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# Policy Forum 00-2D: A New Initiative in Australia-DPRK Relations



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# Nautilus Institute PFO 00-02: Engaging North Korea

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## A New Initiative in Australia-DPRK Relations

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### I. Introduction

The Following article is by James Cotton, Professor of Politics, Australian Defence Force Academy, University of New South Wales. Cotton reviews the recent developments in Australian-DPRK relations, and the possibilities of resumption of full relations. He says that Australia is seeking to move away from isolation of the DPRK and to support US and ROK engagement efforts. For its part, the DPRK seeks more Australian trade and investment, and to improve relations with those nations that contributed to the UN force that intervened in the Korean War.

### II. Essay by James Cotton

A new initiative in Australia-North Korea relations James Cotton ADFA, UNSW

The visit of a party of Canberra-based senior officials from the Department of Foreign Affairs and Trade to Pyongyang on 22-26 February raised the prospect of improved ties between Australia and the Democratic People's Republic of Korea (DPRK - North Korea). Though Australia recognizes the DPRK, relations were "interrupted" after the abrupt and still unexplained withdrawal of Pyongyang's embassy in Canberra in 1975, after a short stay of 11 months. In the context of other improvements in North Korea's diplomatic standing, there is an opportunity to place relations with Australia on a surer footing. But there are still some issues in bilateral relations that will need to be addressed before this can occur.

In recent years Australia has had intermittent official contacts with North Korea. In February 1998 Pyongyang's Ambassador to Indonesia visited Canberra and held talks with officials. Further bilateral talks were held in Bangkok in June 1999, and in September 1999 Foreign Minister Alexander Downer met his counterpart from the DPRK, Paek Nam-sun, in New York. On the North Korean side the greatest concern was attracting new Australian trade and investment. The Australian interlocutors used these occasions to remind North Korea of its responsibilities to take steps to mitigate tensions on the Korean peninsula and to respond to concerns regarding weapons proliferation. The present invitation from Pyongyang may also have been prompted by developments elsewhere in the region. Australia's role in assembling the INTERFET force in East Timor was surely noticed in North Korea, where the possibility of international intervention remains a fear of the regime. The invitation was timed to coincide with an energetic campaign to diversify North Korea's foreign contacts, which resulted in North Korea initiating formal diplomatic relations with Italy.

Australia's interest in North Korea stems from several sources. Concern with weapons proliferation and North Korea's reluctance to comply with the Nuclear Non-Proliferation Treaty led Australia to support the Korea Peninsula Development Organisation (KEDO). KEDO, formed after an agreement between Washington and Pyongyang in October 1994 under which North Korea is freezing its

nuclear weapons program, is constructing nuclear power plants in the country, at an estimated cost to the international consortium concerned of US\$4.5billion. So far Australia has contributed A\$14.8million to KEDO. Australia's close relationship with South Korea has been an important factor in support for a policy which reduces the likelihood of conflict between the two Korean states. The famine in North Korea that has cost the country perhaps as many as 1 million lives has also prompted Australia to offer humanitarian assistance. In May 1999 Australia donated A\$10 million in famine relief, and on 16 February 2000 a further A\$6million was pledged mostly to the World Food Program to assist with agricultural rehabilitation.

Bilateral trade remains small, at about A\$9million per annum. But there has been some quiet encouragement for North Korea's experiments with a more open economic policy. Training for DPRK trade officials in international commercial practices and business law has been conducted in Australia, and members of the Committee for the Promotion of External Economic Cooperation in Pyongyang have been permitted to visit in an attempt to stimulate inward investment.

These efforts to improve relations should be seen also in a wider international context. After consultation with Japan and South Korea, the United States released the "Perry Report" in September 1999 which outlined a step-by-step strategy of improving relations between the two countries. If North Korea would cease missile exports and allow greater transparency in its weapons programs, the US would ease economic sanctions and ultimately implement full diplomatic contacts. As an initial step, a number of obstacles to US trade with and investment in North Korea were removed at that time. In the progressive pursuit of this policy, a high level delegation from North Korea will be making an official visit to Washington very shortly. Elsewhere North Korea has been improving its national profile, discussing with the Philippines the exchange of diplomatic representatives and sending envoys to Europe and elsewhere. Meanwhile in South Korea the administration of Kim Dae-jung has been following a 'sunshine policy' of improved trade and attempts at mutual confidence building, a policy that has survived military tensions including a naval clash last year in the Yellow Sea.

In Australian policy making circles, the view has emerged that the time has passed when quarantine was an effective instrument in dealing with the suspicious and embattled regime in Pyongyang. Keeping North Korea isolated has done little to improve its behaviour. It also threatens the programs of internationally funded reconstruction that the agricultural sector now desperately needs if the country is ever to be able to feed its own people. Further, North Korea membership of the ASEAN Regional Forum would be a contribution to regional confidence building and might prompt greater North Korean interest in other regional institutions.

The outcome of the February visit appeared to be positive. Two days of talks were held with the delegation's counterparts in the North Korean Foreign Affairs Ministry, and the group also was received by Vice-Foreign Minister Pak Kil-yn. Bilateral, regional and global issues were discussed, including the question of North Korea's compliance with the transparency provisions of the 1994 Agreed Framework and that of continuing restraint in the programs of long-range missile development and export. The Australian position was expressed that the humanitarian issue would only be successfully addressed with extensive reconstruction of agriculture and industry.

Australia has agreed to receive a North Korean delegation in the second half of 2000. This will be the first such visit since 1991 when the (then) Secretary of the International Department of the Central Committee of the Korean Workers' Party, Kim Yong-sun, led a delegation to Canberra in response to an invitation from the Australian Labor Party (then in government). Throughout the sporadic contacts of the last few years, while trade, aid and investment have been perennial matters on the agenda, North Korea has consistently been seeking to resume full diplomatic relations. On the Australian side this would probably entail a non-resident ambassador, most likely (as in 1974-75)

Beijing based. But it is clear that a deterioration in the slowly improving security climate on the Korean peninsula would prejudice further steps in that direction. Australian spokesmen have been clear, however, that this development is not predicated on any specific performance on the part of North Korea, including their adherence or otherwise to the details of the proposed "Perry package."

Nevertheless, there are some particular concerns that Australia is bound to raise as the atmosphere improves. In the early 1970s North Korea embarked upon a program of advanced technology imports from the West including Australia, financed by international loans. When the world prices of the raw materials the country relied upon for exports in order to gain foreign currency collapsed, North Korea reneged on its debt obligations. An attempt to reschedule payments was abandoned in the early 1980s. Ever since, a consortium of Australian creditors, chaired by the ANZ Bank, has been pursuing a portfolio of unredeemed loans totaling around A\$62million. Repayment of this money would undoubtedly help build confidence in business links with North Korea, though the sum involved is only a fraction of the amounts still owed in Scandinavian countries. Further, Australia at some point may seek an explanation for North Korea's puzzling conduct in 1975, when its diplomatic staff abandoned their post in Canberra and expelled the three-person Australian mission in Pyongyang. For their part, the North Koreans are seeking assurances that temporary consular staff will be allowed into Australia for the duration of the 2000 Olympics.

The question remains of what return North Korea might gain from full relations, given that this goal has been so doggedly pursued. Currently Australia-South Korea relations are close (as was apparent during Kim Dae-jung's official visit in September 1999) and the two countries are important in the trading activities of each other. Pyongyang may consider that a small triumph at this point may serve as part of a more general assertion of its separate identity. But there is also a significant historical legacy at stake. Australia, like Italy, is one of the sixteen countries to contribute forces to the UN command during the Korean War, and as such is one of the signatories of the July 1953 Declaration that committed those countries to action again if hostilities recurred. While this commitment is largely forgotten in Australia, its symbolism is still a matter of some importance for Pyongyang. North Korea has never accepted its responsibility for the war, and may view bilateral relations as an indicator that this commitment is at an end. From this perspective, it is no accident that contacts are being sought with the Philippines, and North Korean officials have visited Canada, two further members of the sixteen.

### **III. Nautilus Invites Your Responses**

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: [napsnet-reply@nautilus.org](mailto:napsnet-reply@nautilus.org) . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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