

Series Editor: Dr Willem van der Geest

EU's Policy Towards the DPRK- Engagement or Standstill?

Dr Axel Berkofsky

Research Fellow

European Institute for Asian Studies, Brussels

a.berkofsky@eias.org

ABSTRACT

Relations between the European Union (EU) and the Democratic People's Republic of Korea (DPRK) do not make headlines. If the EU's role in re-establishing peace and stability on the Korean peninsula was marginal before last year's nuclear revelations by North Korea¹, its influence will continue to be minimal while security and nuclear issues dominate the agenda. EU policy-makers and officials, practising "quiet diplomacy", make it a point to stress that the EU's policies and initiatives will remain "complementary" to South Korea's DPRK policy. Critics of "quiet diplomacy" on the other hand complain that EU policies and initiatives going beyond the hard-line approach of the US towards North Korea go largely unnoticed. Humanitarian assistance, food aid and technical assistance together with EU-DPRK political dialogue set up in the late 1990s are the main and only partly successful instruments of the EU's engagement policy.

The nuclear crisis is jeopardising the EU's engagement course towards the DPRK. Whereas the EU is still committed to engaging North through humanitarian and economic assistance, the implementation of the EU's technical assistance projects, scheduled to start in summer 2003, however, are being put on hold. The EU's engagement seems to have turned into a conditional one. Worse, with the nuclear crisis on the Korean peninsula unresolved, the EU's engagement course might soon be replaced by a wait-and-see attitude eventually resulting in a standstill in EU-DPRK relations. The alternative to engaging North Korea through humanitarian and economic assistance and food aid is an ongoing humanitarian catastrophe in North Korea and even a war on the Korean Peninsula.

This paper concludes that the EU's policy towards the DPRK is closer to standstill than to engagement although the EU's decision to separate security from humanitarian issues is without a doubt proof that the EU is still committed to easing the humanitarian and food crisis in North Korea. The EU's contributions, however, are neither sufficient nor able to fill the gap left by the U.S. and Japan's decision to suspend humanitarian assistance and food aid to the DPRK.

¹"DPRK" and "North Korea" are used interchangeably in this Briefing Paper

ACKNOWLEDGEMENTS

The author would like to thank EU Commission officials for providing him with information on and insight into EU-DPRK relations. Thanks also to a number of South Korean academics and journalists for their insight and information. He would also like to thank Dr. Willem van der Geest, Director of the European Institute for Asian Studies (EIAS) for his valuable advice on the contents of the paper.

NOTE: The results of this briefing paper are entirely based on the information on EU-DPRK relations available to the public. Those working on relations with the DPRK on a daily basis might not agree with the observation that the EU's engagement course towards North Korea is currently "on hold" although the data and information on EU-DPRK relations available to the public does not necessarily prove the opposite.

ABOUT THE AUTHOR

Dr. Axel Berkofsky is Research Fellow at the European Institute for Asian Studies. He studied Japanese Studies and Political Sciences in Hamburg and Tokyo and received his doctorate from Hamburg University in December 2002. He conducted the research for his Ph.D. dissertation on the US-Japan security alliance in Tokyo, where he also worked as a freelance journalist for the Tokyo-based Japanese daily newspaper The Asahi Shimbun. Dr. Berkofsky has published on Japanese and East Asian security issues for several magazines in Europe and Asia including the Hong Kong based Asia Times. He joined EIAS in January 2003.

CONTENTS

1. Introduction	p. 3
2. Origins of EU Engagement-The Agreed Framework	p. 5
2.1. The Agreed Framework and KEDO-The EU's Involvement	p. 7
3. EU-DPRK Relations-EU Objectives	p. 9
3.1. Engagement and the EU's Common Foreign and Security Policy (CFSP)	p.10
3.2. The EU as Mediator?	p.11
4. EU-DPRK Relations-DPRK Interests	p.12
4.1. The EU as DPRK's "Trump Card"?	p.14
4.2. Relations with the EU-Securing the Regime?	p.14
4.3. EU Engagement Course-Threat to Pyongyang?	p.15
5. Security on the Korean Peninsula and the EU-Watching from a Distance	p.16
5.1. A Lost Opportunity?	p.16
6. EU-DPRK Political Dialogue	p.17
6.1. Human Rights-Off the Agenda	p.17
6.2. EU-DPRK Diplomatic Relations	p.18
6.3. The May 2001 Visit to the DPRK	p.19
6.4. Obstacles	p.20
6.5. Impact	p.20
7. EU Assistance to the DPRK	p.21
7.1. EU Technical Assistance	p.13
7.1.1. EU Technical Assistance Pilot Projects	p.25
7.1.2. Impact	p.26
7.2. EU Humanitarian Assistance to the DPRK	p.26
7.3. EU Food Aid to the DPRK	p.28
7.4. EU Food Aid and Humanitarian Assistance-Impact	p.30
8. Conclusions and Future Outlook	p.31
Tables	
Table 1 EU-DPRK Trade-Relevance for North Korea	
Table 2 DPRK's Largest Trade Partners	
Table 3 EU-DPRK Trade-Relevance	
Table 4 DPRK-EU Trade in 2001/2002	
Table 5 EU Assistance to the DPRK 1995-2002	
Table 6 NIP Technical Assistance Projects (2002-2004)	
Table 7 EU Food Aid to the DPRK 1997-2000	
Annex I	
Table 8 The DPRK-Country Data	
Table 9 North Korea's Industrial Structure (2000)	
Table 10 Intra-Korean Trade	
Table 11 North Korea and South Korea in Comparison (Selection)	
Table 12 North Korea's Overall Foreign Trade	
Table 13 Assistance to the DPRK by Sector (1995-2000) (Selection)	
Annex II	
Chronology of EU-DPRK Relations	

The views in this paper are those of the author and do not necessarily reflect the views of EIAS and its supporting institutions



Copyright 2003, European Institute for Asian Studies (EIAS)
ISBN 90-74-104-69-X

All rights reserved

No parts of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, and recording or otherwise, without the permission of the EIAS

THE EUROPEAN INSTITUTE FOR ASIAN STUDIES (EIAS)

is a Brussels-based policy and research think-tank supported by the European Union (EU) which aims to promote understanding and cooperation between the EU and Asia. Its activities include undertaking research studies, organising briefings, seminars and conferences, inhouse publishing of research and briefing papers and a bi-monthly bulletin, supporting Europe-Asia networks and facilitating Internet exchanges. It seeks to provide information and expert advice to decision-makers at the European level as well to disseminate information on contemporary Asian affairs to a wider public. Thus EIAS acts as a forum for political economic and social issues concerning Asia and Europe.

1. Introduction

As far as the EU's influence on security on the Korean Peninsula is concerned, the EU is not considered to be a major player and hardly gets mentioned at all.¹ When reporting on North Korea these days, the international media usually refer to Washington's efforts continuing to seek a diplomatic solution with the help of South Korea, Japan and China.² Initial hopes that the EU's engagement course could facilitate and encourage a reunification of the two Koreas turned out to be overly optimistic. The prospects for a peaceful German-style reunification too seem non-existent as far as South Korea is concerned.³ Other commentators are more optimistic suggesting that the costs of Korean unification would be relatively low compared to the costs that a nuclear-armed North Korea could cause.⁴ However, as North Korea's current socio-economic indicators show, its economy is in a significantly worse state than East Germany's a decade ago, taking a reunification with the North off the agenda as far as South Korea is concerned.⁵ North Korea's concerns that it might be the next victim of a pre-emptive attack by the US aside, policy-makers in Brussels and Washington seem to agree that Pyongyang is to blame for the current diplomatic deadlock. The EU Council of Ministers followed the U.S. strategy announcing at its meeting in November 2002 that "failure to resolve the nuclear issue would jeopardise the future development of EU-DPRK relations."⁶ Indeed, EU policy-makers claim that whether the EU can continue to seek to engage the DPRK entirely depends on Pyongyang, and its willingness to negotiate security and nuclear issues multilaterally. Pessimism aside, the EU insists that it remains a strong supporter of South Korea's so-called "sunshine policy", seeking North Korea's engagement through economic assistance while displaying the ability to ignore North Korean propaganda and its belligerent rhetoric.

The EU's engagement course through economic and political support⁷ was believed to be successful and welcomed by the DPRK leadership because the EU:

- is a "distant power" with no strategic interests in the region
- has, unlike Japan, no colonial legacy on the Korean Peninsula
- is prepared to play the role as mediator and is prepared to leave "sensitive" issues undiscussed if necessary
- maintains diplomatic relations with the DPRK
- is a supporter of South Korea's "sunshine policy"
- is an important trading partner for the DPRK (above all textile imports from the DPRK)
- is "generous" with regards to humanitarian and food aid

As recent months, however, have shown, the EU's engagement course is not as successful or welcome as EU policy-makers initially believed.

¹Only China was successful bringing North Korea back to the negotiation table when it set up the U.S.-DPRK talks in Beijing in April 2003. Before the talks took place, it was reported that China put significant diplomatic pressure on Pyongyang to get North Korea back to the negotiation table. At the end of February, China temporarily stopped its oil deliveries to North Korea due to "technical problems" as it was reported; see When bluffs turn deadly; in: *The Economist* May 3rd, 2003

²See Ward, Andrew, North Korea Claims it has Nuclear Bomb; in: *The Financial Times* 16 July 2003

³Interview with a senior South Korean diplomat in Brussels February 2003; South Korea does not have the economic capacity and the capital to cover the costs of a German-style reunification, the diplomat maintained

⁴Furthermore, a recent study by Marcus Noland at the Institute of International Economics reveals, that if advantage is taken of efficiency gains through North Korean marketisation, a relatively young North Korean (significantly younger than the East Germany's workforce a decade ago) and well co-ordinated movements of labour, reunification would result in only a mild slowing of South Korea's economic growth rates.

⁵See Cha, Victor D., Korean Unification is Affordable; in: *The Far Eastern Economic Review* March 27, 2003, p.23

⁶See http://europa.eu.int/comm/external_relations/north_korea/intro/index.htm

⁷EU relations with the DPRK are based on the EU Council Conclusions of October 9 and November 20 2000 endorsing the Commission's decision to expand its assistance to the DPRK; *The EC-Democratic People's Republic of Korea (DPRK) Country Strategy Report 2001-2004*;

The EU's official engagement towards the DPRK is based on:

- a. The DPRK Country Report 2001-2001⁸ and
- b. The National Indicative Programme 2002-2004⁹

The agenda of the EU policy toward the DPRK is ambitious:

- EU commitment to the inter-Korean reconciliation process
- Increasing assistance to the DPRK in response to progress by the country in addressing EU concerns such as human rights, non-proliferation, security issues, economic structural reform, progress in inter-Korean reconciliation
- Expanding assistance to the DPRK also:
 - a. providing additional market access possibilities for DPRK exports
 - b. launching a technical assistance programme
 - c. humanitarian and food assistance
 - d. support for the Korean Peninsula Energy Development Organization (KEDO)
- Support of South Korea's "sunshine policy"
- Wide-ranging engagement toward the DPRK (regular political dialogue, humanitarian assistance and food aid, EU contribution to KEDO, trade opening, establishment of diplomatic relations, technical assistance)

To achieve its policy goals, the EU is following an approach of "quiet diplomacy" seeking to concentrate on policies and initiatives that do necessarily centre around security issues. Since October 2002 and the suspicions that North Korea is secretly producing nuclear weapons, the DPRK has restarted a mothballed nuclear reactor, expelled UN weapons inspectors, quit the Nuclear Non-Proliferation Treaty and has threatened to resume missile tests. These developments seemed to have put the EU's engagement course on hold diminishing the success of EU "quiet diplomacy" tactics.

Nevertheless, the EU's engagement strategy towards the DPRK is generally considered by South Korea and Japan, although to a lesser extent by the U.S., to be positive and constructive and the EU is indeed regarded as an important player as far as humanitarian and food aid are concerned.¹⁰

Whereas literature and materials on U.S. relations with the DPRK is numerous and accessible, literature and analysis of EU-DPRK relations is very limited. Since the beginning of the nuclear crisis October 2002, the vast majority of the current literature deals with U.S. strategies towards the DPRK and the U.S.-North Korea confrontation over security and nuclear issues. Analysis on EU-DPRK relations going beyond the description of current or planned EU contributions to the economic and social development in North is even harder to find. The EU's information published on EU-DPRK relations on the EU Commission's website does usually not reveal information beyond official declarations either.

http://europa.eu.int/comm/external_relations/north_korea/csp/01_04_en.pdf

⁸The EC-Democratic People's Republic of Korea (DPRK) Country Strategy Report 2001-2004;

http://europa.eu.int/comm/external_relations/north_korea/csp/01_04_en.pdf

⁹See The European Commission; National Indicative Programme 2002-2004 Democratic People's Republic of Korea (DPRK)

¹⁰Japan supports the U.S. hard-line towards practically unconditionally; see The Ministry of Foreign Affairs Japan; Statement by the Press Secretary/Director-General for Press and Public Relations, Ministry of Foreign Affairs, on the Resolution concerning North Korea at the January Meeting of the IAEA Board of Governors; <http://www.mofa.go.jp/announce/announce/2003/1/0106-3.html>; for reasons why Japan should support the U.S. strategy of containing North Korea see Gupta, Vipin, Wilkening, Dean, Korea: A Case for Containment; in: The San Diego Union Tribune February 11, 2003; <http://iis.stanford.edu/newsarticles/koreagupta.pdf>; critical on Japan's intention to follow the U.S. strategy of containment see Funabashi Yoichi, Japan's Diplomacy in Critical Test; in: The Asahi Shimbun 7 January, 2003; <http://www.asahi.com/column/funabashi/eng/TKY200302070197.html> (downloaded June 2003)

Press coverage on EU-DPRK relations is equally rare and the EU's policy towards the DPRK usually only makes it to the news when an EU high-level delegation travels to Pyongyang or the EU Commission decides to provide North Korea with humanitarian aid and food assistance when nobody else does. The lack of literature and press coverage, however, do not necessarily mean that the EU is an irrelevant actor on the Korean peninsula although the nuclear crisis and the absence of the EU in talks on security and nuclear issues limit the EU's role significantly.

This Briefing Paper is seeking to fill the gap of literature and analysis of EU-DPRK relations assessing the impact of the EU's engagement course towards the DPRK.

2. Origins of EU Engagement-The Agreed Framework

After a series of International Atomic Energy Agency (IAEA) inspections in the DPRK in 1992 and 1993, the IAEA claimed that there were significant discrepancies in the data provided by North Korea. In February 1993, it demanded to undertake inspections at two plutonium storage facilities at the Yongbyon nuclear complex. This request was followed by North Korea's announcement to withdraw from the Non-Proliferation Treaty (NPT) one month later. The U.S administration under President Clinton in 1994 reacted and reportedly considered bombing the Yongbyon nuclear facility. Former U.S. president Jimmy Carter visited Pyongyang in June 1994 and eventually convinced Pyongyang to get back to the negotiation table.

In the course of the U.S.-DPRK negotiations, North Korea's Kim Il Sung (who died in July 1994) agreed to freeze North Korea's nuclear facilities in return for new U.S.-DPRK talks. These talks eventually lead to the Agreed Framework in October 1994.¹¹ Apart from offering the prospects of economic and political relations, the U.S. agreed to establish the Korean Peninsula Energy Development Organization (KEDO) which would oversee the construction of two 1000-megawatt light-water reactors (LWRs) replacing North Korea's existing and planned graphite-moderated reactors capable of producing nuclear weapons-grade plutonium.¹²

Negotiations eventually resulted in the Agreed Framework between the U.S. and the DPRK. The Agreed Framework is *de jure* a bilateral agreement although *de facto* it is a multilateral agreement also addressing the interests of South Korea and Japan. It is however not a legally binding treaty but only a set of guidelines.¹³ The Agreed Framework froze North Korea's activities at the Yongbyon nuclear complex, including the operation of plutonium reprocessing facility.¹⁴

¹¹For details see e.g. Carter, Ashton B., Perry, William J., Back to the Brink; in: The Washington Post, Outlook Section, October 22, 2002

¹²The CIA estimated that a 50-megawatt reactor under construction in 1994 in Yongbyon and a 200-megawatt reactor under construction in Taechon would be able to produce 275 kilograms of weapons-grade plutonium each year (when and if fully operational). This according to the CIA would be enabled North Korea to produce up to 40 nuclear weapons per year; for details see also Albright, David, North Korea's Current and Future Plutonium and Nuclear Weapons Stocks; Institute for Science and International Security (ISIS) Issue Brief, January 15, 2003

¹³Von Hippel, David, Hayes, Peter, Nakata, Masami, Savage, Timothy, Greacen, Chris, Modernizing the Agreed Framework: The Energy Imperative; The Nautilus Institute February 2001; www.nautilus.org/papers/energy/Modernizing_AF.pdf (downloaded April 2003)

¹⁴See Pinkston, Daniel A., Implementing the Agreed Framework and Potential Obstacles; Paper for the 12th Pacific Basin Nuclear Conference in Seoul, Korea, 29 October 2002; Monterey Institute of International Studies, Center for Non-proliferation Studies; The reprocessing facility would have enabled North Korea to separate quantities of weapons-grade plutonium from the spent fuel taken from its operational graphite-moderated reactor; see Pollack, Jonathan D., The United States, North Korea, and the End of the Agreed Framework; to be published in the Naval War College Review (NWCRC) Summer 2003, Vol. LVI, No.3; preview can be downloaded at www.nwc.navy.mil/press/Review/2003/Summer/art1-adv-su3.htm (downloaded June 2003)

Contrary to some commentators in the U.S. who claimed that energy gained through light-water reactors could also be used for military purposes, the EU has always appropriately pointed out that extracting material from the light-water reactors for the production of nuclear weapons is practically impossible for the DPRK. EU KEDO officials have repeatedly stated that extracting material from the LWR requires enormous amounts of money, sophisticated technology and the complete absence of any monitoring regime and activity.¹⁵ The EU called the claim that the LWRs could be exploited for the production of nuclear weapons “completely nonsensical.”

Under the Agreed Framework, the U.S. was to provide the DPRK with 500.000 tons of heavy fuel oil yearly.¹⁶ North Korea in return agreed to suspend its withdrawal from the Non-Proliferation Treaty (NPT), to freeze and dismantle its graphite-moderated reactors at Yongbyon and Taechon and to come into compliance with its safeguard commitments under the NPT. Heavy fuel oil was chosen as fuel to be delivered to the DPRK since it was considered to be of no use to North Korea's military.¹⁷ Instead, heavy fuel oil is intended for use in electricity generation and heating plants although the DPRK never had the infrastructure to receive large shipments of this oil.¹⁸ The heavy fuel is equal to the thermal value of the fuel that would have fired a thermal power plant of the same size of North Korea's nuclear power reactors which were suspected to be producing plutonium.¹⁹ Under the Agreed Framework, however, the DPRK is not required to come into full compliance with its IAEA safeguards agreement until a significant portion of the first LWR is completed.²⁰ This was not the case at the time of the nuclear revelations in October 2002.

The Korean Peninsula Energy Development Organization (KEDO) was founded in 1995 in order to replace North Korea's nuclear facilities where weapons-grade fissile material was produced, with safer Light-Water Reactors (LWRs) under the Supervision of the International Atomic Energy Agency (IAEA).²¹ Light Water Reactors (LWRs) were considered to be necessary since the majority of North Korea's mines were flooded and the country's hydroelectric plants were badly damaged.²²

¹⁵See The European Union's Role on the Korean Peninsula and Implications for U.S. Policy; The Atlantic Council of the United States April 200; the U.S., however, was responsible for numerous delays in heavy fuel oil shipments to the DPRK. Negotiating the heavy fuel supply demands took two years instead of the scheduled six months. The so-called “Taepodong incident” when North Korea test-fired a Taepodong missile over Japanese territory in August 1998 as well as almost regular intrusions by North Korean submarines and warships into South Korean territorial waters (also in 1998) delayed the reactors' construction for at least another two years.

¹⁶See Agreed Framework between the United States of America and the Democratic People's Republic of Korea; <http://www.kedo.org/Agreements/agreedframework.htm>; the amount of heavy fuel oil was calculated according to the amount that would be used by the Sonbong Thermal power plant, which was considered to be equivalent in output to the nuclear power plants frozen under the AF. (Sonbong however is only operating at about 40% of its capacity)

¹⁷ Heavy fuel oil, however, is merely significant in winter in thermal power production leading analysts to believe that the impact of the absence of heavy fuel oil will not influence North Korea's political decision-makers. In fact, as Peter Hayes from the Nautilus asserts, “the delivery of heavy fuel was never more than a sub-optimized, politically driven way for the DPRK and the United States to come to a working agreement.”

¹⁸United States General Accounting Office, Status of Heavy Fuel Oil Delivered to North Korea Under the Agreed Framework; Washington D.C., USGAO September 1999

¹⁹For a suggestion on how to use heavy fuel oil deliveries to make progress on North Korean disarmament and nuclear transparency see Modernizing the Agreed Framework: The Energy Imperative; The Nautilus Institute; www.nautilus.org/papers/energy/Modernizing_AF.pdf

²⁰U.S. Department of State, Fact Sheet, Bureau of Non-proliferation Washington D.C. February 15, 2001 U.S.-DPRK Agreed Framework; <http://www.state.gov/t/np/rls/fs/2001/5284.htm>

²¹See Cheon, Seongwhun, The KEDO Process at the Crossroads, Session VII; www.fes.or.kr/K_Unification/U-paper7.htm (downloaded March 2003)

²²For details see Von Hippel, David, Hayes, Peter, Nakata, Masami, Savage, Timothy, Greacen, Chris, Modernizing the Agreed Framework: The Energy Imperative; The Nautilus Institute February 2001; furthermore and for details of the DPRK's energy sector see Von Hippel, David, Hayes, Peter, The Prospects for Energy Efficiency Improvements in the Democratic People's Republic of Korea: Evaluating and Exploring the Options; Nautilus Institute Report, December 1995; see also Von Hippel, David, Hayes, Peter, Demand and Supply of Electricity and other Fuels in the Democratic Peoples' Republic of Korea; Nautilus Institute 1997

In October 2002 then, the Agreed Framework has become de-facto obsolete due to North Korea's admitting that it maintains a nuclear weapons programme.²³ North Korea has finalised its break with the Agreed Framework with its withdrawal from the NPT on January 10, 2003.²⁴ North Korea became the first nation ever to quit the NPT and at the same time unilaterally cancelling all nuclear arrangements under the auspices of the International Atomic Energy Agency (IAEA).²⁵ Although the majority of commentators agree that mainly DPRK is to blame for the breakdown of the Agreed Framework, Selig Harrison, director of the Asia Program at the Center for International Policy, Washington, D.C. points out that the U.S. is at least partly responsible for its collapse. The Agreed Framework was violated by the U.S., he argues, when the Bush administration introduced a new U.S. national security doctrine announcing the possibility of pre-emptive military strikes, including against North Korea.²⁶

2.1. The Agreed Framework and KEDO-The EU's Involvement

Following the signature of the Agreed Framework, the EU recognised the role KEDO could play to secure peace and stability on the Korean peninsula.²⁷ To stress the EU's interest and commitment to KEDO, it became a member of the KEDO Executive Board in September 1997.²⁸ While KEDO was created as a political organisation designed primarily to achieve nuclear non-proliferation objectives, the light-water reactor project was meant to address practical issues facing the energy sector in the DPRK. KEDO always had a political agenda for the EU too which claimed that the EU is especially "welcome because it is unencumbered by the private agendas that some other representatives have."²⁹ EU engagement in KEDO has, according to EU policy-makers, helped to make KEDO more credible confirming to North Korea that the Agreed Framework enjoys international backing.

²³See Larkin, John, Up to the Same Old Tricks; in: The Far Economic Review Nov. 21, 2002, p.16-20

²⁴The U.S., already suspected back in 2001 that North Korea has produced enough plutonium for at least one nuclear weapon; see Unclassified Report to the Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, 1 January through June 2001; Washington D.C., Central Intelligence Agency, January 2002; see also Foreign Missile Developments and the Ballistic Missile Threat Through 2015; National Intelligence Council (NIC), Washington D.C., December 2001; the wording of U.S. intelligence reports were ambiguous and at times contradictory leaving it open whether North Korea has already fabricated and deployed nuclear weapons; see also Cox, Christopher, Clinton-Gore Aid to North Korea Supports Kim Jong-Il's Million-Man Army: Enough Plutonium to Build 65 Bombs a Year; US House of Representatives Policy Committee July 27, 2000; reading the U.S. intelligence documents, however, it did not become clear whether the U.S. believes that North Korea has "only" enough plutonium to produce nuclear weapons or whether North Korea has in fact already fabricated the nuclear weapons. Although the Bush administration claimed at the beginning of 2001 that North Korea has already fabricated nuclear weapons, CIA intelligence reporting was more cautious claiming that "North Korea has probably produced enough plutonium for at least one, and possibly two, nuclear weapons."

²⁵See Pollack, Jonathan D., The United States, North Korea, and the End of the Agreed Framework; to be published in the Naval War College Review (NWCRC) Summer 2003, Vol. LVI, No.3; preview to be downloaded at www.nwc.navy.mil/press/Review/2003/Summer/art1-adv-su3.htm (downloaded June 2003)

²⁶See Online News Hour October 17, 2002-Going Nuclear; http://www.pbs.org/newshour/bb/asia/july_dec02/nuclear_10-17.html; (downloaded May 2003); see also Agreed Framework between the United States of America and the Democratic People's Republic of Korea; <http://www.kedo.org/Agreements/agreedframework.htm> : "The U.S. will provide formal assurances to the DPRK, against the threat or use of nuclear weapons by the U.S."

²⁷See Leng, Jean-Pierre, The European Perspectives of KEDO; LNCV-Korean Peninsula: Enhancing Stability and International Dialogue; Istituto Nazionale di Fisica Nucleare Rome June 2000; <http://www.mi.infn.it/~landnet/corea/proc/030.pdf> (downloaded May 2003)

²⁸For the Agreed Framework see <http://www.kedo.org/pdfs/AgreedFramework.pdf>

²⁹See The European Union's Role on the Korean Peninsula and Implications for U.S. Policy; The Atlantic Council of the United States April 2001

The EU for its part has always insisted that the Agreed Framework and KEDO do not provide a framework for EU policy towards North Korea and do not replace a comprehensive EU policy towards the DPRK.³⁰ Since 1996, the EU has provided a total of €115 million in funding for KEDO, excluding additional bilateral contributions of a number of EU Member States.³¹ However, the EU's financial contribution to KEDO is very modest amounting to only 2% of the overall costs (90% of the costs are covered by South Korea and Japan) of KEDO. Some commentators identify a contradiction of EU policy towards the DPRK: Whereas the EU is holding a seat on KEDO's Executive Board, the EU's financial contribution is very small compared to South Korea's and Japan's. On November 14, 2002, one month after the nuclear revelations in North Korea, KEDO with the support of the EU, decided to suspend the delivery of heavy fuel oil until the DPRK convinces the KEDO members that it has "taken concrete and credible actions to dismantle completely its highly-enriched uranium programme."³² At the end of 2002, the EU's General Affairs & External Relations Council discussed KEDO and the admission by North Korea of its development of a allegedly clandestine nuclear weapon programme. Despite the nuclear revelations, the EU Council back then also agreed to send a high-level EU Mission to Pyongyang.³³ Due to the fact the first LWR is in 2003 still far from being completed, North Korea at the end of 2002 declared the Agreed Framework "nullified." In November 2002, KEDO's Executive Board decided to suspend heavy fuel deliveries to North Korea.³⁴ The construction of the light-water reactors was suspended and the continuation of KEDO remains very much in doubt for the time being. In fact, South Korea's Korea Electric Power Corp. (KEPCO), in charge of constructing the reactors, estimates that the reactors will not be completed before 2010 even if the construction work were being restarted any time soon.

³⁰Cotta-Ramusino, P., Gambier, Martellini, M., Vogelaar, M. Th., *The Rehabilitation of the Electric Systems in the DPRK*; Landau Network-Centro Volta (LNCV, Como, Italy, December 2001

³¹The European Commission; *The EU's relations with the Democratic People's Republic of Korea-DPRK (North Korea) Overview*; http://europa.eu.int/comm/external_relations/north_korea/intro/index.htm

³²See KEDO Executive Board Meeting Concludes-November 14, 2002, KEDO New York, www.kedo.org/news_detail.asp?NewsID=10; see also Hayes, Peter, *KEDO Fuel Oil and the DPRK: A Special Report*; the Nautilus Institute; downloaded at <http://nautilus.org/napsnet/sr/index.htm> (April 2003)

³³See The European Commission; General Affairs & External Relations Council (GAERC); Extracts from successive General Affairs & External Relations Councils; http://europa.eu.int/comm/external_relations/north_korea/intro/gac.htm

³⁴Statement by KEDO Executive Board 14 November 2002; http://europa.eu.int/comm/external_relations/asia/news/kedo_141102.htm; in July 2003 the Japanese government proposed to suspend the construction of the light-water reactor altogether, a proposal supported by the U.S as well; see e.g. *Japan Proposes Suspending KEDO Reactor Building*; in: *The Japan Times* July 4th, 2003

3. EU-DPRK Relations-EU Objectives

The EU is committed to promoting peace and security on the Korean peninsula as well as inter-Korean reconciliation, reads the EU Commission's website.³⁵ The current nuclear crisis and North Korean threats to develop and deploy nuclear weapons moved the interest of nuclear non-proliferation on the Korean peninsula on top of the agenda. Even though the European Union is not involved in discussions on security and nuclear issues on the Korean peninsula, the issue of nuclear non-proliferation is expected to be dominating the agenda for the months to come. The nuclear crisis on the Korean peninsula and the EU's commitment to be an active player with regards to reconciliation on the Korean peninsula aside, the state of economic and trade ties with the DPRK do not suggest strong EU interest in the DPRK. Indeed, the absence of incentives to invest in North Korea as well as recent data on EU-DPRK trade do not explain why the EU is interested in maintaining and even expanding relations with the DPRK. North Korea accounted only for 0.015% of the EU's overall foreign trade in the year 2000 (0.022% in 1998) (see Table 3 below).

As shown in Table 1, trade with the EU is of course significantly more important for the DPRK. Trade with the EU accounted for 13.7% of the DPRK's overall trade in 2000 (24.3% in 1998).³⁶ In other words: Whereas its trade with the DPRK is almost irrelevant for the EU, North Korean exports to the EU are playing an important part in keeping North Korea's economy from total collapse. As shown in Table 2, Germany and the Netherlands alone account for almost 9% of North Korea's trade.

Table 1

EU-DPRK Trade-Relevance for North Korea (Unit: US\$1,000)

Year	1996	1997	1998	1999	2000
Imports	56.057	108.215	105.117	58.401	111.867
Exports	220.168	227.466	245.292	132.860	158.083
Total	276.225	335.681	350.409	191.261	269.950
North Korean	1.976.000	2.177.000	1.442.000	1.480.000	1.972.000
Trade (Total)	(14%)	(15.4%)	(24.3%)	(12.9%)	(13.7%)

Sources : Kim, Sam-sik, Current Status and Prospects of Economic Exchanges between North Korea and the EU; <http://www.kotra.org.kr/main/info/nk/eng/main.php3> (downloaded June 2003); Frank, Rüdiger, EU-North Korean Relations: No Efforts without Reasons; in: International Journal of Korean Unification Studies Vol. 11, No.2, 2003; Korea Institute for National Unification Studies, p. 105; Nam, Woo-suk, North Korea's Foreign Trade in 2001; <http://crm.kotra.or.kr/main/info/nk/eng/main.php3> (downloaded May 2003)

³⁵The European Commission; The EU's relations with the Democratic People's Republic of Korea-DPRK (North Korea) Overview; http://europa.eu.int/comm/external_relations/north_korea/intro/index.htm

³⁶See Kim, Sam-sik, The Purpose of North Korea's Economic Tour of Europe (2002); www.kotra.or.kr/main/info/nk/eng/main.php3 (downloaded February 2003); also Frank, Rüdiger, EU-North Korean Relations: No Efforts without Reasons; in: International Journal of Korean Unification Studies Vol. 11, No.2, 2003; Korea Institute for National Unification Studies

Table 2*DPRK's Largest Trade Partners (Unit: US\$1,000)*

Country	NK Export		NK Import		Total		Trade Share %	
	2001	2002	2001	2002	2001	2002	2001	2002
1 China	166,797	270,863	570,660	467,309	737,457	738,172	32.6	32.7
2 Japan	225,618	234,404	249,077	135,137	474,695	369,541	21.0	16.3
3 Thailand	24,098	44,616	105,964	171,966	130,062	216,582	5.8	9.6
4 India	3,060	4,768	154,793	186,573	157,853	191,341	7.0	8.5
5 Germany	22,756	27,799	82,077	140,418	104,833	168,217	4.6	7.4
6 Singapore	3,050	796	112,298	83,026	115,348	83,822	5.1	3.7
7 Russia ³⁷	4,541	3,642	63,794	77,048	68,335	80,690	3.0	3.6
8 Hong Kong	37,974	21,940	42,555	29,169	80,529	51,109	3.6	2.3
9 Netherlands	10,424	6,377	9,067	27,620	19,491	33,997	0.9	1.5
10 Bangladesh	37,701	32,267	1,275	490	38,976	32,757	1.7	1.4
Subtotal	536,019	647,472	1,391,560	1,318,756	1,927,579	1,966,228	85.3	87.0
DPRK Total	650,208	734,992	1,620,291	1,525,396	2,270,499	2,260,388	100.0	100.0

Source: Lee Chang-hak, North Korea's Foreign Trade in 2002; Korea Trade-Investment Promotion Agency (KOTRA); <http://crm.kotra.or.kr/main/info/nk/eng/main.php3>; (downloaded June 2003)

3.1. Engagement and the EU's Common Foreign and Security Policy (CFSP)

The EU's policy of engagement could become a "test case" for its Common Foreign and Security Policy (CFSP), claim some observers. Whereas the EU was unable to formulate anything resembling a common position during the US-led invasion of Iraq, agreeing on official declarations condemning North Korea's nuclear weapons programme has seemed feasible. It was hoped in Brussels that formulating a common foreign and security policy centred on humanitarian assistance, food aid and technical assistance should present relatively few problems. Furthermore, a common foreign and security towards the DPRK would increase the EU's visibility and influence as an actor (and possibly decision-maker) in international politics, it was hoped.

In reality, however, North Korea is very unlikely to become a test case for the EU's CFSP as long as the EU is excluded from negotiations on security and nuclear issues.³⁸ Given the DPRK's current "strategy" to replace diplomacy with military threats towards South Korea and Japan, it is unlikely that increased EU initiatives could have had a significant influence on the crisis anyway. What's more, being excluded from these negotiations seems almost reasonable in the EU context, given that its member states have different strategies for dealing with nations in possession (or allegedly in possession) of weapons of mass destruction. However, the EU's failure to formulate and implement a common stance and position on the war in Iraq is also responsible for the fact that especially the U.S. does not yet take the EU as an actor in international politics seriously. A more active role and

³⁷Especially the decrease of trade relations with Russia in the 1990s is significant; while DPRK-Russia trade in 1990 was still 2.223 million US-dollars, it is currently only roughly 80 million US-dollars; see also Hilpert 2003, p.19

³⁸The EU has over the recent years insisted that security and non-proliferation issues are not the exclusive concern of the U.S. urging North Korea to maintain the moratorium on flight tests of long-range missiles; not even China, North Korea's "semi-friend", has not yet been able to convince Pyongyang to change negotiation (some say "blackmail") tactics; see When bluffs turn deadly; in: The Economist May 3rd, 2003

requesting the U.S. to consult with the EU as a full-fledged political power, could indeed create incentives for the U.S. to reconsider its antagonistic policy towards the DPRK. Given the U.S. unilateralist tendencies and the EU's reluctance to criticise U.S. policies in general, however, this has become increasingly unrealistic. What's more, as the war in Iraq has shown, the EU is still nowhere near implementing its CFSP. Other commentators add that its engagement course towards North Korea is not yet a test case because the EU's more powerful nations (Germany, UK and France) dominate the policy towards North Korea. With the EU's CFSP yet unimplemented, Rüdiger Frank argues, there is sufficient room for the economically and politically powerful nations to dictate the EU their policy towards the DPRK.³⁹

3.2. The EU as "Mediator"?

Given the absence of EU strategic interests on the Korean peninsula, it was hoped that the EU could play the role as mediator between the U.S. on the one and North Korea on the other hand. However, the EU has not yet been able to take the role as mediator between the DPRK and the U.S./South Korea and Japan and it remains very doubtful that the DPRK will accept such a EU role any time soon. In fact and given the state of the EU's CFSP, it remains highly unlikely that the EU could play any role in "high politics", comprising security and nuclear issues, any time soon. Instead, the EU will have to focus its engagement on "low politics" issues such as energy development, technical assistance, humanitarian assistance and food aid.⁴⁰

Given the current diplomatic stalemate, the U.S. for its part does not seem interested in attributing a mediator role to the EU. Some commentators hoped earlier that the U.S. could use the EU's role and engagement course as a "hidden trump card" for U.S. policy towards the DPRK. Complementing its own policy with the EU's engagement course it was hoped, would grant a degree of flexibility to a U.S. foreign policy mainly characterised by antagonism to the DPRK. This, however, turned out to be a case of wishful-thinking too.

Given the fact that the EU is still in the process of formulating and implementing its common foreign and security policy at the same time being excluded from negotiations on security issues, hopes that the EU's engagement on the Korean peninsula could set an example to counter U.S. unilateralist tendencies in world politics remain unfulfilled for the time being. EU policy-makers emphasise that the EU policy towards the DPRK is not independent but complementary to South Korean policy towards North Korea. South Korean commentators, however, wonder what exactly is to be understood by "complementary." EU policies towards the DPRK seem to lack a long term strategy and the objectives and goals of the EU strategy are hard to define, goes the criticism.⁴¹ Then again, South Korea does not necessarily expect the EU to pursue a cohesive and longterm towards North Korea admitting that not even South Korea's strategy itself is cohesive either.⁴²

³⁹ Especially Germany, the EU biggest trader with the DPRK within the EU, has, as some assert, an interest in maintaining relations with the DPRK without EU "interference." Germany has imported goods worth 22.756.000 million US-dollars from the DPRK and has exported goods worth 82.077.000 million US-dollars to the DPRK in 2001 (total EU trade with the DPRK: 231.109.000 million US-dollars); for details see Nam, Woo-suk, North Korea's Foreign Trade in 2001; <http://crm.kotra.or.kr/main/info/nk/eng/main.php3> (downloaded May 2003)

⁴⁰ See Heiskanen, Markku, A Multilateral Scenario for Korea-The Role of the European Union; The Nautilus Institute Policy Forum March 25, 2003; http://www.nautilus.org/fora/security/0324A_Heiskanen.html (downloaded June 2003)

⁴¹ Interviews with Seung-Yul Oh, Senior Research Fellow, Korea Institute for National Unification

⁴² Interview with Seongwhun Cheon, Senior Research Fellow, Korea Institute for National Unification

4. EU-DPRK Relations-DPRK Interests

North Korea's leadership, at least judging from North Korea's state-controlled news agency Korean Central News Agency (KCNA) as well as some EU insiders, is not interested in including the EU in talks on security because it is "disappointed." The EU, so the argument goes, has decided to follow the U.S. North Korean hard-line making its engagement course dependent on North Korea's willingness to abandon its nuclear (weapons) programme. From a North Korean perspective including the EU in talks on security would consequently not be to North Korea's advantage if the EU policy did not differ from U.S. strategies dealing with Pyongyang.

North Korea's propaganda aside, its refusal to include the EU in negotiations resolving the nuclear crisis on the Korean peninsula clearly shows the limits of North Korea's interest in maintaining relations with the EU. Whereas EU humanitarian and food aid as well as technical assistance is welcome, the DPRK seemingly shows no interest in "employing" the EU as a mediating force with regards to security issues. Leaving economic and humanitarian assistance aside, North Korea's leadership seems to have chosen to "snub" the EU (as well as Japan and South Korea) on security issues due to the EU's limited political leverage in international politics. This strategy follows Pyongyang's realist assumption that military power and the ability to threaten negotiations partners is the basis for negotiations with other states.

The political leadership in Pyongyang seems to remain unconvinced that the EU could act as a counterbalance to American dominance in world politics and unilateralist tendencies. Rationally speaking, this way of dealing with the EU, however, remains incomprehensible given that the EU (again like South Korea and Japan) is, compared with the U.S., much more likely to offer economic incentives and financial support if progress on resolving the nuclear crisis is being made.

Data on EU-DPRK trade suggest that North Korea should be more interested in maintaining relations with the EU. As shown in the Table 3, EU-DPRK trade, based on trade volume, is roughly 1,000 times as relevant for the DPRK than it is for the EU even though EU-DPRK trade in the year 2002 is significantly higher than EU-DPRK trade in the year 2001 (see Table 4). Given the current nuclear crisis, and the uncertain outcome of the US-DPRK confrontation, the prospects for increased EU-DPRK trade, or even further EU foreign direct investments in North Korea, however, remain bleak.⁴³

⁴³Foreign investment in DPRK remains extremely low, with practically no official development assistance and very little capital from foreign direct investment. The Rajin-Songbon Enterprise Zone e.g. had initially attracted contracts valued at \$650 million, but only realised \$120 million by 2000; see also Lee, Chan- Woo, North Korean Foreign Capital Investment Inducement Policy and its Current Status; KOTRA, January, 2001; www.kotra.or.kr/english

Table 3*EU-DPRK Trade-Relevance (Unit: 1.000 US Dollars)*

YEAR	1998	2000
Trade EU-DPRK-Total	350.409	269.950
Total North Korean Trade percentage of EU-DPRK Trade	1.442.000 (24.4%)	1.972.000
Total EU Trade percentage of EU-DPRK Trade	1.615.200.000 (0.022%)	1.811.000.000 (0.015%)
Relevance for North Korea	1105 (times more relevant for North Korea)	913 (times more relevant for North Korea)

Sources : Kim, Sam-sik, Current Status and Prospects of Economic Exchanges between North Korea and the EU; <http://www.kotra.org.kr/main/info/nk/eng/main.php3> (downloaded June 2003); Frank, Rüdiger, EU-North Korean Relations: No Efforts without Reasons; in: International Journal of Korean Unification Studies Vol. 11, No.2, 2003; Korea Institute for National Unification Studies, p. 105; Nam, Woo-suk, North Korea's Foreign Trade in 2001; <http://crm.kotra.or.kr/main/info/nk/eng/main.php3> (downloaded May 2003)

Table 4*DPRK-EU Trade in 2001/2002⁴⁴ (Unit: US\$1,000, %)*

Category	NK's Export		NK's Import		Import & Export Total	
	2001	2002	2001	2002	2001	2002
EU Countries	81,062	65,031	232,461	282,659	313,523	347,690

Source: Lee Chang-hak, North Korea's Foreign Trade in 2002; Korea Trade- Investment Promotion Agency (KOTRA); <http://crm.kotra.or.kr/main/info/nk/eng/main.php3> (downloaded June 2003)⁴⁵

⁴⁴Export recorded \$65.03 million, a decrease by 19.8% from the previous year, but export recorded \$282.66 million and trade showed a substantial growth by 21.6% over preceding year. While DPRK's top export items included clothing, mineral products, jewellery and base-metal products were stagnant, its largest import product, machinery, increased.

⁴⁵For earlier data see also Nam, Woo-suk, North Korea's Foreign Trade in 2001; <http://crm.kotra.or.kr/main/info/nk/eng/main.php3> (downloaded May 2003)

4.1. The EU as DPRK's "Trump Card"?

Critics at times suspect that North Korea's interest in the EU is more "tactical" than "genuine" seeking to achieve greater international recognition. That applies especially to the establishment of the EU-DPRK political dialogue, is being argued. This seemed indeed to be the case when Pyongyang urged the EU to put pressure on the U.S. to agreeing to talk to North Korea on a bilateral level in February 2003.⁴⁶ Unsurprisingly, the EU, officially committed to promote a multilateral dialogue to solve the crisis on the Korean peninsula, did not respond to this "request." North Korea's refusal to include the EU in talks on security and nuclear issues on the other hand suggests that a DPRK's strategy to "play off" the EU against the U.S. has only very limited significance within the overall DPRK foreign policy strategy.

The belief was that the DPRK was originally interested in maintaining and expanding relations with the EU because the EU engagement course differed significantly from the confrontational U.S. course. More pessimistic North Korea observers, however, fear, it will only turn to the EU for political and diplomatic support if its bilateral negotiations with the US were to end in a permanent deadlock. However, its relations with the EU have hardly developed into a "trump card" for North Korea squeezing concessions and cash out of the EU or US. The reverse is the case. Humanitarian assistance and food aid aside, the EU clearly is in no mood to make any concessions that would anger policy-makers in Washington or Tokyo.

4.2. Relations with the EU-Securing the Regime?

North Korea's regime security is, at least according to Pyongyang, externally threatened by the U.S. This perception became stronger when U.S. president Bush made North Korea a member of his infamous "axis of evil." However, North Korea's reasoning with regards to regime security is not necessarily credible given that North Korea is still launching ballistic missiles towards Japanese territory ("missile test", says Pyongyang), is intruding South Korean and Japanese territorial waters and is exporting missiles and missile technology to the Middle East. Pyongyang itself seems to be convinced to be able to achieve security by threatening its neighbours seeking to obtain concessions from South Korea and Japan. Leaving aside that the U.S. does indeed not exclude to "solve" the nuclear crisis militarily, North Korea's international political isolation and the very limited access to foreign media sources are partly responsible for the fact that it feels threatened by the U.S. North Korea's public is exposed to very little or no contact with the outside world making it "easy" for the regime in Pyongyang to portray the U.S. and to a lesser extent Japan as a threat to North Korea's security.

The deliberate exclusion of the EU with regards to security and nuclear issues does suggest that the DPRK does not regard relations with the EU to contribute to the securing of the regime. If that were the case, the DPRK would indeed not refuse but welcome a EU role in discussing security issues with the EU. The EU is, at least as far as Pyongyang is concerned, not a military power and including the EU in negotiations on security issues is therefore very unlikely to have an influence on a U.S. strategy to attack the DPRK pre-emptively.

North Korea's "regime security argument", however, is often not taken seriously by the EU (and the

⁴⁶Agence France-Presse Feb. 13, 2002, N Korea tells EU to exert more pressure on US ; Senior foreign ministry official Ri Kwang Hyok: "We hope the EU member states can influence the US so they will agree to our proposal to have DPRK-US talks and solve the nuclear issue in a peaceful way."

U.S.) Official statements and media reports usually argue that North Korea does not need to feel threatened as long as North Korea does not threaten its geographical neighbours and U.S. soldiers stationed in Asia with nuclear weapons. This gap of perception between the DPRK on the one and the U.S. and the EU on the other hand will continue to pose a problem with regards to solving the nuclear crisis. This problem could be solved if the U.S. changed strategy and gave Pyongyang the guarantee not to attack North Korea pre-emptively. The U.S., however, is very unlikely to give this guarantee any time soon and the EU does not urge the U.S. to do so either.

Taking North Korea's perception that military power is the basis for political influence into consideration, it can also be assumed that the DPRK has chosen not to take the EU seriously as negotiation partner because the EU is not being perceived as strategic and military power.

4.3. The EU's Engagement Course- A Threat to Pyongyang?

Taking Pyongyang's propaganda and rhetoric as standard, the assumption that Pyongyang's leadership feels threatened by the EU's engagement is worthy of consideration. North Korea's refusal to discuss human right issues with the EU (see below) somehow confirms this assumption. A democratic EU as well as EU efforts to promote democracy in the DPRK could indeed be considered to be a threat to the dictatorship in Pyongyang. In that context, the democratisation process in the former Soviet Union which ended in the dissolution of the Soviet Union serves as "detering example" for Pyongyang. The model of German reunification having lead to the collapse of the Eastern Germany's communist regime too is without a doubt considered to be a threat to the regime in Pyongyang.⁴⁷ However, it still seems very unlikely, at least for the time being, that the North Korean population would be able to initiate and carry out public demonstrations and protests that would eventually lead to the collapse of the regime in Pyongyang. North Korea is not former Eastern Germany and the population is very unlikely to be able to force the regime in Pyongyang to introduce democratic structures. Although South Korea, its prosperity and economic success stands in sharp contrast to the economic and social situation in the North, there is little indication that South Korea's wealth or democratic political system is a serious challenge to North Korea's political leadership.

Within the context of Pyongyang's rhetoric and propaganda on regime security, it has to be taken into consideration that the news and announcements coming out of the DPRK are exclusively transmitted through the Korean Central News Agency (KCNA), the government's official mouthpiece mainly in charge of political propaganda and anti-Americanism. Defining North Korea's policy based on what the KCNA reveals as the government's position is not necessarily appropriate and numerous political U-turns and last-minute concessions to negotiate (with the U.S., South Korea and Japan⁴⁸) over the recent years have shown that North Korea's actual policy might eventually indeed differ from KCNA's propaganda. EU policy-makers, of course, are aware of the quality and purpose of KCNA's reporting and propaganda and attribute only limited importance to KCNA's reporting. As shown above, North Korea's interest in relations with the EU remain hard to define given the lack of transparency and the lack of a consistent North Korean foreign policy strategy.

⁴⁷See Hilpert, 2003, p.23

⁴⁸In support of the U.S. strategy, Japan has recently announced a dialogue-and-pressure approach towards North Korea; see Tongue-tied over North Korea policy ; in: The Asahi Shimbun May 29, 2003; <http://www.asahi.com/english/politics/K2003052900434.html> (downloaded May 2003)

5. Security on the Korean Peninsula and the EU-Watching from a Distance

The above mentioned absence of a European colonial legacy on the Korean peninsula and the EU engagement course initiated in the mid-1990s did not significantly increase the EU's chances of being an important negotiating partner for the DPRK with regards to security issues. Indeed, the EU is watching from a safe distance as far discussing security on the Korean peninsula is concerned.

EU policy-makers initially hoped that the advantage of being a “distant power”, with no strategic interests and colonial legacy on the Korean peninsula, would encourage the leadership in Pyongyang to accept, and even welcome, the EU's presence at the negotiating table. As a “soft power”, the argument went, the EU could act as a mediator between the U.S. and Japan on the one hand, and the DPRK on the other. This has proved to be a case of wishful thinking, however. Hopes that the DPRK might want to include the EU in any multilateral negotiation process on security or energy because the DPRK trusts a “politically neutral” EU did not become reality either. Equally unrealistic was, as some commentators initially hoped, that establishing political relations would enable the EU to put pressure on the leadership in Pyongyang to give up its nuclear ambitions.

5.1. A Lost Opportunity?

Whereas the EU itself states that its role seeking a peaceful solution for the nuclear crisis on the Korean peninsula can only be “complementary” to the role taken by the U.S., South Korea and to a lesser extent Japan, critical commentators argue that the EU has simply not taken the nuclear crisis on the Korean peninsula as an “opportunity” to increase its efforts seeking a peaceful solution for the crisis on the Korean peninsula. Indeed, if conflict prevention is one of the main goals of the EU global foreign policy agenda, then the current EU engagement in security issues on the Korean peninsula is not sufficient.

The EU's passivity and reluctance in security issues, critics argue, could indeed “backfire” given the fact that the U.S. does not exclude a pre-emptive strike on North Korea as an option of its North Korea policy. On the other hand, however, the EU's reluctance to include itself more actively in negotiations on security might suggest that EU policy-makers, unlike their counterparts in the U.S., do not believe that the DPRK poses an immediate and direct military threat.

For the time being, the EU's initiatives in security issues do not go beyond joint statements condemning North Korea's plans to develop nuclear weapons. The EU's own reluctance trying to include itself more actively in the current negotiation process does indicate that the EU seems content playing a secondary role when security issues are on the agenda. This is not yet good enough for an institution which claims to have made significant progress in implementing its Common Foreign and Security Policy (CFSP). Judging by the current diplomatic deadlock between the U.S. and North Korea, a more active EU participation is without a doubt desirable putting the EU's Common Foreign and Security Policy (CFSP) to the test.

Whether the critique that North Korea's strategy to insist on bilateral negotiations with the U.S. on security issues is used as a “welcome” excuse to justify the EU's passivity in security issues, however, is debatable and not necessarily true. A recent initiative of the EU Parliament, to set up 7-nation meeting in Brussels to discuss nuclear issues relating to the Korean peninsula, seems to

suggest the opposite.⁴⁹ The EU Commission, however, has not yet acted upon the EU Parliament's call to convene this meeting and it remains very much in doubt whether the EU has the political clout and authority as a host to convince the DPRK to attend such a multilateral meeting any time soon.

This assessment was confirmed when the EU did not get invited to multilateral talks on North Korea's nuclear weapons programme which took place in Beijing in August 2003. After months of diplomatic stalemate, the U.S., China, Japan, South Korea and North Korea agreed to address the nuclear crisis multilaterally and the EU's absence in Beijing once again confirmed that it is not a relevant player with regards to the nuclear crisis on the Korean peninsula.

6. EU-DPRK Political Dialogue

Since 1998, the EU has held five rounds of political dialogue with the DPRK at the level of senior officials (Regional Directors), the last one in June 2002 in Pyongyang.⁵⁰ The EU is usually very guarded as to the contents and outcome of these meetings, usually describing them as "useful" and "constructive." Despite the above mentioned EU "advantages" (the absence of EU strategic interests on the Korean peninsula e.g., see above), however, the EU was not capable of translating these advantages into the establishment of political relations that go beyond political dialogue held once a year. In EU Council resolutions from October and November 2000, the EU decided to pursue a more comprehensive approach towards relations with the DPRK in its efforts to expand its relations. The Council resolutions, however, stated that the expansion of relations would be linked to "North Korea's response to international concerns about progress on inter-Korean reconciliation, non-proliferation issues, respect for human rights and economic structural reforms in the DPRK."⁵¹

6.1. Human Rights-Off the Agenda

The EU has set itself the ambitious goal to combine its assistance for sustainable development and social development with requests vis-à-vis the North Korean leadership to respect and eventually implement democratic principles and human rights. Discussing human rights with the EU, however, is, for the foreseeable future, off the agenda as far as the DPRK is concerned. The EU and the DPRK started discussing human rights in June, 2001, only to see the talks break down after only one session. Despite this setback, and despite Pyongyang's refusal to put the issue back on the agenda ever since, the EU still insists that the subject remains a "natural topic" for discussion with the DPRK given the "very grim conditions in North Korea."⁵² It has admitted, however, that its talks with North Korea on human rights "do not yet match", in quality and substance, its human rights dialogue with China. Given the poor quality of the EU-China dialogue, this assessment is hardly encouraging.

The initial enthusiasm on the EU-North Korean political dialogue proved to be premature. Discussions on human rights as well as on democratisation with the DPRK are very likely to remain

⁴⁹ Recently a report called "Turning Point in North Korea" drafted by the Task Force on U.S. Korea Policy (posted as Nautilus Special Report) suggests that a multilateral conference should be convened in Brussels. Participants would be the DPRK, the EU, the U.S., South Korea, China, Russia and Japan; for the report see Nautilus Institute's website www.nautilus.org

⁵⁰The European Union in the U.S. News Releases; www.eurunion.org/news/press/2001/2001033.htm

⁵¹See The European Commission, The EU's relations with the Democratic People's Republic of Korea-DPRK (North Korea), Overview; http://europa.eu.int/comm/external_relations/north_korea/intro

⁵²The European Union's Role on the Korean Peninsula and Implications for U.S. Policy; The Atlantic Council of the United States April 2001

fruitless unless the regime in Pyongyang really commits itself to democratisation and human rights. That however is clearly not in the offing—the human rights record in the DPRK remains very poor and the introduction of democratic principles is not an option for the leadership in Pyongyang. Despite the EU's strategy to engage North Korea at times avoiding sensitive issues for the sake of maintaining the dialogue, it presented a resolution on human rights in the DPRK at the 53-member UN Commission on Human Rights in Geneva, with support of the US and Japan⁵³. South Korea announced not to participate in the vote because of the impact it might have on its diplomatic efforts to solve the nuclear issue. The EU resolution, the first formal UN assessment of human rights in the DPRK, was accepted by 28 against 10 (including China), with 14 abstentions. The resolution expressed deep concern at the precarious human rights situation in the DPRK, characterised by widespread abuses, such as torture and public executions, as well as all-pervasive and severe restrictions on freedom of thought and expression.⁵⁴ The Korean Central News Agency (KCNA), Pyongyang's official mouthpiece for its part reacted immediately accusing the EU of "political provocation." North Korea warned that the EU resolution will have a "negative impact" on further EU-DPRK co-operation.⁵⁵ Progress on the talks on human rights and democratisation remains very unlikely in the near future, given North Korea's reluctance to discuss the issue at all. Indeed, such talks are considered to be "regime threatening" in Pyongyang, and are therefore off the agenda.

To avoid a diplomatic stalemate and the breakdown of the talks some commentators suggested earlier that political dialogue should focus on co-operation instead of setting preconditions for co-operation leaving human rights and other sensitive issues aside until the EU and North Korea have established a stronger basis of mutual trust. This, however, is neither advisable nor seems to be an option for the EU. Opponents of an EU engagement course on the other hand claim that support and assistance for North Korea does not at all promote or start a democratisation process, but does rather encourage the North Korean regime not to change its current political course. Helping a dictatorship survive cannot not promote human rights or democracy, goes the argument.

6.2. EU-DPRK Diplomatic Relations

Establishing diplomatic relations with the DPRK back in 2001 was an important step towards establishing full-fledged political relations with the DPRK. Before it turned out that the DPRK showed no intention of including the EU in discussions on security issues, some commentators went as far as to associate the establishment of EU-DPRK relations with a "spectacular boost" of bilateral relations.⁵⁶

Initial (and inappropriate as it turned out) enthusiasm aside, North Korea started to get more interested in expanding its political and diplomatic relations with the EU when in 2001 it turned out that establishing relations with the U.S. would prove to be very difficult if not impossible any time soon. The EU's initiative, as South Korean commentators at times suggest, to establish diplomatic relations between the EU and the DPRK can also be understood as a follow-up of the South

⁵³See Pyongyang Square-Gateway to the latest News and Background on North Korea; <http://www.pyongyangsquare.com/politics/index.html> (downloaded April 2003)

⁵⁴Critics called the UN Resolution "selective" and one-sided containing exaggerated language counterproductive to improving the overall situation in DPRK.

⁵⁵Pyongyang reacted immediately complaining that the EU had fallen in line with the US and was pursuing a confrontational course. The Korean Central News Agency (KCNA), the government's official mouthpiece, called the resolution a "provocation," and announced that it "will have an impact on EU-DPRK co-operation."

⁵⁶See Dejean de la Bâtie Hervé, Taming North Korea? The European Experience, 1994-2001; www.ifri.org/F/Centre%20asie/articles/hdb-korea-abstract.htm; (downloaded February 2002)

Korean-North Korean summit in June 2000 supporting former South Korean President Kim Dae Jung's efforts to engage North Korea.⁵⁷ Eight EU member states established diplomatic relations with the DPRK in 2000 and 2001⁵⁸: Netherlands, Belgium, Spain, Luxembourg, Greece, Britain (embassy), Germany (embassy), Sweden (embassy) EU (embassy). As of today, a total of 13 EU states have diplomatic relations with the DPRK and the number is very likely to increase when the new 10 EU member states join the EU in 2004.⁵⁹

Initial optimism that the establishment of diplomatic relations with the DPRK would be the key step towards establishing full-fledged political relations with the DPRK increasing the EU's influence on security issues on the Korean Peninsula was replaced by realism and eventually by the conclusion that the EU's role on the Korean peninsula remains very limited.

6.3. The May 2001 Visit to the DPRK

In May 2001, a EU high-level delegation visited Pyongyang and the visit was followed by the EU's decision to establish diplomatic relations with the DPRK. After the DPRK agreed to meet all four conditions for the EU's visit to the DPRK in May 2001 (1. The visit must include discussions with Kim Jong-Il, 2. North Korea's commitment to implementing the North Korea-South Korea June 2000 Joint Declaration, 3. North Korea's commitment to a second North Korea-South Korea summit in the "near future"⁶⁰, 4. human rights issues, confidence-building measures, North Korea's missile programme etc. will be discussed), a EU delegation travelled to Pyongyang.

During the visit Swedish Prime Minister Göran Persson, EU Commissioner Chris Patten and High Representative for Common and Foreign Security Policy Javier Solana received a commitment from Kim Jong-Il to honour the inter-Korean Joint Declaration signed in Pyongyang at the June 2000 summit promising to maintain a moratorium on missiles testing until at least 2003. The DPRK also confirmed its commitments within the Agreed Framework. The U.S. administration for its part back then called the EU's trip to North Korea "opportunistic" claiming that the EU was taking advantage of the U.S. decision to reformulate its policy towards North Korea. The EU's visit to the DPRK in May 2001 was significant since the U.S. was in the process of "reviewing" (read: suspend) its policy towards North Korea after the Bush administration took over in Washington.⁶¹

Rüdiger Frank, a long-standing North Korea observer, believes that the EU's May 2001 visit was to be understood as a sign of a possible beginning of an independent EU foreign policy.⁶² EU Commission officials on the other hand didn't go as far as that claiming that it was South Korea's president Kim Dae Jung who proposed the EU's visit to North Korea during his visit to Stockholm receiving the Nobel Peace Prize.⁶³ Necessary or not, the EU chose that explanation instead of

⁵⁷ Interview with Hyun-Jin Cho, Staff Reporter YTN (South Korean Television)

⁵⁸ See the website Pyongyang Square; <http://www.pyongyangsquare.com/politics/index.html> (downloaded June 2003)

⁵⁹ Italy has got no Embassy, but a representative of its Ministry for Economic Development in Pyongyang. The offices of all 4 countries are residing in the building of the German Embassy. Greece, the Netherlands and Belgium are accredited to Pyongyang via Seoul, whereas the rest of the EU countries are accredited via Beijing. France and Ireland maintain no diplomatic relations with the DPRK.

⁶⁰ What exactly "near future" meant remain undefined so far

⁶¹ See The European Union's Role on the Korean Peninsula and Implications for U.S. Policy; The Atlantic Council of the United States April 2001

⁶² See Frank, Rüdiger, 2002, p.87-119

⁶³ The EU claimed that its visit was consistent with its long standing relations with the U.S. and South Korea and with the EU's evolving role in international affairs. The EU took care to emphasise that there is no competition between the EU and the U.S. regarding engaging policy towards North Korea; Bo Eriksson, Deputy Chief of the Swedish Mission in Washington and Oliver Nette of the European Union Commission delegation to Washington claimed back then that the criticism in the U.S. press was unjustified. Contrary to the belief of many in the U.S., the EU is not a "free-trade club obsessed with bananas and hormone-injected beef."

confirming that the May 2001 visit to Pyongyang represented a EU attempt to differentiate itself from the U.S. when it chose to put its relations on hold. Instead, the EU stressed that the visit in May 2001 has been undertaken in close consultation with the U.S., South Korea and Japan. The visit, the EU argued, was consistent with its long standing relations with the U.S. and South Korea and with the EU's evolving role in international affairs. The EU emphasised that the visit did not mean that there was a competition between the EU and the U.S. regarding engaging policy towards North Korea.⁶⁴ As significant as the EU May 2001 visit to Pyongyang might have been at the time, North Korea did not live up to its promises made back then. Despite North Korea's promise to maintain the moratorium on missile test, the DPRK fired its missiles over East Asia at least three times confirming the suspicion that international agreements are not of binding nature for Pyongyang's leadership.

6.4. Obstacles

As long as suspicions remain that North Korea is trying to play off the U.S. against the European Union, the EU is likely to remain reluctant to enhance its bilateral political dialogue. North Korea's reintroduction of its infamous so-called "Military-first-ideology" will without a doubt remain a further obstacle for the expansion of the political relations between the EU and the DPRK.⁶⁵ EU officials assert that the EU's relations with the DPRK will always be conducted in consultation with South Korea. This again might stand in the way of more significant direct EU-DPRK relations given the influence the U.S. administration has over South Korea's policy towards the North. The EU might find itself supporting the U.S. North Korea policy.

6.5. Impact

Assessing the impact of political relations and political dialogue between the EU and the DPRK remains difficult as long as there is no solution to the current crisis on the Korean peninsula. That there is nothing of substance left to talk about would indeed be a very sobering conclusion, after five years of political dialogue between the EU and the DPRK.

Although visits of foreign governments and political leaders to the DPRK are indeed rare and important as efforts to engage the DPRK in a political dialogue, it is not necessarily appropriate to associate visits to Pyongyang with the beginning of continuing and result-oriented political dialogue with the DPRK. Indeed Pyongyang's political leadership remains too unpredictable for such an optimistic assumption.

Regular EU visits to Pyongyang, political dialogue between the EU and DPRK taking place once a year can only be considered to be the very beginning of political relations with the DPRK. Information on the results of these political dialogues does very often not go beyond diplomatic platitudes and declarations aimed at keeping up the political dialogue between the EU and the DPRK. The EU, however, is advised to insist on discussing human rights and democratisation issues even if the DPRK will continue to avoid these issues. Dialogue on human rights with the DPRK will very likely continue to end in diplomatic impasse although the success of the EU-DPRK political dialogue will have to be measured by the progress of dialogue on democratisation and human rights.

⁶⁴R. Frank argues that the U.S. criticism can also be explained with the American perception that the U.S. is responsible for global security while the EU is mainly "in charge" of trade and development aid issues. The EU, however, denied that there was a "division of labour" between the U.S. and the EU as far as relations with North Korea are concerned.

⁶⁵It is estimated that the DPRK is investing 25-30% of its GDP in its armed forces following the "Army-First- Policy" reintroduced March 2003

7. EU Assistance to the DPRK

EU assistance (technical assistance, humanitarian assistance and food aid) is the core of the EU's engagement policy towards the DPRK. Promoting sustainable development is the most important goal of the EU's technical assistance projects. Whereas the EU continues to provide humanitarian assistance and food aid for the DPRK, the EU technical assistance projects, scheduled to start in summer 2002, in North Korea are on hold. In view of the importance of technical assistance within EU policy towards North Korea, this could lead to the conclusion that the EU's engagement course is on hold too. Indeed, failure to implement the technical assistance projects would make the CSP and NIP virtually obsolete, reducing the EU's role to providing humanitarian assistance and food aid for the foreseeable future. Furthermore, the recent reintroduction by North Korea of its 'Military-First-Ideology' will ensure that the EU remains very reluctant to provide the DPRK with any support beyond humanitarian assistance and food. Although it yet remains to be seen how strongly the EU will urge North Korea to officially give up on the Military-First-Ideology to implement its pilot project for technical assistance, the reintroduction of Military-First-Ideology has without a doubt discouraged the EU to restart the projects.⁶⁶

Then again, the military in North Korea always played a central role in North Korea and received favourable treatment and privileges. In other words: North Korea's regime has always embraced something like a "Military-First-Ideology" and the official reintroduction of this ideology can without a doubt be considered as part of Pyongyang's propaganda and deterrence against the perceived threat from the U.S. While North Korea seems to stick with megaphone diplomacy tactics, EU Commission officials maintain that technical assistance projects will be restarted as soon as the situation on the Korean peninsula "stabilises." What this means is that the badly-needed technical assistance projects will be implemented only if North Korea gets rid of its nuclear (weapons) programme once and for all. North Korea observers and the EU itself agree that technical assistance is crucial to the implementation of the economic reforms Pyongyang embarked on in July, 2002. These reforms already face numerous problems, and are bound to fail without outside support and technical assistance.

⁶⁶On March 21, 2003 the government published a document called "Military-First Ideology Is an Ever-Victorious, Invincible Banner for Our Era's Cause of Independence giving priority to military issues over everything, including the economic development of the country; see Hayes, Peter, North Korea's Negotiating Tactics and Nuclear Strategy; NAPS Special Reports April 18, 2003; http://www.nautilus.org/pub/ftp/napsnet/special_reports/Peter_Tactics_2.txt; (downloaded April 2003) NAPS Special Report, Military-First Ideology Is an Ever-Victorious, Invincible Banner for Our Era's Cause of Independence, April 11, 2003; http://www.nautilus.org/pub/ftp/napsnet/special_reports/MilitaryFirstDPRK.txt

DPRK's July 2002 Economic Reforms

Economic reforms in the DPRK followed constitutional change in 1998. On March 26th, 2003 North Korea's Finance Minister Mun Il-bong addressed the parliament: "In all institutions and enterprises a system of calculation based on money will have to be correctly installed, production and financial accounting systems be strengthened, production and management activities be carried out thoroughly by calculating the actual profits." In July 2002, a price reform went into effect in North Korea increasing the price for rice and other basic goods. It devalued the North Korean currency against the US Dollar by almost 7000% and divided the North Korean society into earners of ordinary and special wages.⁶⁷

- The economic reforms implemented in July 2002 introduced three key structural changes of the DPRK's economic structure⁶⁸:
- Changes of the pricing system through the removal of state subsidies for goods and services
- Increases in salaries seeking to provide incentives to expand production and to enable the population handle the increased prices for goods and services
- Reform of the foreign exchange system

The shift to monetary mechanisms and rewards based on performance represent major changes for the DPRK's economic management system. However, the reforms are not sufficient to assure a recovery of North Korea's economy adding new risks, above all the risk of inflation. The price of one kilo of rice has gone up from 0.8 won in July 2002 to 80 won in November 2002 and 190 won in March 2003. (a nurse in North Korea e.g. is earning 2000 won per month, enough to buy 5 kilos of rice). In fact, the price of rice has already nearly doubled in the informal markets and the unofficial dollar exchange rate has dropped dramatically.⁶⁹ North Korea has adjusted its distorted price system and explicitly asks its domestic enterprises to bring all their transactions in line with very basic (market) economic principles. The problem is that the revenues created by these transactions will start initial spending on production factors like labour, electricity, raw materials possibly leaving the companies out of money and leading to bankruptcy in the worst case.⁷⁰ Even if the implementation of the economic reforms initiated in July 2002, turn out to be successful eventually, the regime in Pyongyang would still continue to control large parts of the economy.⁷¹ This still remains a recipe for economic mismanagement. The EU assumed in its DPRK country report that technical assistance is likely to be successful because "the government, like in China and Vietnam, seems stable, and economic reform is likely to be attempted in carefully planned steps." This, however, at least for the time being, turned out to be a case of wishful-thinking.

Sources: Babson, Bradley O., Economic Cooperation on the Korean Peninsula; NAPS Special Report March 6, 2003; http://www.nautilus.org/pub/ftp/napsnet/special_reports/Babson-EconomicCooperation.txt; Frank Rüdiger, North Korea: Gigantic Change and a Gigantic Chance; Policy Forum The Nautilus Institute; http://www.nautilus.org/fora/security/0331_Frank.html (downloaded June 2003)

⁶⁷See Frank Rüdiger, North Korea: Gigantic Change and a Gigantic Chance ; Policy Forum The Nautilus Institute; http://www.nautilus.org/fora/security/0331_Frank.html (downloaded June 2003)

⁶⁸For details see e.g. Economic Reforms of July 2002, Pyongyang Square; www.pyongyang.com/economy/reforms.htm (downloaded May 2003)

⁶⁹See also See Elliot, Kimberly Ann, The Role of Economic Leverage in Negotiations with North Korea; http://www.nautilus.org/fora/security/0326A_Elliott.html (downloaded May 2003)

⁷⁰These enterprises according to some, will be brought back under the umbrella of the state-run distribution system, which will effectively mean a failure of the economic reforms and most likely their end.

⁷¹Babson, Bradley O., Economic Cooperation on the Korean Peninsula; NAPS Special Report March 6, 2003; http://www.nautilus.org/pub/ftp/napsnet/special_reports/Babson-EconomicCooperation.txt (downloaded April 2003)

Table 5*EU Assistance to the DPRK 1995-2002⁷²*

TOTAL	€ 393 million
Food Aid and Structural Food Security Assistance	€ 222 million
Humanitarian Assistance 52€ million KEDO	€ 115 million
Technical Assistance	€ 35 million ⁷³

Source: The European Commission; The EU's relations with the Democratic People's Republic of Korea-DPRK (North Korea) Overview; http://europa.eu.int/comm/external_relations/north_korea/intro/index.htm

7.1. EU Technical Assistance

The EC-DPRK Country Strategy Paper (CSP), and the EU's National Indicative Programme (NIP) for the DPRK, set out the framework and objectives for technical assistance projects in North Korea. If implemented, these projects could be the most important instrument for engaging the DPRK economically, and providing incentives for badly-needed foreign direct investment. A modest €35 million have been set aside for EU technical assistance projects until 2006.⁷⁴ The CSP and NIP provide for training in market economic principles and projects designed to support and promote sustainable management, and the efficient use of natural resources in the DPRK, as well as institutional support and capacity-building. The NIP also provides for a number of pilot projects in the DPRK seeking to promote and support the rehabilitation of rural electricity grids and power stations, encourage sustainable development in transport and rural sectors, and raise agricultural production.

The EU's Country Strategy Paper (CSP) formulates three main priorities for technical assistance from 2001-2004:⁷⁵

1. institutional support and capacity building for North Korea's economic development
2. sustainable management and use of natural resources including access to sustainable energy service
3. reliable and sustainable development actions in transport and rural sectors

The emphasis of EU support with regards to institution-building lies on support for institutions in charge of expanding economic relations with the outside world. In this respect, technical assistance is mainly aimed at expanding DPRK's trade, foreign investment and development assistance in years ahead. Special importance was attributed to assistance in the energy sector due to the fact that mismanagement in North Korea's energy sector resulted in a significant loss and waste of energy. The EU Commission estimates that the DPRK would, without massive investments, be able to consume energy 25-35% more efficiently. This example shows clearly that the successful implementation of EU technical assistance in the energy sector could indeed contribute to the

⁷²The EU's relations with the Democratic People's Republic of Korea-DPRK (North Korea) http://europa.eu.int/comm/external_relations/north_korea/intro/index.htm

⁷³ Currently on hold, technical assistance projects remain unimplemented for the time being

⁷⁴This excludes bilateral projects between EU Member States and North Korea. Sweden e.g. offers scholarships for North Koreans participating in international training programmes such as the Swedish International Development Cooperation Agency (SIDA) focussing on telecommunications, energy and the environment. Pyongyang over the last years have sent several government officials to take part in the programme. North Koreans government officials showed especially great interest in a programme on civil law. Civil law gives the framework for commercial affairs elaborating on issues such as transparency, accountability in commercial relations.

⁷⁵See http://europa.eu.int/comm/external_relations/north_korea/csp/01_04_en.pdf

DPRK's economic recovery.⁷⁶ The EU's technical assistance in the energy sector, however, needs to be supported by other parties involved, above all by South Korea.

Technical assistance, according to the EU's DPRK Country Strategy Paper, originally meant to include support for the development of a sustainable transport sector. It was taken off the agenda of the National Indicative Programme.

The National Indicative Programme (NIP), a follow-up and amendment of the Country Strategy Paper, covers a period of three years (2002-2004) and foresees 15 million Euro for technical assistance projects.⁷⁷ For details see the following table:

Table 6

NIP Technical Assistance Projects (2002-2004)

Projects	Budget	Activities (Selection)
Institutional support and capacity building	€7 million	Training in key ministries, study tours to the EU; training for ministry officials on international finance, international trade, market economy principles
Sustainable management and the use of natural resources	€3 million	Training, technical advice and transfer of know-how to manage the energy sector in a sustainable way; training to improve energy production and energy efficiency
Sustainable rural development actions	€5 million	Training and transfer of technical expertise promoting sustained rural development; training in the field of water resources management and soil quality production

Source: The European Commission; National Indicative Programme 2002-2004 Democratic People's Republic of Korea (DPRK)

The activities aim (amongst others) at:

- strengthening the capacity of key institutions
- human resources management
- assistance to implement poverty reduction policies
- assistance to define economic and democratic development
- assistance to make use of the opportunities to help North Korea integrate into the international trading system
- assistance to develop a private economic sector.

⁷⁶ For details on North Korea's energy crisis see also Williams, James H., Von Hippel, David, Fuel and Famine: Rural Energy Crisis in the DPRK; http://www-igcc.ucsd.edu/publications/policy_papers/pp46.html (downloaded April 2003)

⁷⁷ For further details see the EU's Country Strategy Paper and the National Indicative Programme; http://europa.eu.int/comm/external_relations/north_korea/csp/01_04_en.pdf

According to the EU's DPRK Country Strategy Paper, the envisioned training programmes primarily aim at officials from North Korea's key ministries, such as the Ministry of Foreign Affairs, Finance and Foreign Trade. North Korean interests were identified when a North Korea delegation visited three European capitals (Rome, Stockholm, London) in March 2002 with the objective of studying models of EU economic policies.⁷⁸ The delegation was, amongst others, particularly interested in:

- Principles of international trade
- Multi-and bilateral treaties/agreements
- Economic and social structures
- International financial institutions
- Free market economy principles
- International debt management
- Loans, credits
- International Law
- Promotion of foreign direct investment (FDI).

7.1.1. EU Technical Assistance Pilot Projects

A EU fact-finding mission was sent to North Korea in February 2002 to assess technical assistance needs and identify areas in which the Commission could launch pilot projects.⁷⁹ The results of the fact-finding mission were presented to a donor co-ordination meeting of Member States and other partners, such as the U.S., Japan, South Korea, Canada and Australia in Brussels on March 16, 2001 in Brussels. The expert group report identified the following the priorities with regards to North Korean needs:

- training, such with regards to institution-building⁸⁰
- technical advice and assistance on how to run the DPRK energy system
- rural development
- transport and infrastructure

Two technical assistance pilot projects formulated in the Country Strategy Paper 2001-2004 (€1 million each) were scheduled to take off in summer 2003. Only 1 million Euro are assigned for the two pilot projects despite the fact that technical assistance has been given “top priority” on the agenda of EU-DPRK relations. These projects should focus on training on market economic principles and improving the efficiency of North Korea's energy sector.

⁷⁸See Kim, Sam-sik, The Purpose of North Korea's economic Tour of Europe; www.kotra.or.kr/main/info/nk/eng/main.php3 (downloaded Feb. 2003)

⁷⁹See The EC-Democratic People's Republic of Korea (DPRK) Country Strategy Report 2001-2004, p.20 http://europa.eu.int/comm/external_relations/north_korea/csp/01_04_en.pdf (downloaded Feb. 2002)

⁸⁰With the goal of promoting good governance according to the EU's DPRK Country Strategy Paper

7.1.2. Impact

Technical assistance will continue to take place only in the EU's Country Strategy Paper for North Korea until the situation on the Korean peninsula "stabilises", as the EU claims. This of course is diplomatic-speak for that the badly-needed technical assistance projects will only be implemented if North Korea gets rid of its nuclear (weapons) programme once and for all. Consequently, the EC-DPRK Country Strategy Paper (CSP) might have to be rewritten altogether depending on the outcome of the nuclear crisis on the Korean peninsula. After the October 2002 revelations that the DPRK has secretly restarted enriching uranium and producing plutonium for the production of nuclear weapons, the EU is unlikely to initiate its technical assistance project unless the DPRK can prove that it has abandoned its nuclear weapons programme.

The success of the EU's engagement policy, however, will very much depend on the implementation of the technical assistance initiatives and project formulated in the EU's Country Strategy Paper. Leaving the envisioned technical assistance unimplemented on the other hand means that the EU's role in securing peace and stability on the Korean peninsula will remain mainly limited to providing humanitarian assistance and food aid. This means also that analysing the impact of the EU's technical assistance will partly remain speculation based on the assumption that the nuclear crisis on the Korean peninsula will be solved peacefully.

Even before last October's nuclear revelations, the EU was the only substantial donor of technical assistance to the DPRK although it remains to be seen whether the bait of technical assistance can help convince Pyongyang to give up its nuclear programme once and for all. More pessimistic commentators believe that the EU has decided to put its technical assistance projects on hold because it is unwilling to spend money on the economic development of a country which could either turn into a threat to global security, or whose regime and economy could collapse.

However, the EU's technical assistance and efforts helping the DPRK to revitalise its ailing economy will not produce significant results unless the DPRK receives massive financial support from international organisations. International financial institutions and banks, however, remain very reluctant providing the DPRK with the badly-need cash and loans for the time being.⁸¹ What's worse, the U.S. is blocking DPRK's membership applications.

If on the other hand the DPRK decided to meet the EU's precondition for economic support and technical assistance, the EU could use its international political leverage urging international financial institutions to provide North Korea with loans to finance the shortages of the cash-flow in the DPRK.

7.2. EU Humanitarian Assistance to the DPRK

The EU has provided food aid and structural food security assistance to North Korea worth more than €220 million since 1997. The EU started providing food aid in 1997 through the Food Aid and Food Security budget line when the DPRK appealed for international assistance after floods in North Korea lead to a famine in 1995. Initially, a food aid programme delivering mainly food to North Korea, it now includes assistance of agricultural rehabilitation and agricultural production. From 1995-2000 roughly 38 million Euro have been provided for medicines (mainly antibiotics), sanitation, clothes and hygiene.

⁸¹See e.g. The DPRK and International Financial Institutions (IFI); <http://www.pyongyangsquare.com/economy/ifi.html> (downloaded May 2003)

In January 2003, the European Commission reacted to the ongoing humanitarian crisis in North Korea and adopted another humanitarian aid decision providing the World Food Programme in North Korea with €9.5 million.⁸³ When the EU Commission announced the decision to provide North Korea with a new package of humanitarian aid, it emphasised that the decision will not “weaken the EU’s determination to see North Korea comply with its international obligations under the Non-Proliferation Treaty and the Agreed Framework.”⁸⁴ The EU’s decision to provide humanitarian assistance to North Korea at the height of the nuclear crisis on the Korean peninsula can be understood as a decision to separate political and security issues from humanitarian issues in North Korea.

In 2000, the EU’s Commission’s Humanitarian Aid Office (ECHO) decided to base its humanitarian strategy towards North Korea on ad-hoc decisions. This, has prompted the DPRK to sign so-called Letters of Understanding for every project ensuring that a minimum of humanitarian standards (as formulated in a clause within the Letter of Understanding) is guaranteed. Following the decision to provide humanitarian assistance on an ad-hoc basis, the EU Commission in May 2003 approved another €7.5 million for its humanitarian aid programme in support of the health sector in the DPRK. ECHO, in collaboration with NGOs stationed in North Korea, has provided medicines and medical equipment to health centres and hospitals. The EU’s most recent EU initiative to send humanitarian aid to North Korea proves that the EU is seeing, unlike the U.S. and Japan, the necessity to keep up humanitarian aid despite the nuclear crisis on the Korean peninsula.⁸⁵ Despite widespread criticism that the food and medicine very often do not reach those in need, Echo claims that its ability to assess needs has improved significantly over the last years. More facilities in North Korea, Echo officials state, are accessible to NGOs, and the WFP is improving the monitoring and distribution process. Despite the progress made, the suspicion remains that North Korea’s armed forces and other privileged groups are the main beneficiaries of international humanitarian assistance and food aid. The EU’s food aid contribution will remain important, although the budget allocated to humanitarian assistance and food aid to North Korea remains small. Echo’s assistance to the DPRK was less than 1% of Echo’s overall budget in recent years.

⁸² Apart from the EU humanitarian assistance efforts, the EU Member States are providing humanitarian assistance on a bilateral level. Germany’s Ministry for Economic Co-operation (Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (BMZ) e.g. is funding bilateral humanitarian programmes with the DPRK through NGOs. Currently, there is only one German NGO currently engaged in North Korea: The German Agro-Action (GAA) (Deutsche Welthungerhilfe) providing food aid in North Korea. As on the EU level, there are currently no German development co-operation/technical assistance programmes. The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) (German Society for Technical Co-operation) was present in North Korea until recently. The GTZ was in charge of monitoring the distribution of 27.000 tons of beef, provided by the BMZ. Furthermore, the German Red Cross provided humanitarian assistance in North Korea.

⁸³ See North Korea: Commission grants EUR 9.5. million in emergency humanitarian food aid for children; http://europa.eu.int/comm/external_relations/north_korea/intro/ip03_20.htm

⁸⁴ See North Korea: Commission approves EUR 7.5 million in humanitarian aid; http://europa.eu.int/comm/external_relations/north_korea/intro/ip03_683.htm

⁸⁵ South Korea followed the EU’s example to send food and humanitarian aid to North Korea in and in April 2003 announced to send 100,000 tons of corn in humanitarian aid to North Korea via the World Food Program (WFP). Furthermore, Seoul has shipped US\$700,000 worth of medicines and medical equipment to combat malaria to the North on April 30. Other donor countries on the other hand, above the United States and Japan, insist that humanitarian and food aid to North Korea will continue to be linked to North Korea’s willingness to give up its nuclear ambitions and comply with its obligation under the Non-Proliferation Treaty (NPT).

7.3. EU Food Aid to the DPRK

By the beginning of 2003, the World Food Programme (WFP) warned that the DPRK is in danger of running short of basic supplies of vaccines, paediatric medicines and high-energy milk. By March 2003, the WFP has received only 45 out of the 181 million US-dollars it requested for 2003.⁸⁶ The famine and humanitarian crisis in the DPRK during the mid-1990s resulted in the death of 2.5 million people, roughly 10 percent of the entire population. There is no exact data available on the number of deaths between 1995 and 1998. Estimations range from 1.6-3.5 million deaths.⁸⁷ UNICEF's March 2003 estimation that the overall child health and nutrition situation in North Korea has changed from "disastrous to bad" over recent years confirms that food aid to the DPRK is not at all sufficient to keep children from starving in North Korea. A recent report has found out that acute child malnutrition in the DPRK has dropped from 16 to 9 per cent.⁸⁸ An even more recent WFP Report for North Korea, however, reports that more than 40% of the children in North Korea are malnourished ("malnourished" as opposed to "acutely malnourished").⁸⁹ Even though the World Food Programme claims that the food situation in the DPRK has improved over recent years, recent coverage in the media and interviews with North Korean refugees in China reveal that there is still a massive food shortage amongst adults in the DPRK.⁹⁰ U.S. and South Korean NGOs estimate that up to 300.000 North Korean refugees are currently in Northeast China.⁹¹ Other commentators assume that North Korea might face another famine in 2003 affecting up to 6 million people.⁹²

Whereas in 2001 the WFP distributed 930.000 tons of food in North Korea, it only distributed 373.000 tons in 2002 and will distribute a modest 222.000 tons in 2003. A survey conducted by the World Programme in 2002 estimated that the DPRK's cereal production will amount to 3.54 million tons, with the cereal deficit in the DPRK estimated at 1.08 million tons. In March 2003, North Korea commentators have begun to warn that unless additional food aid will be distributed within six months to the population outside Pyongyang, North Korea might be facing another mass starvation similar to the one of the mid-1990s.

According the World Programme (WFP), contributions of about 140,000 tons of food, including 105,000 tons of cereals, 15,000 tons of pulses 11,000 tons of corn-soya milk, 4,000 tons of sugar

⁸⁶See WFP Emergency Report No. 17 of 2003, April 25, 2003; published on: Relief Web DPR Korea; <http://www.reliefweb.int/w/rwb.nsf/480fa8736b88bbc3c12564f6004c8ad5/433b1230ec9b3e0585256d13006500e7?OpenDocument>

⁸⁷See Natsios, Andrew S., *The Great North Korean Famine: Famine, Politics and Foreign Policy*; United States Institute of Peace Washington D.C 2002; Noland, Markus, *The Future of the Two Koreas*; Institute for International Economics Washington D.C. 2000; since 1989 North Korea has not been able to feed itself and various reasons can be cited for the decline in agricultural production: Soil erosion caused by massive deforestation, over-fertilisation, food spoilage caused by lacking storing facilities; on the famine in North Korea see also Hilpert 2003, p.20/21

⁸⁸Quoted from Williams, John, *Meanwhile: Some Real Surprises Visiting North Korea*; in: *The International Herald Tribune* March 21, 2003; <http://www.iht.com/cgi-bin/generic.cgi?template=articleprint.tmpl&ArticleId=90512> (downloaded June 2003)

⁸⁹See WFP Emergency Report No. 17 of 2003, April 25, 2003; published on: Relief Web DPR Korea; <http://www.reliefweb.int/w/rwb.nsf/480fa8736b88bbc3c12564f6004c8ad5/433b1230ec9b3e0585256d13006500e7?OpenDocument> (downloaded March 2003)

⁹⁰See Kynge, James, Ward, Andrew, *Back to the Table: Why Kim Jong Il's Failing Economy may be the Key to Halting his Nuclear Programme* in: *The Financial Times* April 23, 2003

⁹¹ See Glosserman, Brad, Snyder, Scott, *Borders and Boundaries: The North Korean Refugee Crisis*; in: *PacNet Newsletter* May 2003;

⁹²See Natsios, Andrew S., *The Great North Korean Famine: Famine, Politics and Foreign Policy*; United States Institute of Peace Washington D.C 2002

and 3,000 tons of oil are needed to ensure continued implementation of WFP activities throughout the remainder of the year.⁹³

Table 7

EU Food Aid to the DPRK 1997-2000

DONOR	Budget
Bilaterally	€ 106 million
Donations through WFP	€ 50 million
Donations via European NGOs ⁹⁴	€11 million
TOTAL	€ 168 million

Source: European Commission, The EU's relations with the Democratic People's Republic of Korea-DPRK (North Korea), Overview; http://europa.eu.int/comm/external_relations/north_korea/intro

From 2000-2002 the EU has provided another €54 million for food aid and structural food security assistance, through Non-Governmental Organisations and the World Food Programme (WFP).⁹⁵

In 1998, the EU Commission adopted the strategy of combining food aid with agricultural rehabilitation and production (in 1998 and 1999 roughly one third of the total food aid). The 2000 food security budget was composed of agricultural rehabilitation and production support such as fertilisers, pilot projects on co-operative farms and technical assistance support). In 2000 and 2001 then, the EU has started to focus less on providing traditional food aid and has turned providing agricultural support. The agricultural support included the provision of fertiliser and put a focus on deforestation and water supply. This kind of support turned out to be relatively successful when access and the possibilities of monitoring the EU's support was facilitated.⁹⁶

Earlier this year, the EU Commission decided to adopt a North Korean Humanitarian Aid Decision financing the procurement and distribution of 40.000 tons of cereals to mainly children and mothers of new-born babies in North Korea. The European Commission targeted more than 2 million people in need (children in nurseries (43%) children in kindergardens (21%), children in primary schools: (29%), pregnant nursing women (7%).⁹⁷

⁹³See WFP Emergency Report No. 17 of 2003, april 25, 2003; published on: Relief Web DPR Korea; <http://www.reliefweb.int/w/rwb.nsf/480fa8736b88bbc3c12564f6004c8ad5/433b1230ec9b3e0585256d13006500e7?OpenDocument> (downloaded May 2003)

⁹⁴The NGOs are: CESVI, Concern, Children's Aid Direct, Action Contra La Faim, Medecins Sans Frontieres, Triangle and German Agro Action

⁹⁵The European Commission, The EU's relations with the Democratic People's Republic of Korea-DPRK (North Korea), Overview; http://europa.eu.int/comm/external_relations/north_korea/intro

⁹⁶The European Union's Role on the Korean Peninsula and Implications for U.S. Policy; The Atlantic Council of the United States April 2001, p.2

⁹⁷It will cover a total of 2.173.000 million people; the aid will include medicines, dental prosthetic equipment, orthopaedic surgery equipment, 12 district hospitals, 12 items for nursing facilities and pantries for children's tableware. Basic medical equipment for North Korea's 1700 or so public health centres and 200 obstetric and gynaecology clinics, vitamin compounds for 500,000 children and tonics for 200,000 pregnant women were also included in the aid plan. The aid will mainly be distributed north and south of Pyongyang, in Yanggang-do, Hamgyongnam-do and Hamgyongbuk-do. Deliveries of cereals has become a central part of food deliveries to the DPRK over recent years United Nations estimates show a decrease of cereal production from about 4 million tons in 1995 to about 2.8 million tons in 1996 and 1997. This was followed by a recovery to about 3.5 million tons in 1998. In 2001, it rose again in 2001 to 3.5 million tons; for details see also UNICEF Nutrition Assessment 2002 D.P.R. Korea; WFP DPR Korea Pyongyang February 2002

Initially, monitoring the food deliveries turned out to be difficult since the North Korean authorities tended to exaggerate the number of people receiving the food in order to secure food deliveries for privileged citizens and the army. Cases where hospitals for example were closed down due to “energy shortage” or other reasons shortly after the food was delivered were reported. Providing agricultural support was also more successful than traditional food aid since North Korean authorities were more willing to co-operate opening facilities for verification and monitoring. Suspicions, however, that food (and humanitarian) aid still not always reach those in need, remain. Hazel Smith, former adviser to the World Food Programme and currently with the United Nations University in Tokyo on the other hand claims that Pyongyang is not misusing food aid.⁹⁸ Smith, who conducted humanitarian aid operation in North Korea for 18 months between 1998 and 2001, claimed in May 2003 that the reports of 3 million people dying from starvation in North Korea were “exaggerated.” “All food is primarily designated for children under 17. Generally, adults have to rely on food domestic sources” Smith said in an interview with the Japan Times maintaining that this would explain why North Korean adults in interviews claim never to have received international food aid.

7.4. EU Food Aid and Humanitarian Assistance-Impact

North Korea is still starving leading to the conclusion that EU food aid did not really make a difference. Given the humanitarian and food crisis, it becomes increasingly incomprehensible why the international community does not provide North Korea with sufficient food aid. Feeding North Korea’s population doesn’t make the regime any more dangerous than it already is or is believed to be and the U.S. argument that food aid is mainly being misused and “diverted” to provide North Korea’s armed forces with additional food is not an assumption necessarily shared by the EU. ECHO claims to have functioning monitoring infrastructure provided by NGOs, the Red Cross although ECHO admits that the costs for monitoring the distribution of humanitarian assistance and food aid are very high.

The EU’s ongoing humanitarian assistance for the DPRK is vital to maintain the dialogue with the DPRK. Especially South Korea welcomes and supports the EU’s ongoing humanitarian assistance which supports South Korea’s own engagement course towards the North.⁹⁹ Continuing to provide humanitarian assistance and food aid is necessary to make the EU’s engagement course more significant and relevant at all. In that respect, the EU needs to increase the amount of money spent on humanitarian aid and food aid significantly to live up to its goal of supporting the starving population in North Korea. The humanitarian and food situation remains precarious and the reintroduction of the above mentioned “Military-first-ideology” in the DPRK this March confirms that the DPRK has not yet chosen a strategy of diplomacy to solve the crisis on the Korean peninsula.¹⁰⁰

Pyongyang’s own commitment, however, to feeding its people remains limited at best given the fact that it is de-facto withholding extended South Korea and Japanese (to a lesser extent also U.S.) food aid by not visibly abandoning its nuclear weapons programme. Pyongyang’s leadership for its part seems to rely on the assumption that the EU and other donors will remain committed to providing North Korea with humanitarian aid despite the nuclear crisis on the Korean peninsula.

⁹⁸See Pyongyang not misusing food aid: expert; in: The Japan Times May 30, 2003

⁹⁹Interview with Cho Hyun-Jin Cho, Staff Reporter YTN (South Korean Television) (June 2003)

¹⁰⁰See NAPS Special Report, Military-First Ideology Is an Ever-Victorious, Invincible Banner for Our Era’s Cause of Independence, April 11, 2003; http://www.nautilus.org/pub/ftp/napsnet/special_reports/MilitaryFirstDPRK.txt

8. Conclusions and Future Outlook

The development of EU-DPRK relations will above all depend on the outcome of the nuclear crisis on the Korean peninsula. The actual impact of the analysed EU engagement policy towards North Korea remains difficult to measure given the fact that especially the EU's technical assistance projects remain unimplemented for the time being. This leaves the observer with yet unhelpful speculation on what impact the EU's engagement policy might have had if there had been no nuclear crisis on the Korean peninsula.

While the achievements of EU-DPRK rapprochement over the recent years may seem significant, the EU's chances to take part in negotiating a peaceful solution to the nuclear crisis on the Korean peninsula will remain very limited at best for the time being. This is very likely to remain that way as long as security and nuclear issues and U.S.-North Korea antagonism continue to dominate the agenda.

The EU, at least for the time being, appears to have shifted from "engagement" to "conditional engagement." Whether EU policy makers, however, are about to join the hard-liners in Washington and Tokyo in hoping for an early collapse of the North Korean economy and regime remains yet to be seen. However, this wait-and-see-mode is hardly suitable for an EU in the process of implementing its Common Foreign and Security Policy (CFSP). For the time being, the EU seems reduced to hoping that diplomacy will prevail over the more bellicose solutions favoured by the US to "solve" the crisis through pre-emptive military strikes on North Korean nuclear facilities. Although the EU stresses that its role with regard to security and nuclear issues will remain secondary, its efforts of engaging the DPRK will have to be measured by its success in helping defuse the nuclear crisis.

An independent EU policy towards North Korea as opposed to concerted efforts with South Korea and Japan is neither realistic nor, according to EU policy-makers, desirable for the EU.

If the EU's engagement course towards the DPRK is to move beyond the current stalemate and remain credible at all, the EU needs to implement its technical assistance as formulated in the EU's Country Strategy Paper (CSP) and the National Indicative Programme.¹⁰¹ This, however, is not a policy option for the EU for the time being reducing the EU's engagement de-facto to humanitarian assistance and food aid.

As shown above, the EU's humanitarian assistance and food aid deliveries are not yet comprehensive and sufficient enough to really make a lasting difference to the North Korean population. Failing to fill the gap left by the U.S. and Japan, which currently provide no humanitarian assistance and food aid at all, could indeed make any kind of EU engagement course implausible. The EU has without a doubt the economic and financial capabilities to increase its humanitarian assistance and food aid significantly.

Critics of an engagement course will continue to argue that the EU should follow the U.S. hard-line

¹⁰¹See Martellini, Maurizio, Vogelaar, Marc, EU Cooperation with the Democratic People's Republic of Korea; Landau Network-Centro Volta, USPID June 2000

linking humanitarian assistance and food aid provision to North Korea's willingness to unconditionally abandon its nuclear weapons programme. Whereas this seems a reasonable strategy with regards to EU technical assistance and promotion of economic reforms in the DPRK, the EU should rather continue to separate security from humanitarian issues.

The EU claims that its policy towards North Korea will be conducted in close co-ordination with the U.S., South Korea and Japan. Although this EU strategy is unlikely to change in the foreseeable future, EU policy-makers could over the long run consider policy initiatives independent from U.S. initiatives even if those policies run counter to U.S. hard-line positions.¹⁰²

With regards to security and a perceived military threat from North Korea, EU policy-makers are advised not to entirely rely on U.S. data and intelligence on North Korea's alleged nuclear weapons programme. Data and intelligence on North Korea's nuclear and missiles programmes are at times contradictory and even false. Until the present day, there is no reliable intelligence on the state of North Korea's nuclear weapons programme and U.S. intelligence is presenting new and differing results of North Korea's "aggressiveness" on a daily basis. Although the U.S. likes to portray North Korea as a serious military threat to its neighbours in East Asia and to the U.S. itself, North Korea's frequent intrusions into South Korean or Japanese territorial waters suggest the opposite. North Korea's military equipment is ageing and intrusions into its neighbours territorial waters usually ended with the sinking of North Korean spy and smuggler ships. Much doubts remains also whether North Korea's middle-range and long-range missiles are really capable of hitting targets in East Asia and beyond. The U.S. assumption that North Korean long-range missiles are capable of reaching the U.S. west coast is clearly unrealistic and can be understood as part of the U.S. strategy to portray North Korea as military threat.

Although North Korea's alleged nuclear weapons programme and missile tests in East Asia give reason for concern, there is no doubt that the U.S. administration and the CIA deliberately exaggerate the military threat from North Korea to justify its hard-line policy towards North Korea. Although the EU will support the U.S. strategy urging North Korea to dismantle its nuclear weapons programme unconditionally, EU policy-makers are advised not to use U.S. intelligence on North Korea's nuclear weapons programme as a justification to put its engagement course on hold.

¹⁰²See The European Union's Role on the Korean Peninsula and Implications for U.S. Policy; The Atlantic Council of the United States Washington April 2001

Annex 1

Table 8
The DPRK-Country Data

Official Name	Democratic People's Republic of Korea (DPRK)
Population	22.175.000 (estimate)
Average Life Expectancy	Male: 62.9 years, Female: 67.4 years
Surface Area	122.762 km
Currency	Won (official rate: 1US Dollar=2.13 Won)
Per Capita Revenue	US Dollar 700-1000
Annual Growth Rate	Negative: -1.1% (Central Bank South Korea), -5% (CIA)
Heads of State and Government	Head of State: Chairman of National Defence Commission Kim Jong Il, Head of Government:
	Prime Minister Hong Song Nam
Major Cities	Pyongyang (3.43 million)
	Nampo (800.000)
	Kaesong (390.000)
	Wonsan (290.000)
	Hamhung (800.000)

Sources: About North Korea; KOTRA; <http://crm.kotra.or.kr/main/info/nk/eng/info/infoa.php3>; The EU's Relations with the Democratic People's Republic of Korea-DPRK; http://europa.eu.int/comm/external_relations/north_korea/intro/index.htm;

Table 9
North Korea's Industrial Structure (2000) Unit: %

Agriculture, Forestry and Fishery	30.4
Mining and Manufacturing	25.4, Mining: 7.7, Manufacturing 17.7
Utility	4.8 Construction 8.2
Service	32.5
GDP	100

Source: Nam, W.S., North Korea-Industrial Structure; KOTRA; http://crm.kotra.or.kr/main/common_bbs/bbs_read.php3?board_id=27&pnum=899976.htm

Table 10
Intra-Korean Trade (Unit: US\$1,000, %)

YEAR	IMPORT	EXPORT	TOTAL
1999	121,604	211,832	333,437
2000	152,373	272,775	425,148
2001	176,170	226,787	402,957

Source: Intra-Korean Trade by Years; KOTRA; <http://crm.kotra.or.kr/main/info/nk/eng/main.php3> (downloaded June 2003)

Table 11
North Korea and South Korea in Comparison (Selection)

	Unit	South Korea	North Korea
Population	Million People	47.4	
Gross Domestic Product (GDP)	Billion USD	543.9	20.3
Per Head Capita	USD	11.488	912
Economic Growth since 1990	%	6.1	-2.4
Foreign Trade Volume	Billion USD	291.5	2.3
Foreign Debt	Billion USD	120	12.5
Budget	Billion USD	76.8	9.8
Coal Production	Million Tons	3.8	23.1
Energy Production	Billion kWh	285	20
Oil Imports	Million Tons	117	0.6
Cereal Production	Million Tons	6.2	3.95
Steel Production	Million Tons	43.8	1.1
Fertiliser Production	Million Tons	3.5	0.5
Railways	Km	3.125	23.963
Seaports' Capacity	Tons	469.600	35.500

Source: Hilpert, Hanns-Günther, Nordkorea vor dem ökonomischen Zusammenbruch?; Stiftung Wissenschaft und Politik (SWP) April 2003, p.19

Table 12
North Korea's Overall Foreign Trade¹⁰³ (Unit: US\$ million, %)

Year	Export		Import		Total	
	Amount	Growth Rate	Amount	Growth Rate	Amount	Growth Rate
1990	1,733	-	2,437	-	4,170	-
1991	945	-45.5	1,639	-32.7	2,584	-38.0
1992	933	-1.3	1,622	-1.0	2,555	1.1
1993	990	6.1	1,656	2.1	2,646	3.6
1994	858	-13.3	1,242	-25.0	2,100	-20.6
1995	736	-14.2	1,316	6.0	2,052	-2.3
1996	727	1.2	1,250	-5.0	1,977	-3.7
1997	905	24.5	1,272	1.8	2,177	10.1
1998	559	-38.2	883	-30.6	1,442	-33.8
1999	515	7.9	965	9.3	1,480	2.6
2000	556	8.0	1,413	46.4	1,969	33.0
2001	650	14.9	1,620	15.2	2,270	2.6
2002	735	13.1	1,525	-5.9	2,260	-0.4

Source: Lee Chang-hak, North Korea's Foreign Trade in 2002; Korea Trade- Investment Promotion Agency (KOTRA); <http://crm.kotra.or.kr/main/info/nk/eng/main.php3> (downloaded June 2003)

¹⁰³Trade between the DPRK is conducted in foreign currency (Chinese renminbi, Japanese yen and the euro). The dollar was banned in March 2003 when diplomatic tensions with Washington escalated. North Korea's domestic currency has been in free fall over the last several months. North Korea's falling currency is keeping North Koreans in the northern part of the country from conducting the formerly lucrative border trading with China.

Table 13
Assistance to the DPRK by Sector (1995-2000) (Selection)

	Food Aid	Agricultural Rehabilitation	Humanitarian Assistance	Reforestation	Training	KEDO	Energy
EC	X	X	X	X		X	
WFP	X	X	X	X			
FAO	X	X		X			
UNDP		X	X				
OCHA			X				
IFAD		X					
UNICEF	X						
CARITAS INT		X	X				
Switzerland	X	X	X	X	X	X	
WHO			X				
IFRC			X			X	
Germany		X	X			X	
Sweden	X	X	X				
Denmark	X		X	X			
France						X	
Italy	X	X	X		X	X	
Finland						X	
UK					X	X	
Netherlands						X	
Greece						X	
US	X				X	X	
Japan	X	X				X	
S. Korea	X	X				X	

Source : The EC-DPRK Country Strategy Paper 2001-2004;
http://europa.eu.int/comm/external_relations/north_korea/csp/01_04_en.pdf

Chronology of EU-DPRK Relations

- 1997 EU food aid to the DPRK starts
- 1997 (Sept.) EU becomes Executive Member of the KEDO board
- 1998 (Dec.) EU-DPRK Political Dialogue (first round)
- 1999 (Jan.) EU Parliament delegation visits the DPRK
- 1999 (Nov.) EU-DPRK Political Dialogue (Second Round)
- 2000 (Oct.) EU Parliament delegation visits the DPRK
- 2000 (Nov.) EU-DPRK Political Dialogue (third round)
- 2000 (Nov.) Council Resolution on the Korean Peninsula
- 2001 (Feb.) EU Parliament delegation visits the DPRK
- 2001 (May) EU high-level troika visit to Pyongyang
- 2001 (May) EU establishes diplomatic relations with the DPRK
- 2001 (Jun.) First round of exploratory talks on human rights between EU and DPRK
- 2001 (Oct.) EU-DPRK Political Dialogue (4th round)
- 2002 (Feb.) EU adopts Country Strategy Paper for the DPRK (formulating technical assistance until 2004)
- 2002 (Mar.) DPRK delegation, headed by North Korean Foreign Trade Minister visits Brussels
- 2002 (July) EU adopts the National Indicative Programme (2002-2004) for the DPRK formulating details on the envisioned technical assistance projects, including the pilot projects
- 2002 (Oct.) EU Declaration on the DPRK's nuclear programme
- 2002 (Nov.) EU Council Resolution on the Korean peninsula condemning North Korea's nuclear (weapons) programme

Bibliography

Albright, David, North Korea's Current and Future Plutonium and Nuclear Weapons Stocks; Institute for Science and International Security (ISIS) Issue Brief, January 15, 2003

Babson, Bradley O., Economic Cooperation on the Korean Peninsula; NAPS Special Report March 6, 2003; http://www.nautilus.org/pub/ftp/napsnet/special_reports/Babson-EconomicCooperation.txt

Carter, Ashton B., Perry, William J., Back to the Brink; in: The Washington Post, Outlook Section, October 22, 2002

Cha, Victor D., Korean Unification is Affordable; in: The Far Eastern Economic Review March 27, 2003, p.23

Cheon, Seongwhun, The KEDO Process at the Crossroads, Session VII; www.fes.or.kr/K_Unification/U-paper7.htm

Cotta-Ramusino, P., Gambier, Martellini, M., Vogelaar, M. Th., The Rehabilitation of the Electric Systems in the DPRK; Landau Network-Centro Volta (LNCV, Como, Italy, December 2001

Cox, Christopher, Clinton-Gore Aid to North Korea Supports Kim Jong-Il's Million-Man Army: Enough Plutonium to Build 65 Bombs a Year; US House of Representatives Policy Committee July 27, 2000

Dejean de la Bâtie Hervé, Taming North Korea? The European Experience, 1994-2001; www.ifri.org/F/Centre%20asie/articles/hdb-korea-abstract.htm; downloaded February 2002

Elliot, Kimberly Ann, The Role of Economic Leverage in Negotiations with North Korea; The Nautilus Institute; http://www.nautilus.org/fora/security/0326A_Elliott.html

Frank, Rüdiger, North Korea: Gigantic Change and a Gigantic Chance ; Policy Forum The Nautilus Institute; http://www.nautilus.org/fora/security/0331_Frank.html

Frank, Rüdiger, EU-North Korean Relations: No Efforts without Reasons; in: International Journal of Korean Unification Studies Vol. 11, No.2, 2003; Korea Institute for National Unification Studies, pp. 87-119

Funabashi Yoichi, Japan's Diplomacy in Critical Test; in: The Asahi Shimbun 7 January, 2003;

<http://www.asahi.com/column/funabashi/eng/TKY200302070197.html>

Gupta, Vipin, Wilkening, Dean, Korea: A Case for Containment; in: The San Diego Union Tribune February 11, 2003; <http://iis.stanford.edu/newsarticles/koreagupta.pdf>

Harrison, Selig S., Gas and Geopolitics in Northeast Asia-Pipelines, Regional Stability, and the Korean Nuclear Crisis; in: World Policy Journal Winter 2002/2003, pp.23-36

Hayes, Peter, Von Hippel, David F., DPRK Energy Sector: Current Status and Scenarios for 2000 and 2005; Nautilus Institute; http://www.nautilus.org/pub/ftp/napsnet/special_reports/Regional_Infrastructure&DPRK_Energy_Sector1.pdf

Hayes, Peter, KEDO Fuel Oil and the DPRK: A Special Report; the Nautilus Institute; downloaded at <http://nautilus.org/napsnet/sr/index.htm> (downloaded April 2003)

Hayes, Peter, North Korea's Negotiating Tactics and Nuclear Strategy; NAPS Special Reports April 18, 2003; http://www.nautilus.org/pub/ftp/napsnet/special_reports/Peter_Tactics_2.txt (downloaded April 2003)

Heiskanen, Markku, A Multilateral Scenario for Korea-The Role of the European Union; The Nautilus Institute Policy Forum March 25, 2003; http://www.nautilus.org/fora/security/0324A_Heiskanen.html (downloaded June 2003)

Hilpert, Hanns-Günther, Nordkorea vor dem ökonomischen Zusammenbruch?; Stiftung Wissenschaft und Politik (SWP) April 2003

Kim, Sam-sik, Current Status and Prospects of Economic Exchanges between North Korea and the EU; <http://www.kotra.org.kr/main/info/nk/eng/main.php3> (downloaded June 2003)

Kim, Sam-sik, The Purpose of North Korea's economic Tour of Europe (2002); www.kotra.or.kr/main/info/nk/eng/main.php3 (downloaded March 2003)

Kynge, James, Ward, Andrew, Back to the Table: Why Kim Jong Il's Failing Economy may be the Key to Halting his nuclear programme; in: The Financial Times April 23, 2003

Larkin, John, See Up to the Same Old Tricks; in: The Far Economic Review Nov. 21, 2002, p.16-20

Lee, Chang-hak, North Korea's Foreign Trade in 2002; Korea Trade- Investment Promotion Agency (KOTRA); <http://crm.kotra.or.kr/main/info/nk/eng/main.php3> (downloaded June 2003)

Lee, Chan- Woo, North Korean Foreign Capital Investment Inducement Policy and its Current Status; KOTRA, January, 2001; www.kotra.or.kr/english

Leng, Jean-Pierre, The European Perspectives of KEDO; LNCV-Korean Peninsula: Enhancing Stability and International Dialogue; Istituto Nazionale di Fisica Nucleare Rome June 2000; <http://www.mi.infn.it/~landnet/corea/proc/030.pdf> (downloaded May 2003)

Leopold, Jason, Why Saddam was doomed, WMDs or not; in: The Asia Times Online June 4, 2003

Martellini, Maurizio, Vogelaar, Marc, EU Cooperation with the Democratic People's Republic of Korea; Landau Network-Centro Volta, USPID June 2000

Nam, Woo-suk, North Korea's Foreign Trade in 2001; <http://crm.kotra.or.kr/main/info/nk/eng/main.php3> (downloaded May 2003)

Nam, W.S., North Korea-Industrial Structure; KOTRA; http://crm.kotra.or.kr/main/common_bbs/bbs_read.php3?board_id=27&pnum=899976.htm

Natsios, Andrew S., The Great North Korean Famine: Famine, Politics and Foreign Policy; Institute of Peace Press, Washington D.C. 2001

Noland, Markus, The Future of the Two Koreas; Institute for International Economics Washington D.C. 2000

Nye, Joseph S., Bush Faces a Tougher Test on North Korea; in: The Boston Globe May 7, 2003

Pinkston, Daniel A., Implementing the Agreed Framework and Potential Obstacles; Paper for the 12th Pacific Basin Nuclear Conference in Seoul, Korea, 29 October 2002; Monterey Institute of International Studies, Center for Non-proliferation Studies

Pollack, Jonathan D., The United States, North Korea, and the End of the Agreed Framework; to be published in the Naval War College Review (NWCRC) Summer 2003, Vol. LVI, No.3; preview to be downloaded at www.nwc.navy.mil/press/Review/2003/Summer/art1-adv-su3.htm

Shorrocks, Tim, How to Make North Korea a Good Neighbour; in: The Asia Times May 22, 2003

Von Hippel, David, Hayes, Peter, The Prospects for Energy Efficiency Improvements in the Democratic People's Republic of Korea: Evaluating and Exploring the Options; Nautilus Institute Report, December 1995

Von Hippel, David, Hayes, Peter, Nakata, Masami, Savage, Timothy, Greacen, Chris, Modernizing the Agreed Framework: The Energy Imperative; The Nautilus Institute February 2001; www.nautilus.org/papers/energy/Modernizing_AF.pdf

Von Hippel, David, Hayes, Peter, Demand and Supply of Electricity and other Fuels in the Democratic Peoples' Republic of Korea; Nautilus Institute 1997

Ward, Andrew, North Korea Claims it has Nuclear Bomb; in: The Financial Times 16 July 2003

Williams, James H., von Hippel, David, Fuel and Famine: Rural Energy Crisis in the DPRK; http://www-igcc.ucsd.edu/publications/policy_papers/pp46.html

Williams, John, Meanwhile: Some Real Surprises Visiting North Korea; in: The International Herald Tribune March 21, 2003; <http://www.iht.com/cgi-bin/generic.cgi?template=articleprint.tmplh&ArticleId=90512>

Official Documents/Government Documents

About North Korea; KOTRA; <http://crm.kotra.or.kr/main/info/nk/eng/info/infoa.php3>

Agreed Framework between the United States of America and the Democratic People's Republic of Korea; <http://www.kedo.org/Agreements/agreedframework.htm>

Foreign Missile Developments and the Ballistic Missile Threat Through 2015; National Intelligence Council (NIC), Washington D.C., December 2001

IAEA Board of Governors; <http://www.mofa.go.jp/announce/announce/2003/1/0106-3.html>

Intra-Korean Trade by Years; KOTRA; <http://crm.kotra.or.kr/main/info/nk/eng/main.php3> (downloaded June 2003)

KEDO Executive Board Meeting Concludes-November 14, 2002, KEDO New York, www.kedo.org/news_detail.asp?NewsID=10

North Korea: Commission approves EUR 7.5 million in humanitarian aid; http://europa.eu.int/comm/external_relations/north_korea/intro/ip03_683.htm

North Korea: Commission grants EUR 9.5 million in emergency humanitarian food aid for children; www.europa.eu.int/comm/external_relations/north_korea/intro/ip03_20.htm

Statement by KEDO Executive Board 14 November 2002; http://europa.eu.int/comm/external_relations/asia/news/kedo_141102.htm

Tackling DPRK's Nuclear Issue through Multilateral Cooperation in the Energy Sector; The Nautilus Institute; http://www.nautilus.org/fora/security/0333_LeeandOuellette.html

The DPRK and International Financial Institutions (IFI); <http://www.pyongyangsquare.com/economy/ifi.html> (downloaded May 2003)

The EC-Democratic People's Republic of Korea (DPRK) Country Strategy Report 2001-2004; http://europa.eu.int/comm/external_relations/north_korea/csp/01_04_en.pdf (downloaded Feb. 2002)

The European Commission; General Affairs & External Relations Council (GAERC);
Extracts from successive General Affairs & External Relations Councils;
http://europa.eu.int/comm/external_relations/north_korea/intro/gac.htm

The European Commission; http://europa.eu.int/comm/external_relations/north_korea/intro/ip02_1184.htm

The European Commission, The EU's relations with the Democratic People's Republic of Korea-DPRK (North Korea),
Overview; http://europa.eu.int/comm/external_relations/north_korea/intro

The European Commission; National Indicative Programme 2002-2004 Democratic People's Republic of Korea
(DPRK)

The European Union in the U.S. News Releases; www.eurunion.org/news/press/2001/2001033.htm

The European Union's Role on the Korean Peninsula and Implications for U.S. Policy; The Atlantic Council of the
United States April 2001

The Ministry of Foreign Affairs Japan; Statement by the Press Secretary/Director-General for Press and Public
Relations, Ministry of Foreign Affairs, on the Resolution concerning North Korea at the January Meeting of the IAEA
Board of Governors; <http://www.mofa.go.jp/announce/announce/2003/1/0106-3.html>

U.S. Department of State, Fact Sheet, Bureau of Non-proliferation Washington D.C. February 15, 2001 U.S.-DPRK
Agreed Framework; <http://www.state.gov/tnp/rls/fs/2001/5284.htm>

Unclassified Report to Congress on the Acquisition of Technology Related to Weapons of Mass Destruction, 1 July
Through 31 December 2001; Central Intelligence Agency (CIA) Washington D.C., January 2003

Unclassified Report to the Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and
Advanced Conventional Munitions, 1 January through June 2001; Washington D.C., Central Intelligence Agency ,
January 2002

UNICEF Nutrition Assessment 2002 D.P.R. Korea; WFP DPR Korea Pyongyang February 2002

United States General Accounting Office , Status of Heavy Fuel Oil Delivered to North Korea Under the Agreed
Framework; Washington D.C., USGAO September 1999

WFP Emergency Report No. 17 of 2003, April 25, 2003; published on: Relief Web DPR Korea;
<http://www.reliefweb.int/w/rwb.nsf/480fa8736b88bbc3c12564f6004c8ad5/433b1230ec9b3e0585256d13006500e7?OpenDocument> (downloaded May 2003)

Others

Agence France-Presse Feb. 13, 2002, N Korea tells EU to exert more pressure on US

The Economist May 3rd, 2003, When bluffs turn deadly

Korean Information Service April 24, 2003, Seoul to send food, other aid to North Korea; published on Relief Web
<http://www.reliefweb.int/w/rwb.nsf/480fa8736b88bbc3c12564f6004c8ad5/38b0aba93fc9411449256d13000e8e84?OpenDocument>

NAPS Special Report, Military-First Ideology Is an Ever-Victorious, Invincible Banner for Our Era's Cause of
Independence, April 11, 2003; http://www.nautilus.org/pub/ftp/napsnet/special_reports/MilitaryFirstDPRK.txt

Online News Hour October 17, 2002-Going Nuclear; http://www.pbs.org/newshour/bb/asia/july-dec02/nuclear_10-17.html

Pyongyang not misusing food aid: expert; in: The Japan Times May 30, 2003

Pyongyang Square; <http://www.pyongyangsquare.com/politics/index.html>

Pyongyang Square-Gateway to the latest News and Background on North Korea;
<http://www.pyongyangsquare.com/politics/index.html> (downloaded April 2003)



BRIDGING EUROPE AND ASIA

THE EUROPEAN INSTITUTE FOR ASIAN STUDIES (EIAS)

PROMOTES UNDERSTANDING BETWEEN THE EU AND ASIA.
WE UNDERTAKE RESEARCH, ORGANISE BRIEFINGS AND
SEMINARS, SUPPORT NETWORKS AND PUBLISH ON MANY TOPICS.

Tel. : (32) 02/230 81 22

Fax : (32) 02/230 54 02

EIAS@EIAS.ORG WWW.EIAS.ORG

INFORM YOURSELF NOW