. [redacted] by temporarily separating the issue from official normalization talks—the agreement for now puts aside an issue that was a sticking point in earlier dialogues. [redacted]

... and New Friends

In addition, the North is casting a wider diplomatic net:

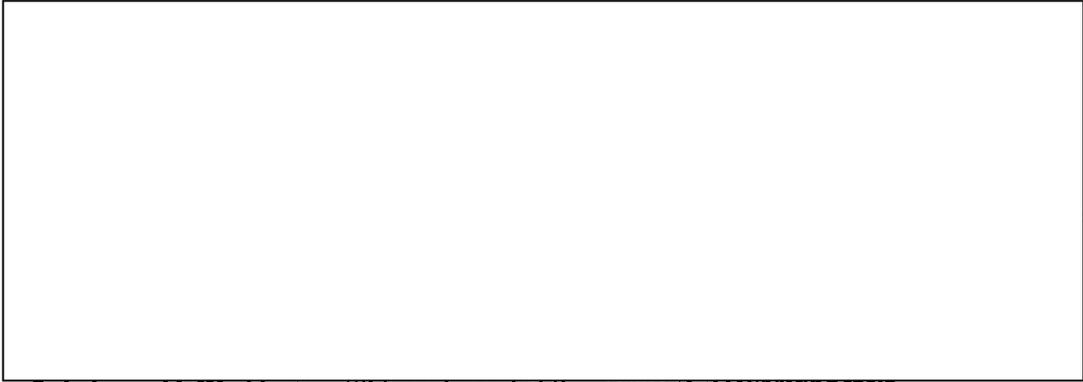
- *Reaching out to Europe and the Commonwealth.* North Korea and Italy normalized relations in January, and Australia followed suit in May. French, British, Canadian, and Belgian delegations have also met with the North Koreans, although they are more likely to link normalizing relations with improvement in human rights and other issues. [redacted]
- *Looking to Southeast Asia and South America.* Press reports indicate the North could establish diplomatic ties to the Philippines next month and is seeking membership in the ASEAN Regional Forum (ARF). In addition, a mid-level Foreign Ministry delegation traveled to South America in late summer 1999 promoting expanded political and economic ties. [redacted]
- *Emphasizing commercial ties to Africa.* After shuttering numerous missions in the preceding two decades, the North is shifting its Africa policy from ideological solidarity and competition with Seoul toward financially profitable ties to a few states. This is taking the form principally of arms sales. [redacted]

Temporizing on US Relations [redacted]





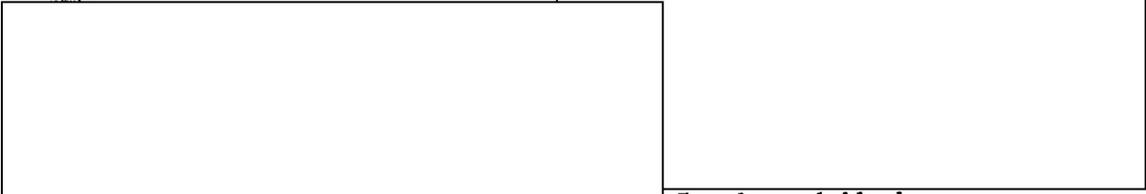
Even as the North reaches out to the world, there are signs it is rethinking the overwhelming focus on the United States that characterized North Korean diplomacy in the 1990s:

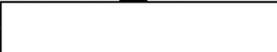


Relations with Washington still loom large, but the regime is recalibrating their relative value against the potential payoffs—with fewer preconditions—from engaging South Korea, Japan, and Western Europe. P'yongyang's disappointment with the pace of progress since agreeing to the missile launch moratorium last fall partly explains the shift; initial hope for rapid agreement on sanctions easing or removal from the terrorism list has yielded to expectations of arduous progress. The North knows from meetings with the Europeans and others that US allies are still influenced by US–North Korean engagement, however, suggesting it will try to maintain some momentum and avoid blame for a breakdown. 

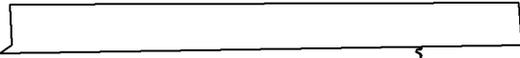
Diplomatic Outreach: Why Now? 

The North's expanded diplomacy reflects a combination of internal developments and broader international trends in the late 1990s



the prospect for additional ventures with South Korean firms has probably also buoyed the regime's economic outlook. 

Externally, P'yongyang's resurgent diplomacy is aided by fading international concern over the ideological and conventional military threat posed by the North. These changing attitudes toward the North are nowhere more apparent than they are in South Korea, where Seoul's policy of encouraging its allies to develop ties to the





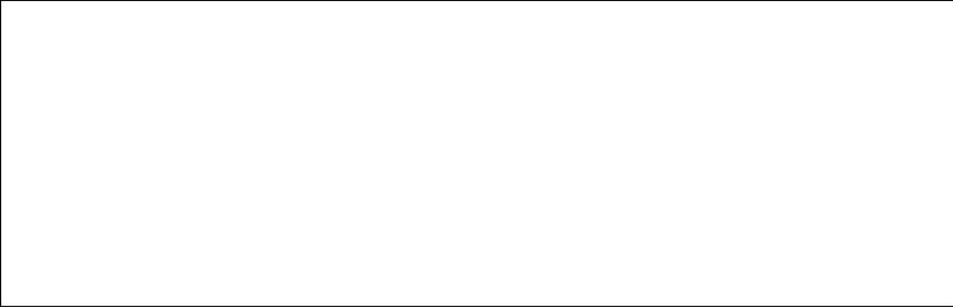
North is a key component of Kim Dae-Jung's engagement policy. Moreover, engaging P'yongyang satisfies individual countries' objectives:



Still Short on Substance

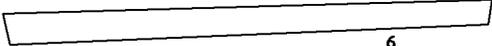


We are less certain, however, about whether the North's more aggressive foreign policy marks a fundamental shift in Kim Chong-il's strategic objectives or is a continuation of efforts to acquire assistance without meaningful engagement. On the one hand, Kim's evident confidence in the security of his position, willingness to meet the South Korean President, and personal outreach to the Chinese leadership suggest he sees the potential for crafting a more influential, modern, and prosperous North Korea. The lack of substance, on the other hand, in many of the North's dealings raise warning flags about how far P'yongyang will go to accommodate Western demands:



Moreover, the North's tarnished reputation poses continuing hurdles even for countries that are disposed toward diplomatic engagement:

- *Missile proliferation.* Missile exports to Iran and other countries make the North subject to unilateral and multilateral export controls and are



[Redacted]

potential impediments to aid [Redacted]

[Redacted]

- *Human rights record.* Increasing attention to the North's treatment of political prisoners and severe restrictions on personal freedoms will give pause to many Western democracies otherwise willing to establish relations with P'yongyang. [Redacted]
- *Bad business.* North Korean companies have racked up an unenviable record of broken contracts, missed payments, and fraud, making it difficult for the North to secure trade credits or other financial incentives. Meanwhile, the North's diplomats have been implicated in several smuggling, counterfeiting, or narcotics cases. [Redacted]

Discerning North Korea's Course [Redacted]

The North's expanding diplomatic horizons increase opportunities for gauging the leadership's commitment to this new course. Kim's handling of inter-Korean relations after the summit in particular will be an indication of his adherence to a more flexible foreign policy:

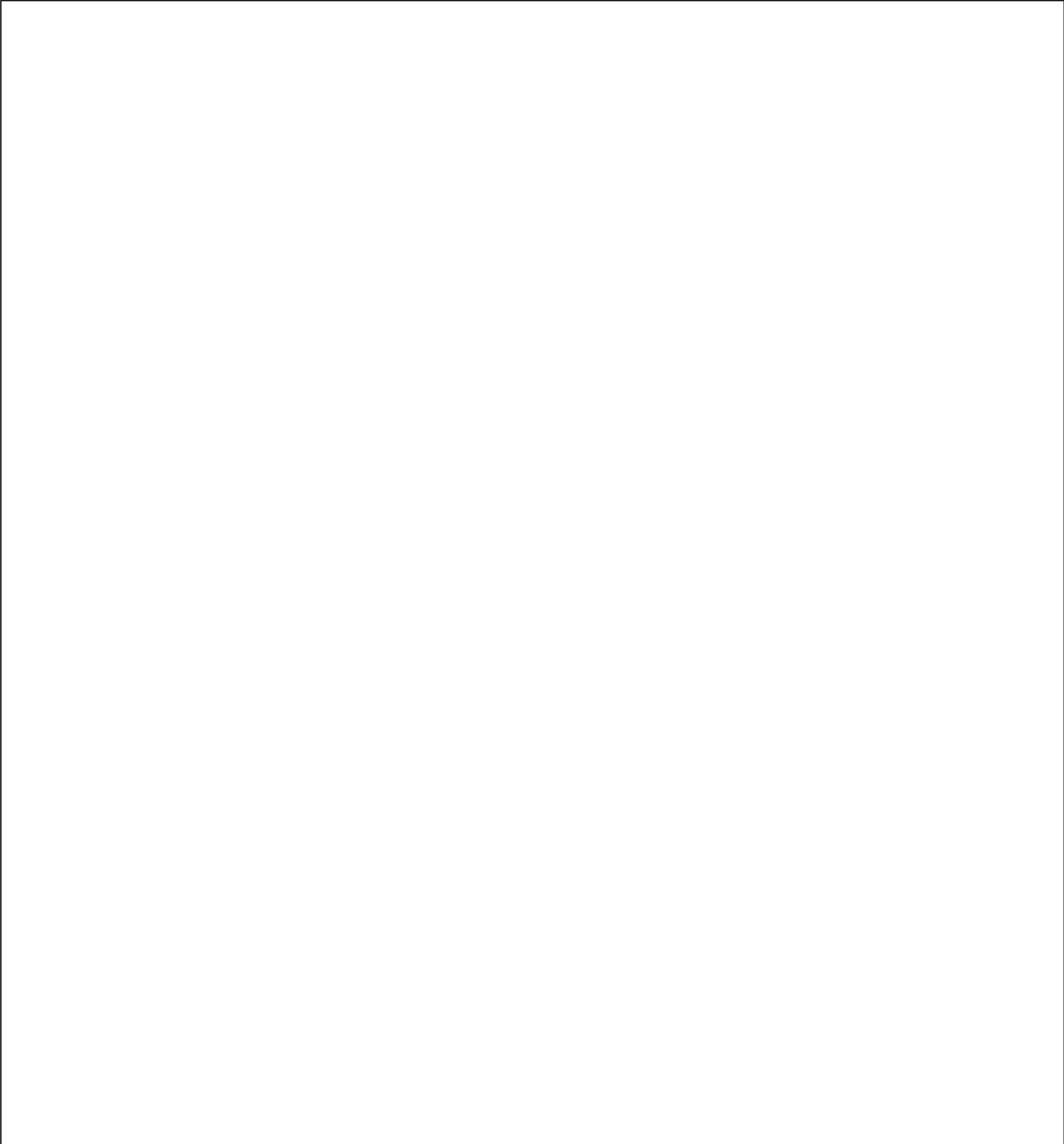
- Following through on practical economic and political exchanges with Seoul will be a sign that P'yongyang is moving further away from brinkmanship and confrontation in favor of long-term cooperation.
- Poison-pill conditions, a last-minute cancellation, or efforts to embarrass President Kim Dae-jung with summit grandstanding will mean the North is still inclined toward short-term advantage. [Redacted]

We should see similar signs in the North's handling of European priorities, such as human rights, in P'yongyang's participation in international forums, such as ARF, once barred to it, or in Kim Chong-il's future dealings with foreign leaders. A key variable is Kim Chong-il's patience for what will be a complex and slowly developing process. The North expects the summit to unlock other foreign assistance and recognition, a conclusion probably buoyed by the positive comments of Western governments. We cannot measure Kim's expectations, but he has a track record of abruptly changing course and will be inclined to backtrack if he judges his engagement strategy is not delivering the economic benefits needed to reverse the North's economic declines. He will also become frustrated if he concludes Washington is controlling the scope and pace of its allies' dealings with P'yongyang.

[Redacted]

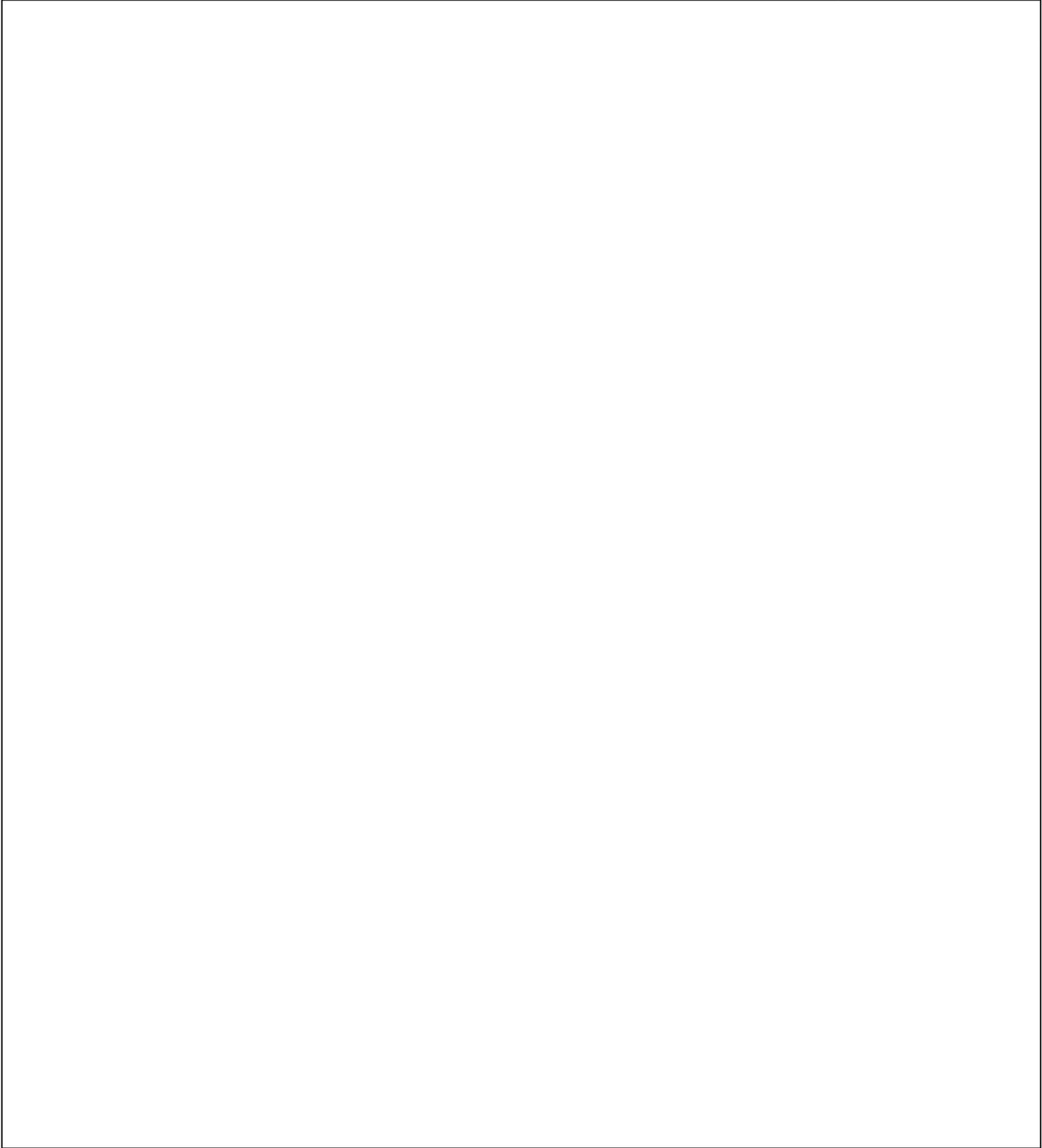
[Redacted]

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~



~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~