



North Korea: U.S. Relations, Nuclear Diplomacy, and Internal Situation

Emma Chanlett-Avery
Specialist in Asian Affairs

Mi Ae Taylor
Analyst in Asian Affairs

May 26, 2010

Congressional Research Service

7-5700

www.crs.gov

R41259

Summary

North Korea has been among the most vexing and persistent problems in U.S. foreign policy in the post-Cold War period. The United States has never had formal diplomatic relations with the Democratic People's Republic of Korea (the official name for North Korea). Negotiations over North Korea's nuclear weapons program have consumed the past three U.S. administrations, even as some analysts anticipated a collapse of the isolated authoritarian regime. North Korea has been the recipient of billions of dollars of U.S. aid and the target of dozens of U.S. sanctions.

This report provides background information on the nuclear negotiations over North Korea's nuclear weapons program that began in the early 1990s under the Clinton Administration. As U.S. policy toward Pyongyang evolved through the Bush presidency and into the Obama Administration, the negotiations moved from mostly bilateral to the multilateral Six-Party Talks (made up of China, Japan, Russia, North Korea, South Korea, and the United States). Although the negotiations have reached some key agreements that lay out deals for aid and recognition to North Korea in exchange for denuclearization, major problems with implementation have persisted. As the talks remain frozen, concern about proliferation to other actors has grown.

Meanwhile, North Korea's reclusive regime has shown signs of serious strain under its ailing leader Kim Jong-il. Pyongyang appears to be struggling as a result of the impact of international sanctions, anxiety surrounding an anticipated leadership succession, and reports of rare social unrest in reaction to a botched attempt at currency reform. North Korea has initiated a string of provocative acts, including an apparent torpedo attack on a South Korean warship that killed 46 South Korean servicemen in March 2010. As the international community takes measures to respond to the aggression, pressure is building on China, as the North's sole ally and benefactor, to punish North Korea by enforcing international sanctions or cutting off some aid.

The Obama Administration, like its predecessors, faces fundamental decisions on how to approach North Korea. To what degree should the United States attempt to isolate the regime diplomatically and financially? Should those efforts be balanced with engagement initiatives that continue to push for steps toward denuclearization, or for better human rights behavior? Is China a reliable partner in efforts to pressure Pyongyang? Have the North's nuclear tests and alleged torpedo attack demonstrated that regime change is the only way to peaceful resolution? Should the United States continue to offer humanitarian aid?

Although the primary focus of U.S. policy toward North Korea is the nuclear weapons program, there are a host of other issues, including Pyongyang's missile program, illicit activities, and poor human rights record. Modest attempts at engaging North Korea, including joint operations to recover U.S. servicemen remains from the Korean War and some discussion about opening a U.S. liaison office in Pyongyang, remain suspended along with the nuclear negotiations.

This report will be updated periodically.

(This report covers the overall U.S.-North Korea relationship, with an emphasis on the diplomacy of the Six-Party Talks. For information on the technical issues involved in North Korea's weapons programs and delivery systems, as well as the steps involved in denuclearization, please see the companion piece to this report, CRS Report RL34256, *North Korea's Nuclear Weapons: Technical Issues*, by Mary Beth Nikitin. Please refer to the list at the end of this report for the full list of CRS reports focusing on other North Korean issues.)

Contents

Latest Developments	1
Introduction	2
Overview of Past U.S. Policy on North Korea	2
Obama Administration North Korea Policy	3
North Korean Behavior During Obama Administration	4
Six-Party Talks.....	5
Background: History of Negotiations	5
China’s Role	6
North Korea’s Internal Situation.....	7
Succession Concerns.....	8
Other U.S. Concerns with North Korea	9
North Korea’s Human Rights Record	9
North Korea’s Illicit Activities.....	9
North Korea’s Missile Program	10
U.S. Engagement Activities with North Korea	11
U.S. Assistance to North Korea	11
POW-MIA Recovery Operations in North Korea	11
Potential for Establishing a Liaison Office in North Korea.....	12
Non-Governmental Organizations’ Activities.....	12
List of Other CRS Reports on North Korea	13
Archived Reports for Background.....	14

Contacts

Author Contact Information	14
----------------------------------	----

Latest Developments

The sinking of the South Korean Navy warship Cheonan on March 26 and the subsequent determination two months later by a multinational investigation team that a North Korean torpedo attack had caused the destruction has sharply escalated tension on the Korean peninsula. Pyongyang has denied involvement in the attack, which killed 46 South Korean sailors, despite the presentation of forensic evidence by the international team of inspectors. The Obama Administration has expressed full support for South Korea's retaliatory measures, which include cutting off North-South trade and calling for action from the United Nations Security Council. With this development, it appears that the Six-Party Talks, the disarmament negotiations among the United States, Japan, South Korea, North Korea, Russia, and China, will remain suspended.

In a now-familiar pattern, the direction of U.S. policy toward North Korea appears to hinge on China's political and economic influence. As with the imposition of international sanctions through the passage of United Nations Security Council Resolution 1874, Beijing's willingness to punish the regime largely determines how acutely North Korea is affected.¹ In early May, as South Korean President Lee Myung-bak's administration weighed how to respond to the Cheonan sinking without risking an escalation into general war, Kim Jong-il visited China for the first time in four years, presumably to discuss a return to negotiations and the provision of further aid. Press reports of the visit indicate that Beijing may have issued a stern warning to the North's leader, and no immediate pledges of economic aid were reported. Since the Cheonan announcement from Seoul, Beijing has resisted U.S. and others' appeals to condemn the attack.

Because of the risk of severe retaliation from Pyongyang, most security experts agree that a direct military response would be irresponsible and dangerous. U.S. officials say that military coordination with South Korea will be enhanced, such as conducting joint naval exercises in anti-submarine warfare. The incident also might cause reconsideration of other U.S.-South Korean alliance plans, including the planned transfer of wartime operational control from a U.S. to a South Korean commander. On the non-military side, North Korea already faces an array of stringent international sanctions. Some U.S. analysts have suggested placing North Korea back on the State Sponsors of Terrorism list, although it would largely be seen as a symbolic move.²

Given the North's earlier indications that it was considering a return to the Six-Party Talks, many are puzzled by this aggressive act. If the attack was ordered directly by the regime, as opposed to being an act of a rogue military officer, some surmise that it may have been retaliation for a naval skirmish with the South Korean navy in November 2009 in which the North Koreans were defeated. In addition, some analysts suggest that the attack was an attempt to shore up Kim Jong-il's authority as he prepares to name his youngest son, Kim Jong-un, to succeed him. (See "Succession Concerns" section below.)

¹ For more information, see CRS Report R40684, *North Korea's Second Nuclear Test: Implications of U.N. Security Council Resolution 1874*, coordinated by Mary Beth Nikitin and Mark E. Manyin, and CRS Report R41043, *China-North Korea Relations*, by Dick K. Nanto and Mark E. Manyin.

² For more information, see CRS Report RL30613, *North Korea: Back on the Terrorism List?*, by Mark E. Manyin.

Introduction

An impoverished nation of about 23 million people, North Korea has been among the most vexing and persistent problems in U.S. foreign policy in the post-Cold War period. The United States has never had formal diplomatic relations with the Democratic People's Republic of Korea (DPRK, the official name for North Korea). Negotiations over North Korea's nuclear weapons program have consumed the past three administrations, even as some analysts anticipated a collapse of the isolated authoritarian regime in Pyongyang. North Korea has been both the recipient of billions of dollars of U.S. aid and the target of dozens of U.S. sanctions. Once considered a relic of the Cold War, the divided Korean peninsula has become an arena of more subtle strategic and economic competition among the region's powers.

U.S. interests in North Korea encompass a range of crucial security, economic, and political concerns. Bilateral military alliances with South Korea and Japan obligate the United States to defend these allies from any attack from the North. Tens of thousands of U.S. troops occupying the largest U.S. military bases in the Pacific are stationed within proven striking range of North Korean missiles. An outbreak of conflict on the Korean peninsula or the collapse of the government in Pyongyang would have severe implications for trade and the regional—if not global—economy. Negotiations and diplomacy surrounding North Korea's nuclear weapons program shape U.S. relations with all the major powers in the region and have become a particularly complicating factor for Sino-U.S. ties.

At the center of this complicated intersection of geostrategic interests is the task of negotiating with an isolated authoritarian regime. Unfettered by many of the norms that govern international diplomacy, the leadership in Pyongyang, headed by its dynastic “Dear Leader” Kim Jong-il, is unpredictable and opaque. U.S. policymakers face a daunting challenge in navigating a course toward a peaceful resolution of the nuclear issue with a rogue actor.

In the long run, the ideal outcome remains, presumably, reunification of the Korean peninsula under stable democratic rule. At this point, however, the road to that result appears fraught with risks. If the Pyongyang regime falls due to internal or external forces, the potential for major strategic consequences (including control of the North's nuclear arsenal) and a massive humanitarian crisis, not to mention long-term economic and social repercussions, loom large. In the interim, policymakers face deep challenges in even defining achievable objectives, let alone reaching them.

Overview of Past U.S. Policy on North Korea

Over the past decade, U.S. policy toward North Korea has ranged from direct bilateral engagement to labeling Pyongyang as part of an “axis of evil.” Despite repeated provocations from the North, since 1994 there is no publicly available evidence that any U.S. Administration has seriously considered a direct military strike or an explicit policy of regime change due to the threat of a devastating war on the peninsula. Although there have been periodic efforts to negotiate a “grand bargain” that encompasses the full range of concerns with Pyongyang's behavior and activities, North Korea's nuclear program has usually been prioritized above North Korea's human rights record, its missile program, and its illicit and criminal dealings.

Even as the strategic and economic landscape of East Asia has undergone dramatic changes, North Korea has endured as a major U.S. foreign policy challenge. As Washington has shifted

from a primarily bilateral (during the Clinton Administration) to a mostly multilateral framework (during the Bush and Obama Administrations) for addressing North Korea, the centrality of China's role in dealing with Pyongyang has become increasingly pronounced. North Korea is dependent on China's economic aid and diplomatic support for its survival. (See "China's Role" section below.) Cooperation on North Korea has competed with other U.S. policy priorities with Beijing such as Iran, currency adjustment, and climate change.

Relations with other countries, particularly Japan and South Korea, also influence U.S. policy toward North Korea; power transitions in other capitals can bring about shifts in the overall cooperation to deal with Pyongyang. In recent years, Japan's approach to North Korea has been harder-line than that of other Six-Party participants. Now, with the sinking of the Cheonan, South Korea is likely to take a similarly hard line. South Korean President Lee Myung-bak is also seen as more hawkish on Pyongyang than his recent predecessors.

Identifying patterns in Pyongyang's behavior is challenging, as it often weaves together different approaches to the outside world. North Korean behavior has vacillated between limited cooperation and overt provocations, including testing two nuclear devices and several missiles between 2006 and 2009. Pyongyang's willingness to negotiate has often appeared to be driven by its internal conditions: food shortages or economic desperation can push North Korea to re-engage in talks, usually to extract more aid from China or, in the past, from South Korea. North Korea has proven skillful at exploiting divisions among the other five parties or taking advantage of political transitions in Washington to stall the Six-Party Talks negotiating process.

At the core of the North Korean issue is the question of what Pyongyang's leadership ultimately seeks. As the negotiations have endured dozens of twists and turns, analysts have remained divided on whether the regime truly seeks acceptance into (or is capable of entering) the international community, or remains resolutely committed to its existence as a closed society with nuclear weapons as a guarantor. If the latter, debate rages on the proper strategic response, with options ranging from trying to squeeze the dictatorship to the point of collapse to buying time and trying to prevent proliferation or other severely destabilizing events.

Obama Administration North Korea Policy

The Obama Administration policy toward North Korea has not explicitly broken from the approach adopted by the second term of the Bush Administration. Ambassador Stephen Bosworth has assumed the position as Special Representative for North Korea Policy, Sung Kim serves as the Special Envoy for the Six-Party Talks, and Robert King has assumed the Special Envoy for North Korean Human Rights Issues post. With a commitment to retaining the six-nation forum, U.S. officials have stated that they seek a comprehensive package deal for North Korea's complete denuclearization, which would include normalization of relations and significant aid.

However, a series of provocations from Pyongyang after Obama took office halted progress on furthering negotiations: most significantly, in 2009, the North tested a second nuclear device, expelled U.S. and international nuclear inspectors, and declared it would "never" return to the talks. In response to the test, the United Nations Security Council unanimously passed Resolution 1874, which outlines a series of sanctions to deny financial benefits to the regime in Pyongyang. After passage of the resolution, the Obama Administration named Philip Goldberg as the coordinator of the U.S. sanctions efforts, the fourth ambassadorial-level position devoted to North Korean efforts.

As these events played out, the Obama Administration has adopted what Secretary of State Hillary Clinton dubbed a “strategic patience” policy that essentially waits for North Korea to come back to the table while maintaining pressure through economic sanctions and arms interdictions. Critics claim that this approach has allowed Pyongyang to control the situation, while fears of further nuclear advances and possible proliferation build. While the talks are frozen, Washington has maintained a strong united approach with Seoul and Tokyo. Despite reports of China’s harsh reaction to North Korea’s provocations, Beijing has remained unwilling to impose more stringent economic measures that might risk the Pyongyang regime’s survival.

The Administration has formulated its approach to North Korea against the backdrop of its global nonproliferation agenda. After pledging to work toward a world free of nuclear weapons in an April 2009 speech in Prague, President Obama has taken steps to further that goal, including signing a new nuclear arms reduction treaty with Russia, convening a global leaders’ summit to secure stockpiles of nuclear materials, and releasing a new Nuclear Posture Review that outlines new U.S. guidelines on the use of nuclear weapons. The document narrows the circumstances under which nuclear weapons would be used, pledging not to attack nor threaten attack with nuclear weapons on non-nuclear weapon states that are in compliance with the Nuclear Non-Proliferation Treaty (NPT). When announcing the strategy, officials singled out North Korea and Iran as outliers that are therefore not subject to the security guarantees. The announcement that South Korea plans to host the second Nuclear Security Summit in 2012 further drew attention to Pyongyang’s nuclear status.

While the denuclearization talks drag on, the concern about proliferation has intensified. Because of North Korea’s dire economic situation, there is a strong fear that it will sell its nuclear technology to another rogue regime or a non-state actor. Evidence of some cooperation with Syria, Iran, and potentially Burma has alarmed national security experts. The Israeli bombing of a nuclear facility in Syria in 2007 raised concern about North Korean collaboration on a nuclear reactor with the Syrians. Reports surface periodically that established commercial relationships in conventional arms sales between Pyongyang and several Middle Eastern countries may have expanded into the nuclear realm as well.³ The Obama Administration is faced with the question of whether it should pursue limited measures to prevent proliferation in the absence of a “grand bargain” approach to disarm the North.

North Korean Behavior During Obama Administration

North Korea’s behavior has been erratic since the Obama Administration took office. After its initial string of provocations in 2009, North Korea appeared to adjust its approach and launched what some dubbed a “charm offensive” strategy. In August 2009, Kim Jong-il received former U.S. President Bill Clinton, after which North Korea released two American journalists who had been held for five months after allegedly crossing the border into North Korea. The same month, Kim met with Hyundai Chairperson Hyun Jung-eun. The following month, meetings with Chinese officials yielded encouraging statements about Pyongyang’s willingness to rejoin multilateral talks. A North Korean delegation came to Seoul for the funeral of former South Korean President Kim Dae-jung and met with President Lee Myung-bak. In early 2010, Pyongyang called for an end to hostilities with the United States and South Korea.

³ For more information, see CRS Report RL33590, *North Korea’s Nuclear Weapons Development and Diplomacy*, by Larry A. Niksch.

Some observers saw this approach as a result of deteriorating conditions within North Korea. The impact of international sanctions, anxiety surrounding an anticipated leadership succession, and reports of rare social unrest in reaction to a botched attempt at currency reform appeared to be driving Pyongyang's conciliatory gesture. (See "North Korea's Internal Situation" section below.) Many analysts anticipated that North Korea would return to the Six-Party Talks. Expectations of a return to negotiations were altered by the dramatic sinking of the South Korean navy corvette Cheonan on March 26, taking the lives of 46 sailors on board. A multinational investigation team led by South Korea determined that the ship was sunk by a torpedo from a North Korean submarine.

Since Obama took office, North Korea has emphasized two main demands: that it be recognized as a nuclear weapons state and that a peace treaty with the United States is a prerequisite to denuclearization. The former demand presents a diplomatic and semantic dilemma: despite repeatedly acknowledging that North Korea has produced nuclear weapons, U.S. officials have insisted that this situation is "unacceptable." According to statements from Pyongyang, the latter demand is an issue of building trust between the United States and North Korea. After years of observing North Korea's negotiating behavior, many analysts believe that such demands are simply tactical moves by Pyongyang and that North Korea has no intention of giving up their nuclear weapons in exchange for aid and recognition. In April 2010, North Korea reiterated its demand to be recognized as an official nuclear weapons state and said it would increase and modernize its nuclear deterrent.

Six-Party Talks

Background: History of Negotiations

North Korea's nuclear weapons programs have concerned the United States for nearly three decades. In the 1980s, U.S. intelligence detected new construction of a nuclear reactor at Yongbyon. In the early 1990s, after agreeing to and then obstructing IAEA inspections, North Korea announced its intention to withdraw from the NPT.⁴ According to statements by former Clinton Administration officials, a pre-emptive military strike on the North's nuclear facilities was seriously considered as the crisis developed.⁵ Discussion of sanctions at the United Nations Security Council and a diplomatic mission from former President Jimmy Carter diffused the tension and eventually led to the 1994 Agreed Framework, an agreement between the United States and North Korea that essentially would have provided two light water reactors (LWRs) and heavy fuel oil to North Korea in exchange for a freeze of its plutonium program. The document also outlined normalization of diplomatic relations.

Beset by problems from the start, the agreement faced multiple delays in funding from the U.S. side and a lack of compliance by the North Koreans. Still, the fundamentals of the agreement were implemented: North Korea froze its plutonium program, heavy fuel oil was delivered to the North Koreans, and LWR construction commenced. In 2002, U.S. officials confronted North

⁴ Walter Pincus, "Nuclear Conflict Has Deep Roots: 50 Years of Threats and Broken Pacts Culminate in Apparent Nuclear Test," *Washington Post*. October 15, 2006.

⁵ "Washington was on Brink of War with North Korea 5 Years Ago," *CNN.com*. October 4, 1999 and North Korea Nuclear Crisis, February 1993 - June 1994," *GlobalSecurity.org*.

Korea about a suspected uranium enrichment program, dealing a further blow to the agreement. After minimal progress in construction of the LWRs, the project was suspended in 2003. After North Korea expelled inspectors from the Yongbyon site and announced its withdrawal from the NPT, the project was officially terminated in January 2006.

Under the George W. Bush Administration, the negotiations to resolve the North Korean nuclear issue expanded to include China, South Korea, Japan, and Russia. Six rounds of the “Six-Party Talks” from 2003-2007 yielded occasional incremental progress, but ultimately failed to resolve the fundamental issue of North Korean nuclear arms. The most promising breakthrough occurred in 2005, with the issuance of a Joint Statement in which North Korea agreed to abandon its nuclear weapons programs in exchange for aid, a U.S. security guarantee, and normalization of relations with the United States. Some observers described the agreement as “Agreed Framework Plus.” Despite the promise of the statement, the process eventually broke down due to complications over the release of North Korean assets from a bank in Macau and then degenerated further with North Korea’s test of a nuclear device in October 2006.⁶

In February 2007, Six-Party Talks negotiators announced an agreement that would provide economic and diplomatic benefits to North Korea in exchange for a freeze and disablement of Pyongyang’s nuclear facilities. This was followed up by an October 2007 agreement that more specifically laid out the implementation plans, including the disablement of the Yongbyon facility, a North Korean declaration of its nuclear programs, and a U.S. promise to lift economic sanctions on North Korea and remove North Korea from the U.S. list of state sponsors of terrorism. Under the leadership of Assistant Secretary of State for East Asia and Pacific Affairs Christopher Hill, the Bush Administration pushed ahead for a deal, including removing North Korea from the terrorism list in October 2008.⁷ Disagreements over the verification protocol between Washington and Pyongyang stalled the process until the U.S. presidential election in November 2008.

China’s Role

As host of the Six-Party Talks and as North Korea’s chief benefactor, China plays a crucial role in the negotiations. Beijing’s decision to host the Talks represented a major pillar of China’s debut on the international diplomatic stage and was counted as a significant achievement by the Bush Administration. Formation of the six nation format, initiated by the Bush Administration in 2002 and continued under the Obama Administration, confirms the centrality of China’s role in U.S. policy toward North Korea. The United States depends on Beijing’s leverage to relay messages to the North Koreans, push Pyongyang for concessions and attendance at the negotiations, and, on some occasions, punish the North for its actions. In addition, China’s permanent seat on the United Nations Security Council ensures its influence on any U.N. action directed at North Korea.

In addition to being North Korea’s largest trading partner by far, China also provides considerable concessional assistance. The large amount of food and energy aid that China supplies is an essential lifeline for the regime in Pyongyang, particularly since the cessation of most aid from South Korea under the Lee Administration. However, it is clear that Beijing cannot control

⁶ For more details on problems with implementation and verification, see CRS Report RL33590, *North Korea’s Nuclear Weapons Development and Diplomacy*, by Larry A. Niksch.

⁷ For more information on the terrorism list removal, see CRS Report RL30613, *North Korea: Back on the Terrorism List?*, by Mark E. Manyin.

Pyongyang's behavior—particularly in the cases of provocative nuclear tests and missile launches—but even temporary cessation of economic and energy aid or selective enforcement of international sanctions by China is felt acutely by North Korea. In September 2006, Chinese trade statistics reflected a temporary cut-off in oil exports to North Korea, a period which followed several provocative missile tests by Pyongyang. Although Beijing did not label the reduction as a punishment, some analysts saw the move as a reflection of China's displeasure with the North's actions.⁸

China's overriding priority of preventing North Korea's collapse remains firm.⁹ Beijing fears the destabilizing effects of a humanitarian crisis, significant refugee flows over its borders, and the inevitable tension of how other nations, particularly the United States, would assert themselves on the peninsula in the event of a power vacuum. While focusing on its own economic development, China favors the maintenance of regional stability over all other concerns. In addition, there are increasing economic ties and joint industrial projects between China's northeastern provinces and North Korea's northern border region. Many Chinese leaders also see strategic value in having North Korea as a "buffer" between it and the democratic, U.S.-allied South Korea.

North Korea's Internal Situation

The remarkable durability of the North Korean regime despite its intense isolation and economic dysfunction may be in the midst of its biggest test. The combination of a botched currency reform campaign, Kim Jong-il's failing health, and continued food shortages has heightened uncertainty about the regime's future. In addition, the impact of international sanctions and the virtual cessation of aid from Seoul under the Lee Administration leaves the government with limited options for providing for the elite and holding on to power.

In November 2009, the government abruptly announced a revaluation of the North Korean won, forcing citizens to exchange their old notes for new currency, and putting caps on the total amount that could be converted, thereby instantly wiping out many families' savings. Prices of goods skyrocketed and distribution channels were disrupted, worsening an already dire situation of food shortages. Reports of isolated unrest emerged, rare in a society where public expression of anger toward the government is harshly punished. Authorities were forced to ratchet back the initial reform and issued an apology. The government official in charge of the reform was reportedly executed, although those reports could not be confirmed.¹⁰ Analysts have described the move as a misguided attempt to stamp out any free-market enterprise and consolidate the state's control over commercial activity.

The North Korean regime remains extraordinarily opaque, but a trickle of news works its way out through North Korean exiles and other channels. These forms of grass-roots information gathering has democratized the business of intelligence on North Korea. Previously, South Korean intelligence services had generally provided the bulk of information known about the

⁸ "China Cut Off Exports of Oil to North Korea," *New York Times*. October 30, 2006.

⁹ For more information, please see CRS Report R41043, *China-North Korea Relations*, by Dick K. Nanto and Mark E. Manyin.

¹⁰ "North Korea Official Reported Executed," *New York Times*. March 19, 2010.

North. Surveys of North Korean defectors reveal that some within North Korea are growing increasingly wary of government propaganda and turning to outside sources of news.¹¹

Succession Concerns

Kim Jong-il's reported stroke in August 2008 elevated attention among international observers to the question of succession in the North Korean regime. It may have spurred contingency planning in Pyongyang as well, although decision-making in the secretive government remains opaque. The uncertainty surrounding succession is in marked contrast to the transfer of power to Kim Jong-il after his father Kim Il-sung's sudden death in 1994: the younger Kim had been publicly groomed as the inheritor of his father's position for several years. Kim Jong-il, 68, has reportedly suffered from heart, kidney, and liver problems in the past.

Information on succession plans falls mostly within the realm of innuendo and rumor, with many South Korean reports relying on anonymous sources within the South Korean intelligence community. Due to the dynastic nature of the North Korean regime since its founding after World War II, speculation has focused most heavily on Kim Jong-il's three sons. The oldest son, Kim Jong Nam, is thought to have fallen out of favor after publicly embarrassing the regime by getting caught trying to visit Tokyo Disneyland under a fake passport. The youngest son, Kim Jong-un, is seen as the most likely successor, but at 27 may be considered too young to be accepted in a Confucian society that values maturity and age. The appointment of Jang Song-taek, Kim's brother-in-law, to the National Defense Commission suggests to many analysts that he may be designated as a caretaker leader in the event of Kim's death until Kim Jong-un assumes power, or potentially as the head of a collective leadership unit.

The expansion of the National Defense Commission in April 2009 by the Supreme People's Assembly was viewed by many observers as an indication that hardliners in the military were asserting themselves in the succession process.¹² The sinking of the Cheonan in March 2010 may have been an effort to shore up support for the succession of Kim Jong-un. According to some analysts, the provocation may have been designed to bolster Kim Jong-il's credibility as a strong leader confronting the South, and therefore the authority to select his son as his replacement.¹³

The implications for the United States of how succession planning proceeds are significant. North Korea's behavior since Kim's reported stroke often has been characterized as provocative and aggressive, which may be an attempt to project confidence in the face of uncertainty. In the event of Kim Jong-il's death, the United States and its allies could face potentially explosive dangers. Many analysts point to the danger of a power vacuum in a state with a nuclear arsenal, with competing elements possibly locked in a struggle against one another. However destructive Kim Jong-il has proven to be, his leadership has provided a degree of stability. The scenarios of collective leadership, dynastic succession, another unknown figure emerging dominant, or foreign intervention all present tremendous risks that would almost certainly disrupt any existing channels of negotiation with North Korea.

¹¹ Marcus Noland, "Pyongyang Tipping Point," *Wall Street Journal* op-ed. April 12, 2010.

¹² Scott Snyder, "Kim Jong-il's Successor Dilemmas," *The Washington Quarterly*. January 2010.

¹³ "U.S. Implicates North Korean Leader in Attack," *New York Times*. May 22, 2010.

Other U.S. Concerns with North Korea

North Korea's Human Rights Record

Although the nuclear issue has dominated relations with Pyongyang, U.S. officials periodically voice concerns about North Korea's atrocious human rights record. The State Department's annual human rights reports and reports from private organizations have portrayed a little changing pattern of extreme human rights abuses by the North Korea regime for many years. There appears to be no prospect of appreciable change at least in the near future. The reports stress a total denial of political, civil, and religious liberties and say that no dissent or criticism of Kim Jong-il is allowed. Freedom of speech, the press, and assembly do not exist. North Korea lacks an independent judiciary, and reports of extrajudicial killings and arbitrary detention continue. The regime controls all media organs. Most North Koreans have no access to information sources other than the official media.

According to the reports, severe physical abuse is meted out to citizens who violate laws and restrictions. Multiple reports have described a system of concentration camps that house 150,000 to 200,000 inmates, including many political prisoners. Reports from survivors and escapees from the camps indicate that conditions in the camps for political prisoners are extremely harsh and that many political prisoners do not survive. Reports cite executions and torture of prisoners as a frequent practice. The reports also cite the extensive ideological indoctrination of North Korean citizens.

Food shortages, persecution, and human rights abuses have prompted thousands and perhaps hundreds of thousands of North Koreans to go to China where they often become victims of further abuse, neglect, and lack of protection. In 2004, the 108th Congress passed, and President Bush signed, the North Korean Human Rights Act (H.R. 4011; P.L. 108-333). The North Korean Human Rights Act (NKHRA) authorizes the President new funds to support human rights efforts and improve the flow of information, and requires the President to appoint a Special Envoy on human rights in North Korea. It also identifies the need for humanitarian food assistance and refugee care.¹⁴

North Korea's Illicit Activities

Strong indications exist that the North Korean regime has been involved in the production and trafficking of illicit drugs, as well as of counterfeit currency, cigarettes, and pharmaceuticals. DPRK crime-for-profit activities have reportedly brought in important foreign currency resources and come under the direction of a special office under the direction of the ruling Korean Worker's Party.¹⁵ Although U.S. policy during the first term of the Bush Administration highlighted these

¹⁴ For more information on North Korean human rights and refugee issues, see CRS Report RL34189, *North Korean Refugees in China and Human Rights Issues: International Response and U.S. Policy Options*, coordinated by Rhoda Margesson, and CRS Report RS22973, *Congress and U.S. Policy on North Korean Human Rights and Refugees: Recent Legislation and Implementation*, by Emma Chanlett-Avery.

¹⁵ For more information, see CRS Report RL33885, *North Korean Crime-for-Profit Activities*, by Liana Sun Wyler and Dick K. Nanto.

activities, it has generally been relegated to a lower level of priority compared to the nuclear issue.

In September 2005, the U.S. Treasury Department identified Banco Delta Asia, located in Macau, as a bank that distributed North Korean counterfeit currency and allowed for money laundering for North Korean criminal enterprises. This action prompted many other banks to freeze North Korean accounts and derailed potential progress on the September 2005 Six-Party Talks agreement. After lengthy negotiations and complicated arrangements, in June 2007 the Bush Administration agreed to allow the release of the \$24 million from Banco Delta Asia accounts and ceased its campaign to pressure foreign governments and banks to avoid doing business with North Korea. Since the second nuclear test and the passage of U.N. Security Resolution 1874, there have been renewed efforts to pressure Pyongyang through the restriction of illicit activities, particularly arms sales.

North Korea's Missile Program

North Korea has a well-developed missile program, as evidenced by its repeated tests over the past several years.¹⁶ The missiles have not been a high priority for U.S. North Korea policy since the late Clinton Administration and have not been on the agenda in the Six-Party Talks. In 1999, North Korea agreed to a moratorium on long-range missile tests in exchange for the Clinton Administration's pledge to lift certain economic sanctions. The deal was later abandoned during the Bush Administration.

According to South Korean defense officials, Pyongyang's arsenal includes intermediate-range missiles that have a range of about 1,860 miles, which includes all of Japan and the U.S. military bases located there.¹⁷ Some military analysts believe that North Korea is close to deploying ballistic missiles that could eventually threaten the west coast of the continental United States. Pyongyang has sold missile parts and technology to several states, including Egypt, Iran, Libya, Pakistan, Syria, United Arab Emirates, and Yemen.¹⁸ Of key concern to the United States is the North Koreans' ability to successfully miniaturize nuclear warheads and mount them on ballistic missiles. Military experts have cited progress in North Korea's missile development as evidenced by its tests. They note that the April 2009 test of the long-range Taepodong II, which Pyongyang claimed was a satellite launch, failed but still indicated advancements in long-range missile technology.¹⁹

¹⁶ For more information, see CRS Report RS21473, *North Korean Ballistic Missile Threat to the United States*, by Steven A. Hildreth.

¹⁷ "North Korea Has 1,000 Missiles, South Says," *Reuters*, March 16, 2010.

¹⁸ *Jane's Sentinel Security Assessment - China And Northeast Asia*, January 22, 2010.

¹⁹ David Wright and Theodore A. Postol, "A Post-launch Examination of the Unha-2," *Bulletin of the Atomic Scientists*. June 29, 2009.

U.S. Engagement Activities with North Korea

U.S. Assistance to North Korea²⁰

Since 1995, the United States has provided North Korea with over \$1.2 billion in assistance, of which about 60% has paid for food aid and about 40% for energy assistance. Except for a small ongoing medical assistance program, the United States has not provided any aid to North Korea since early 2009; the United States provided all of its share of pledged HFO aid by December 2008. Energy assistance was tied to progress in the Six-Party Talks, which broke down in late 2008. U.S. food aid, which officially is not linked to diplomatic developments, ended in early 2009 due to disagreements with Pyongyang over monitoring and access. (The North Korean government restricts the ability of donors to operate in the country.) Reports of worsening food shortages in North Korea lead some to expect North Korea to seek U.S. food aid in 2010.

From 2007 to April 2009, the United States also provided technical assistance to North Korea to help in the nuclear disablement process. In 2008, Congress took legislative steps to legally enable the President to give expanded assistance for this purpose. However, following North Korea's actions in the spring of 2009 when it halted denuclearization activities and expelled nuclear inspectors, Congress explicitly rejected the Obama Administration's requests for funds to supplement existing resources in the event of a breakthrough in the six party talks. Prior to the spring of 2010, the Obama Administration and the Lee government had said that they would be willing to provide large-scale aid if North Korea took steps to irreversibly dismantle its nuclear program. This policy is likely to change due to the Cheonan's March 2010 sinking.

POW-MIA Recovery Operations in North Korea

In 1994, North Korea invited the U.S. government to conduct joint investigations to recover the remains of thousands of U.S. servicemen unaccounted for during the Korean War. The United Nations Military Command (U.N. Command) and the Korean People's Army conducted 33 joint investigations from 1996-2005 for these prisoners of war-missing in action (POW-MIAs). Known as "joint field activities" (JFAs), U.S. specialists recovered 229 sets of remains and successfully identified 78 of those. On May 25, 2005, the Department of Defense announced that it would suspend all JFAs, citing the "uncertain environment created by North Korea's unwillingness to participate in the six-party talks" by North Korea's nuclear program, its recent declarations regarding its intentions to develop nuclear weapons, and its withdrawal from the nuclear nonproliferation treaty, and the payments of millions of dollars in cash to the Korean People's Army (KPA) for its help in recovering the remains.²¹

The United States has not undertaken any JFAs with the KPA since May 2005. On January 27, 2010, the KPA proposed that the United States and North Korea resume talks on the joint recovery program. On April 5, the KPA issued a public statement criticizing the Department of Defense for failing to accept its proposal. It said the DPRK would not assume responsibility for the loss of remains because of delays in the Six-Party Talks, specifically: "If thousands of U.S. remains buried in our country are washed off and lost due to the U.S. side's disregard, the U.S.

²⁰ For more, see CRS Report R40095, *Foreign Assistance to North Korea*, by Mark E. Manyin and Mary Beth Nikitin.

²¹ "U.S. Halts Search for Its War Dead in North Korea," *New York Times*. May 26, 2005.

side should be wholly responsible for the consequences as it has developed the humanitarian issue into a political problem.”²²

The Department of Defense has said that the recovery of the remains of missing U.S. soldiers is an enduring priority goal of the United States and that it is committed to achieving the fullest possible accounting for POW-MIAs from the Korean War. It also noted that “this humanitarian mission is not linked to any political or security issues, including the six-party talks.” As of April 29, DOD was still evaluating the DPRK proposal to resume talks on remains recoveries.

Potential for Establishing a Liaison Office in North Korea

One prospective step for engagement would be the establishment of a liaison office in Pyongyang. This issue has waxed and waned over the past 16 years. As recently as 2008, South Korean President Lee Myung-bak proposed that Seoul and Pyongyang open permanent liaison offices.²³ The Clinton Administration, as part of the 1994 U.S.-North Korea Agreed Framework, outlined the possibility of full normalization of political and economic relations. Under the Agreed Framework, the United States and North Korea would open a liaison office in each other’s capital “following resolution of consular and other technical issues through expert level discussions.”²⁴ Eventually, the relationship would have been upgraded to “bilateral relations [at] the Ambassadorial level.” Under the Bush Administration, Ambassador Christopher Hill reportedly discussed an exchange of liaisons. This did not lead to an offer of full diplomatic relations pursuant to negotiations in the Six-Party Talks. In December 2009, following Ambassador Stephen Bosworth’s first visit as Special Envoy to Pyongyang, press speculation ran high that the United States would offer relations at the level of liaisons. The Obama Administration quickly dispelled these expectations, flatly rejecting claims that Bosworth had carried a message offering liaisons offices.²⁵

Non-Governmental Organizations’ Activities

Since the reported famines in North Korea of the mid-1990s, the largest proportion of aid has come from government contributions to emergency relief programs administered by international relief organizations. Some non-governmental organizations (NGOs) are playing smaller roles in capacity building and people-to-people exchanges, in areas such as health, informal diplomacy, information science, and education.

The aims of such NGOs are as diverse as the institutions themselves. Some illustrative cases include NGO “joint ventures” between scientific and academic NGOs and those engaged in informal diplomacy. Three consortia highlight this cooperation: the Tuberculosis (TB) diagnostics project, run by Nuclear Threat Initiative (NTI), Stanford Medical School, and Christian Friends of Korea; the Syracuse University-Kim Chaek University of Technology digital library program; and

²² “KPA Holds US Side Responsible for Leaving Remains of GIs,” *Korean Central News Agency (KCNA)*, April 5, 2010.

²³ “Seeking to Engage North Korea,” *Washington Post*. <http://www.washingtonpost.com/wp-dyn/content/article/2008/04/17/AR2008041703643.html>, April 18, 2008.

²⁴ 1994 US-DPRK Agreed Framework at <http://www.kedo.org/pdfs/AgreedFramework.pdf>.

²⁵ “U.S. has not proposed setting up liaison office in Pyongyang next year: White House.” *Yonhap*, December 19, 2009 (Lexis-Nexis).

the U.S.-DPRK Scientific Engagement Consortium, composed of the U.S. Civilian Research and Development Foundation (CDRF), the American Association for the Advancement of Science (AAAS), Syracuse University, and the Korea Society. Details are listed below.

- In 2008, NTL, Stanford Medical School, and Christian Friends identified multiple drug resistant TB as a serious security threat. By providing North Korean scientists with the scientific equipment, generators, and other supplies to furnish a national reference laboratory, they hope to enable North Koreans researchers and physicians to take on this health threat. The team plans to hold workshops when the laboratory is operational and to periodically visit it to check on the researchers' progress.²⁶
- In 2001, Syracuse University and Kim Chaek University (Pyongyang) began a modest program of modifying open-source software for use as library support and identifying the international standards necessary to catalog information for the library at Kim Chaek. Over time this expanded to include twin integrated information technology labs at Kim Chaek and Syracuse and a memorandum to exchange junior faculty. North Korean junior faculty members are expected to attend Syracuse in spring 2011.²⁷
- In 2007, the U.S.-DPRK Scientific Engagement Consortium formed to explore collaborative science activities between the United States and North Korea. It intends to study areas for future research in subjects such as agriculture and information technology, as suggested by its members.²⁸

List of Other CRS Reports on North Korea

CRS Report R40095, *Foreign Assistance to North Korea*, by Mark E. Manyin and Mary Beth Nikitin

CRS Report R40684, *North Korea's Second Nuclear Test: Implications of U.N. Security Council Resolution 1874*, coordinated by Mary Beth Nikitin and Mark E. Manyin

CRS Report RL30613, *North Korea: Back on the Terrorism List?*, by Mark E. Manyin

CRS Report RL34256, *North Korea's Nuclear Weapons: Technical Issues*, by Mary Beth Nikitin

CRS Report R41160, *North Korea's 2009 Nuclear Test: Containment, Monitoring, Implications*, by Jonathan Medalia

CRS Report RL32493, *North Korea: Economic Leverage and Policy Analysis*, by Dick K. Nanto and Emma Chanlett-Avery

²⁶ "New Tuberculosis Lab Hailed as Breakthrough in Health Diplomacy." *Science*. March 12, 2010. p. 1312-1313.

²⁷ Hyunjin Seo and Stuart Thorson. "Academic Science Engagement with North Korea." *On Korea*. Washington, DC: Korea Economic Institute of America, 2010. p. 105-121.

²⁸ "The U.S.-DPRK Scientific Engagement Consortium: Fostering Scientific Collaboration with the DPRK." From http://www.crdf.org/factsheets/factsheets_show.htm?doc_id=1099556.

CRS Report RS22973, *Congress and U.S. Policy on North Korean Human Rights and Refugees: Recent Legislation and Implementation*, by Emma Chanlett-Avery

CRS Report RL33324, *North Korean Counterfeiting of U.S. Currency*, by Dick K. Nanto

CRS Report R41043, *China-North Korea Relations*, by Dick K. Nanto and Mark E. Manyin

CRS Report RL31696, *North Korea: Economic Sanctions*, by Dianne E. Rennack

CRS Report RS21473, *North Korean Ballistic Missile Threat to the United States*, by Steven A. Hildreth

Archived Reports for Background

CRS Report RL33567, *Korea-U.S. Relations: Issues for Congress*, by Larry A. Niksch

CRS Report RL33590, *North Korea's Nuclear Weapons Development and Diplomacy*, by Larry A. Niksch

Author Contact Information

Emma Chanlett-Avery
Specialist in Asian Affairs
echanlettavery@crs.loc.gov, 7-7748

Mi Ae Taylor
Analyst in Asian Affairs
mtaylor@crs.loc.gov, 7-0451