

NORTH KOREA IN 2007: PYONGYANG'S VIEW

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For the 13th consecutive year North Korea published a joint New Year's Day editorial in the daily organs of its ruling party, armed forces, and youth league. A practice introduced in 1995 in lieu of the New Year's Day messages the late Kim Il Sung used to give, the joint editorial presents the North Korean ruling group's enumeration of the main accomplishments of the preceding year as well as its vision of the tasks that lie ahead in the new year. It merits a close examination, for one can gain insights into Pyongyang's self-image, priorities, and goals.

Although this year's editorial does not mention the Six-Party Talks, of which the Second Session of the Fifth Round was held in December 2006, the latter merits an assessment as well. This essay therefore will begin with a scrutiny of the salient features of that session.

The Six-party Talks: the Second Session of the Fifth Round

Two things made the convening of the second session a significant event: First, it occurred after an interval of 13 months, thus narrowly preventing 2006 from going down as the only year in which six-party talks were not held since they began in August 2003. Second, it marked the first time that the six states participating in the talks—the U.S., China, Russia, Japan, and the two Koreas— got together after the North conducted a nuclear test on October 9.

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There were two novel features pertaining the session. First, it was preceded by two rounds of preparatory talks in Beijing. The first, held on October 31 among Wu Dawei, Kim Kye Gwan, and Christopher Hill, chief delegates to the six-party talks representing China, the DPRK, and the U.S., respectively, produced a commitment by the North to return to the talks. The North made it clear, however, that its decision to return to the talks was predicated on the premise that the “issue of lifting financial sanctions will be *discussed and settled* between the DPRK and the U.S. within the framework of the six-party talks.”¹

The second round of preparatory talks, attended by the same trio, materialized on November 28 and 29. The U.S. was reported to have offered a “detailed package of economic and energy assistance in exchange for North Korea’s giving up nuclear weapons and technology.” The offer marked a departure from the Bush administration’s previous policy of refusing to “make clear to North Korea exactly what kind of aid it would receive if it agreed to begin taking apart facilities like the plutonium reprocessing facility that turns spent fuel into weapons and to provide a list of all its nuclear facilities.” The package offered to the North also included “a pledge by the United States to work with North Korea toward finding a way to end the financial restrictions placed on a Macao bank, Banco Delta Asia, that was a main hub of the North’s international financial transactions.”²

Second, in accordance with the agreement noted above, talks between U.S. Treasury Department officials and North Korean banking officials occurred on the margin of the six-party talks. To the North, however, these talks carried more weight than the six-party talks. In the latter’s plenary session as well as in one-on-one contacts held on the sidelines, the North adhered to the position that a resolution of the financial sanctions issue was a precondition for substantive discussion of the nuclear issue.

¹ “Spokesman for DPRK Foreign Ministry on Resumption of Six-Party Talks,” *Korean Central News Agency (KCNA)*, Pyongyang, November 1, 2006, online at <http://www.kcna.co.jp/item/2006/200611/news11/02.htm>. Italics not in the original.

² Helene Cooper and David E. Sanger, “U.S. Offers North Korea Aid for Dropping Nuclear Plans,” *New York Times*, December 5, 2006.

What needs stressing, nonetheless, is that contrary to the impression of total failure conveyed in the press coverage, the Second Session of the Fifth Round did accomplish something. According to U.S. Secretary of State Condoleezza Rice:

“We did not make the progress that I think we would have liked and that we believe that the North Koreans need to come in a more constructive spirit. But that does not mean that there were not very productive discussions that went on during that round...I think that because some of the groundwork was laid there, if the North Koreans are prepared to demonstrate that they are, indeed, now prepared to come with a constructive response, we could be back at six-party talks fairly soon.”³

The U.S. may have expanded the incentive package offered to the North at the second preparatory talks noted above. One addition may have been an offer to remove North Korea from Washington’s list of states sponsoring terrorism.⁴ A long-standing demand by Pyongyang, such measure would pave the way for the North to join the International Monetary Fund, the World Bank, and the Asian Development Bank, which in turn would allow it to apply for low-interest, long-term loans.

As U.S. chief delegate Hill complained, however, Kim Kye Gwan appears to have been under “strict instructions” from Pyongyang “not to engage in official discussions on the nuclear issue until the banking measures are lifted.”⁵ Kim’s need to report to his superiors at home on the new, expanded offer was largely responsible for the decision reached by the delegates to recess, rather than adjourn, the talks, with a commitment to return “at the earliest opportunity.”⁶

³ U.S. Department of State, *Secretary Condoleezza Rice, Remarks to the Press Following Meeting With South Korean Minister of Foreign Affairs and Trade Song Min-Soon* (Washington, DC, January 5, 2007), online at <http://www.state.gov/secretary/rm/2007/78421.htm>.

⁴ “South Korea: U.S. Made North an Offer,” *Associated Press*, December 26, 2006, online at http://news.yahoo.com/s/ap/20061226/ap_on_re_as/koreas_us_nuclear&printer=1.

⁵ Edward Cody, “N. Korea Balks at Weapons Discussion,” *Washington Post*, December 22, 2006, p. A21.

⁶ “Full Text of Chairman’s Statement of Six-Party Talks,” *People’s Daily Online*, December 22, 2006, <http://english.people.com.cn>.

The North was reported to have put forward a long list of demands; in addition to the abandonment by the United States of its “hostile” policy toward the DPRK—of which the financial sanctions was a key manifestation—the North demanded a light-water reactor; supply of energy, i.e., heavy fuel oil, while such reactor is being installed; withdrawal of U.S. troops from the South; and a jettisoning of the Proliferation Security Initiative. Kim Kye Gwan, who enumerated these demands in his keynote speech at the opening session on December 18, warned that should the demands be ignored, his country would strengthen its “nuclear deterrent” capability.⁷

More than anything else, North Korean behavior reflected its enhanced confidence that the October 9 nuclear test had elevated its position and strengthened its bargaining leverage vis-à-vis the U.S. In Pyongyang’s eyes, it was now on a par with the U.S. at the negotiating table; such self-confidence was on display when Kim Kye Gwan demanded that should the U.S. persist in discussing the nuclear issue, the six-party talks should be transformed into arms control or disarmament talks, with the aim of reducing or dismantling both sides’ nuclear arsenals.

The North’s often-repeated assertion that “denuclearization of the Korean Peninsula as a whole is both the instruction left by [the late] President Kim Il Sung and the ultimate goal of our Republic” should be construed in this light.

Whether the newly-inaugurated financial talks—aimed at resolving the dispute over the U.S. Treasury Department’s designation in September 2005 of the Banco Delta Asia (BDA) in the Chinese territory of Macao as a “primary money laundering concern,” which in turn led to the BDA’s freezing of an estimated 50 North Korea-related accounts valued at \$24 million⁸—will prove to be more productive than the six-party talks remains

⁷ Lee Jong-Heon, “Analysis: N. Korea Tactics Over Nuke Talks,” *United Press International*, Seoul, December 19, 2006, online at <http://www.upi.com>; “[2-dangye 5-ch’a hoedam] haengmugi munje [hyondangye eso nonui taesang anida]” [The Second Session of the Fifth Round of the Six-Party Talks: The Nuclear Issue “Not a Subject of Discussion at This Stage”], *Choson sinbo* (Tokyo), December 19, 2006, online at <http://www.korea-np.co.jp/news/ArticlePrint.aspx?ArticleID=24617>. This is an organ of the pro-DPRK Korean residents’ federation in Japan.

⁸ According to *Asahi Shinbun*, of the 50 North Korea-related accounts frozen by the BDA, 20 belonged to North Korean banks, 11 to North Korean trading companies, nine to individuals with DPRK nationality,

to be seen. Two days of talks lasting 8 hours ended with the announcement that they would reconvene in January in New York. As of this writing, however, when or where the talks will resume remained uncertain.

How Pyongyang Assesses 2006

Turning to the joint editorial by *Nodong sinmun* (Labor News), *Choson inmingun* (The Korean People's Army), and *Ch'ongnyon chonwi* (Youth Vanguard), the North hails the past year as the "year of a great victory" in the building of "a great powerful and prosperous country" (*kangsong taeguk*) as well as the year in which a "great leap" was made.⁹

Inferentially referring to the nuclear test, the editorial labels the "acquisition of nuclear deterrent" the "fulfillment of our people's long-cherished dream of possessing indomitable national power," a "cause for national celebration." "Our armed forces and people," it added, "are now in a position to crush the threat of a nuclear war and aggressive schemes of any and all enemies and to safeguard the Socialist fatherland."

The editorial goes on to claim proud accomplishments in other fields related to the construction of a *kangsong taeguk*. It cites the invincible solidarity of the people firmly united in support of the headquarters of the revolution; an improvement in agricultural production; an energetic pursuit of technological innovation in all fields of the people's economy; the bolstering of a production base for the improvement of the people's standard of living; and the sprouting of "monumental creations" all over the country. The

eight to Macao firms engaged in commercial transactions with the North, and two to Macao residents with commercial links to the North. *Asahi shinbun*, December 17, 2006, online at <http://www.asahi.com/international/update/1217/004.html>.

⁹ "Sungni ui sinsim nop'i songun Choson ui ildae chonsonggi rul yoro nagaja" [Usher in a Great Heyday of Songun Korea Full of Confidence in Victory], joint editorial of *Nodong sinmun*, *Choson inmingun*, *Ch'ongnyon chonwi*, January 1, 2007, online at <http://www.kcna.co.jp/calendar/2007/01/01-01/2007-0101-009.html>; "Joint New Year Editorial Issued," *KCNA*, Pyongyang, January 1, 2007, online at <http://www.kcna.co.jp/item/2007/200701/news01/01.htm>. Please note that a full English translation of the editorial is not available. I have nonetheless borrowed KCNA's translation for the title of the editorial.

editorial also mentions the feats of North Korean athletes in international competition, noting in particular the scintillating performance of its women's soccer team.

Goals in 2007

The lofty objective of building a “great powerful and prosperous nation” encompasses both military and economic components. The nuclear test of October 2006, in North Korean eyes, helped the North make a quantum leap in military power. In 2007, therefore, priority shifts to the economic arena.

All-out efforts need to be made, the editorial points out, in order to raise the living standards of the people. To accomplish that goal, an “epochal advance” is necessary in agricultural production so as to solve the problem of feeding the people. No less urgent is the task of decisively improving the production of consumer goods. Not only does their quality need to be raised but they must also be supplied to the people in a timely and efficient manner.

The four priority fields in the people's economy—(1) electricity, (2) coal, (3) metallic industry, and (4) rail transportation—need utmost attention and redoubled efforts. The editorial also underscores (1) the need to accelerate the exploration and development of energy and other resources and to revitalize production in the extractive, machine-building, chemical and construction industries as well as forestry; (2) the importance of completing the projects to build monumental structures befitting the era of *songun* (military-first); and (3) the task of beautifying the “fatherland's landscape” encompassing Pyongyang, other cities, and farming villages.

As for the means with which to achieve the foregoing, the joint editorial reiterates the familiar slogans of self-reliance, adherence to *chuch'e*, and “great solidarity between the Army and the people” (*kunmin taedangyol*). Accent on ideological indoctrination, however, is balanced by an emphasis on raising the responsibility and role of workers in “Cabinet” and, especially, economic organs. The insistence on upholding “socialist

principles” in economic management, while pursuing interests pragmatically but in “our own way” seems to open the door to limited experiments in “market socialism.”

Turning to inter-Korean relations, the editorial extols (1) emphasis on *minjok*—i.e., the ethnic identity of the Korean people—(2) preserving the peace, and (3) the realization of unity with a view toward realizing the ideals of the June 15, 2000 North-South joint declaration. Pyongyang’s blunt message is that the brethren in the North and the South should join hands to pursue common interests and oppose the United States. The editorial goes so far as to call on the South Korean people to “bury” the “traitorous, pro-U.S., reactionary, conservative forces,” namely, the Grand National Party (*Hannara-dang*) in the forthcoming Presidential election.

An Assessment

How does Pyongyang’s rhetoric stack up against reality? Did 2006 indeed mark a turning point in its quest for *kangsong taeguk*? Did its nuclear test bring it closer to the goal of a “powerful” country in a military sense? How credible is its claim that it now possesses “nuclear deterrent” potent enough to “crush the threat of a nuclear war and aggressive schemes of any and all enemies”? Although the North’s underground nuclear test on October 9 appears to have been but a partial success—given that its estimated explosion yield was less than a kiloton—it may nonetheless have changed the strategic equation on the Korean peninsula. At a minimum, a pre-emptive “surgical” attack on the North’s nuclear installations, something the U.S. was reported to have contemplated in the early 1990s, may no longer be a viable option.

While Pyongyang’s new emphasis on economic construction with the aim of bolstering the other pillar of *kangsong taeguk* is laudable, whether it can really achieve its goals is open to question. As the joint editorial makes plain, the North has yet to attain the rudimentary objective of feeding its people, continuing to be dependent on humanitarian food aid from the international community, including, especially, China and South Korea.

Bad weather, notably torrential rains and drought, is not the sole, perhaps not even the primary, problem bedeviling North Korean agriculture. Policy failure, structural bottlenecks, and the lack of incentives to farmers are more serious impediments.

The regime's reluctance to implement sweeping changes—to embrace bold policies of reform and opening—remains a major problem. The continuing salience of party control and ideological exhortations in the joint editorial does not give much hope in this regard.

What are the prospects for a breakthrough in the six-party talks? While the BDA issue remains a major stumbling block, its resolution is within the realm of possibility. A partial lifting of U.S. sanctions—that is, the unfreezing of some but not all of the accounts—may be one option.¹⁰

The most important question pertains to whether or not the North is willing to give up its nuclear weapons and programs. For the time being or foreseeable future, a complete, verifiable, and irreversible dismantlement (CVID) of North Korean nuclear programs will likely remain elusive. That does not mean, however, that a deal cannot be forged under which some steps toward an eventual CVID can be taken in exchange for significant rewards. Such scenario may indeed be contained in the enhanced package the U.S. is believed to have offered to the North in Beijing during the latest round of the six-party talks. The goal of implementing the joint statement of September 19, 2005 should, of course, be pursued energetically. The road ahead, nonetheless, remains long and bumpy.

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¹⁰ According to *Tokyo Shinbun*, the North Korean side asserted during the negotiations in Beijing in December 2006 that at least 10 of the 50 North Korea-related accounts frozen at the BDA pertained to “normal transactions.” The North Korean side promised to submit evidence concerning those accounts to the U.S. side when the negotiations resume. *Tokyo Shinbun*, January 5, 2007, online at http://www.tokyo-np.co.jp/oo/kok/20070105/mng_kok_oo1.shtml.